

**REGULAR MEETING OF THE BOARD OF DIRECTORS
OF WELLS RURAL ELECTRIC COMPANY**

January 18, 1980

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on January 18, 1980 at 1:05 p.m. President Vernon Dalton presided over the meeting.

Directors present were Vernon Dalton, Jesse Larsen, Ferris Brough, John Krenka, Ester Quilici, Gene Pengelly, Wanda Borden, Joe Riordan, Daryl Eriksen and Bill Wright. Ray Crawford was unable to attend.

Present from the staff were Dan Bryan and Patti Blackett.

Corrections to the minutes: GENE PENGELLY MOVED WE APPROVE THE MINUTES AS WRITTEN. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Energy Research Committee: Gene has talked to Dan and Vernon about talking to Sierra Pacific to see if they would be interested in locating their new plant in Wells. They are thinking about locating it between Elko and Wells. Dan has talked to John Saibini's office. He is the Vice President in charge of development of power plants for Sierra Pacific. He is to call Dan back Monday. His secretary told Dan that they were at the state right now of just identifying potential locations. Elko County comes up with 9 out of every 10 good sites. Daryl went to a meeting in Boise on January 10th on PNGC. It was cancelled and rescheduled for February 5th.

Policy Committee: The suggestion of the committee was to handle the policies as suggested at the last meeting. There were 2 policies in which the wording was changed. The other policies were to be eliminated which would do away with the appliance department. Changes would be on policies 7-7 and 11-1. We would eliminate policies 4-5, 7-6 and 10-1. JOE RIORDAN MOVED WE ACCEPT THESE POLICIES AS PROPOSED. BILL WRIGHT SECONDED THE MOTION AND IT CARRIED WITH 5 IN FAVOR AND 4 OPPOSED.

Mileage and compensation: This item will not be discussed at this time.

Member Relations and Annual Meeting: Ester presented the objectives of the Member Relations Committee for 1980. Through the youth program, we will pick three youths to go to Colorado. Jess is planning a minimum of one program a month to an organization on conservation, we are going to plan some open houses in Carlin, Wells and Wendover to be held on or around energization dates, pump testing program, energy conservation program, consumer information newspaper published once a month, become more involved in television and a Nevada station for viewers.

Annual Meeting will be held on Saturday, May 3, 1980. Registration will begin at 5:00 p.m., the meeting at 6:00 p.m. and the dinner at 7:30 p.m. We are going to try to get a political speaker. We are trying to get Laxalt. If that doesn't work out, we will have entertainment. We have considered Jack Hull who does an imitation of Mark Twain. Vernon and Dan are going to do a combined presentation with slides on the activities of the Company throughout the year. We will have door prizes as last year but the grand prize will be \$250 toward your power bill. What money is left in the budget, there will be \$20 beef certificates and \$20 certificates towards your power bill. The dinner will be prepared and served by the Cowbelles and held at the High School. There will be a movie at the Theater. There will be displays planned through the various departments.

Community & Area Development: Daryl has done some research of his own on the T.V. It looks like if the people in this area want to belong to the Elko T.V. District, we can join the district and by July 1st, we can be receiving channel 8 out of Reno, a channel out of Boise and channel 20 out of Salt Lake by way of a translator system. Channel 2 out of Reno is trying to get channel 2 in on their own. The T.V. District wants us to join. We will have to come up with approximately \$12,500 to pay for half the cost of the 3 translators. A channel out of Las Vegas is pretty close. It would be brought into the system as soon as it is available. The intentions are to upgrade the cable system. We received a call from Jack Gallivan today. He is going to start running the cable for the people south of town next weekend and they will work on weekends only. He is going to upgrade our system on weekends only. REA has a bulletin on what we would have to do to apply for a loan to purchase a T.V. system. This could not be just a transfer, we would have to improve the facilities. We called Jack Gallivan to see if he would be interested in selling the system. He said he could not give us an answer right then. There are 18 relatives involved in the ownership. There is a new Chamber of Commerce formed in Wells.

Rate Increase Report: Dan reported on the community meetings. On January 7th, 20 consumers attended the Carlin meeting. There was only one question on the rates. The rest of the questions were on the service problem in Carlin. CPN has put capacitors on the line. On January 8th, the meeting was held in Wells. No one showed up. Two people did follow Jess home because the door they tried to get in was locked. On January 9th, no one showed up in Wendover. Copies of the formal Cost of Service study are in if anyone wants a copy. Dan has them in his office.

Rules & Regulations: In checking with Utah about filing our new rules, it was brought to our attention that we have never upgraded the original rules and regulations filed in Utah. Bob Vaughan is working on these and we will send in a whole new package instead of the changes we have.

Appliance & Safety Report: In the Appliance Department for December, we sold one water heater, one dryer, one washer and a microwave oven. In the Safety Department, we will be conducting classes for the renewal of the first aid cards plus getting cards for those who presently don't have one. This class will be given by the Nevada Division of Mines with their personnel. We have this scheduled for January 16th & 17th with a 5 hour class for each day. This is the same program we had two years ago and it was well accepted by our employees at that time. We will invite other businesses and groups to attend this if they wish.

Construction Report: The most significant work done by the construction division in December was the extension to the SP Apartments in Carlin, consisting of 1400 amp single phase and 400 amp three phase service. In Wells, the Catholic Church service was upgraded and the transformer was changed from a 10 KVA to 25 KVA. Several trailers were connected, most were total electric. A new service was extended to a building on the Art Hempel Ranch in North Ruby Valley. A single phase extension at the Chromalloy Mine is being built by Lutes Construction. In Wendover, Kaiser Chemical has some new pumps on the line that were started in December. The Patio Motel is installing electric heat and has caused the service and transformer to be upgraded. Also the consumers will have to rewire on the load side in order to accommodate the increase due to the electric heat load.

Hydro Plant: Nothing new.

Engineering Report: The Western Hills subdivision project is completed and energized. Lutes Construction Company has been awarded the bid for the single phase extension to serve Circle A Trucking off of our line 7. Completion of the construction is anticipated to be complete on January 11, 1980. We are planning on methods of meeting the projected power increases in the Jiggs area due to projected three phase irrigation loads as well

as the Western Hills completion. Engineering on the Red Garter Saloon in Wendover will begin on January 14, 1980. The crews in Carlin, Wells and Wendover have been busy with new service and secondary work orders in their respective areas.

Power Source: We received a letter from the White Pine Project outlining the participation. Dan has talked to Jerry Canning of Sierra Pacific twice since the last meeting. Sierra Pacific has negotiated with Freeport Gold to build a substation and build the line to Freeport. Freeport has committed themselves to go with Sierra Pacific for electricity. They want power by March 1, 1981. Sierra Pacific is negotiating for the CPN system. They are also negotiating on this tap that if their other negotiations fall through, CPN will buy out Sierra Pacific's involvement of the tap but Sierra Pacific has committed that they will complete whatever they have started in case the other negotiations fall through. CPN wants Sierra Pacific to put in a spare transformer. Sierra Pacific said they have plenty on their system. Freeport does not want to put in any extra cost for a spare transformer. Sierra Pacific is going to offer us a chance to participate in the tap. Canning told Dan that if they were to supply the entire Elko County and Freeport out of that tap, there would still be approximately 20 MW left. Dan has talked to Martin Derksema in regards to the tap. He said they could get capacity to handle Carlin and the Jiggs area as long as it doesn't cost them anything and that is all they will do. Dan feels we should get an appointment with the Walla Walla and Portland BPA offices. We received a copy of a letter from Senator Norman Glaser sent to Noel Clark supporting our request for one of the 2 wind projects. I have not been able to get hold of Noel Clark. We received a note from Mike Elliott of CH2M Hill. He had talked to Bob Stewart of the DOE by telephone. W.R.E.C. should be hopeful of receiving the meteorological towers. Eighteen applicants will be awarded the towers out of 45. The evaluation was completed in late November on the 45 requests. Off the record, W.R.E.C. received a very high score. The Site Selection Board met in Richland last Monday. Dr. Bennett Miller, the site selections officer will make the final decision and it will be announced in two weeks.

Employee & Director Institutes & Schools; We received confirmations on the NRECA Annual Meeting. We have received the tickets for the ACRE Riverboat Cruise. Buddy Welsh attended an accounting workshop in Portland.

New Memberships: GENE PENGELLY MOVED WE APPROVE THE 22 MEMBERSHIPS FROM WELLS, 7 FROM CARLIN AND 13 FROM WENDOVER. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: Our line loss figure has jumped quite a bit for the month of November. We have followed the advice of our consulting engineer and REA Field Engineer. The metering has been checked at the substation. The 69 line has been checked and we are now checking the meters in Wendover.

Lee wrote a PCB report. Copies were given to all directors.

Mt. Wheeler is interviewing applicants for manager this month. They have 6 applicants.

We have some position changes. Buddy Welsh is now the Supervising Bookkeeper. Dan Kessler is the Staking Engineer and we have hired Warren Linnell as the Engineering Technician. We are advertising for a part time meter reader.

We received a letter from CFC stating that Utah Code 54-4-31 applied to us. Therefore, they are removing our line of credit of \$500,000 to \$129,716. We contacted CFC. We are one of two Co-ops affected by this. They are going to send us a form for Bob Vaughan to fill out stating what we are serving in Utah. In addition, Dan will

write a letter stating at this time we don't have any plans to draw on our line of credit more than \$129,716 in the state of Utah but should something arise that we will have to do it, we will notify them. We still have not heard anything from the UPSC.

Dan attended a PPC meeting in Idaho Falls on the BPA rates. Copies of the report will be given to the directors.

There have been several outages in the various areas. Lee is going to include outages in his monthly reports.

Last August, we reached 326 kw demand in Jiggs. Our wheeling agreement contract with CPN is for 330 kw. Immediately after hitting this, we sent a letter to CPN requesting to upgrade our wheeling and the capacity for Jiggs. We hadn't heard back from them. Lee & Dan met with John Mohlman and Brian Thomas last Monday morning. They advised us they were trying to do some checking and upgrading in their service area which might help Carlin as far as voltage is concerned. The line going from Elko to our metering point in Jiggs is a #8 steel line. It is old and is at its limit, it can handle no more than the 300 kw. We have indications that 2 - 100 hp pumps are to be added to the Jiggs area, 8 all electric units are going in and 4 people in the Western Hills subdivision want service. We have several alternatives. One is to let CPN build, at their pace, a new line. It will cost approximately \$40,000 to do it. They still have not received a firm commitment from Idaho Power for additional power. We could hook everyone up and burn the line down and force them to rebuild immediately. John asked if we would pay half the cost to rebuild. In the meantime, John has met with an official from San Francisco and expressed his concern. We will get an engineering study done on this.

We have been told that we have 30 days to raptor proof a pole in north Ruby Valley because an eagle was found electrocuted on that pole. They have found 3 eagles that had been electrocuted between 1977 and 1979.

The Eagle Rock Raft River Hydro Project reconnaissance study done by CH2M Hill shows a cost of 5cts to 7cts per kwh if the project is completed as scheduled. They have also been notified by the Fish & Game Department that Eagle Rock is one of the two non-acceptable sites in the proposed spring for the dam because of the eagles in the area. To satisfy all their reports and studies, they are talking over a million dollars.

Yvonne Stuart drew up some plans on the remodeling. We do not have a cost on this.

The meeting adjourned at 3:45 p.m.

D. VERNON DALTON, PRESIDENT

ESTER QUILICI, SECRETARY