

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

July 18, 1980

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, July 18, 1980 at 9:30 a.m. Vice President Daryl Eriksen presided over the meeting.

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

Present from the staff were Dan Bryan and Patti Blackett.

Jim Kelley from First National Bank in Wells and Dean Johnson from Commercial Security Bank in Wendover were present.

Corrections to the minutes: On page 2, first paragraph, first line, it says Employee Training Committee. This should be changed to Employee Apprentice Training Committee. At the end of the first sentence, it says "tests were given to the employees." This should be changed to "eligible apprentice candidates."

Jim Kelley from the First National Bank was present to answer any questions on the interest rates. On May 21st, Jim quoted the rate of 17.92%. At that time, FNB's prime was 16.50%. The 17.92% was 1.42% above prime. On June 20th, FNB counter offered 2% above prime, floating with a floor of 12%. When CSB was contacted, had FNB been contacted the same day, we would have found that the interest rate had gone down. The way it was explained at the last meeting, the directors got the impression that we made FNB change their rate when they found out we had contacted CSB. There was a misunderstanding and the board seemed satisfied.

Energy Research Committee: It might be advisable for us to meet with Merrill Millett of Deseret G & T. They are having some problems with Hunter. Our request is still on hold.

We are working with Sierra Pacific. They are planning on a 60 or 70 MW tap coming down to Elko. They will give us every opportunity to participate in this tap.

BPA was here this week. They are going to try to give us a point of delivery in Elko.

Community & Area Development: Daryl gave the current standings on the return of the T.V. questionnaires. There was a meeting of Comastat in Kansas City on June 20th. Comastat is a cable T.V. subsidiary. Dan was invited to attend but was unable because it was the same day as the board meeting.

Employee Safety Training Committee: Bud Calton will be taking Jess's place on the committee.

Safety Report: Jesse Larsen gave a report on the Greenlite Magazine he receives and an update on our safety record. Our Safety Meeting for the month will be putting into actual practice the material we covered at our last session on pole top rescue. Around the time of our last meeting, we were experiencing much rain and we didn't have the opportunity to practice pole top rescue in the field. As of this writing, we have logged 541 accident free days, something we can all be proud of.

Construction Report: In past years, we built 3-5 new members per month for the first 5 months of the year. This year, we have approximately 15 per month. In June, the wells crew completed a three pole 10 extension to Rudy Paul, installed a new service to Jack Gardner, relocated a pole and installed a new service to Andy Lillak's new house in Shantytown. Maldonado Construction Co. was connected for use in building new residences at the Forestry Service in Ruby Valley. Also, many services and security lights were installed in Wells. In Carlin, the Maggie Creek Ranch installed two new irrigation pumps which we energized with a three phase line extension built by Lutes Construction Co. Services were upgraded and security lights were added. In Wendover, the crew worked on mostly services, meters and security lights for June.

Engineering Report: Engineering and survey on the DOE proposed wind tower site is complete and application has been made to BLM for R/W to serve the site with 1 phase power and to build the necessary foundation support. Lutes Construction Co. has started the Bill Dedman irrigation extension. Preliminary engineering has begun on the Great West Land Company's 3 phase line extension to serve their tungsten mill in Clover Valley. The crews are busy with secondary and service orders in their respective areas.

Outage Report: In June, we experienced 14 outages system wide of which 10 were unscheduled. Outages consisted of rerouting line across the river at Devil's Gate, blown primary fuses, normal system upgrading and several outages on line 6 to South Ruby

Valley. The Ruby Valley outages were traced to horses rubbing on a guy wire causing B & C phases to slap together. Our crews handled the outages with no major difficulties and are responsible for keeping outage time to a minimum.

Member Services: Jess drove the three young people to Salt Lake so they could fly to Colorado for the energy seminar scheduled for July 12th through the 19th. We have three very excited young men looking forward to the trip.

The Nominating Committee held their first meeting June 26, 1980. The members of the Committee are Lourinda Wines, Betty Carder, Vernon Scott and Bernard Bartz. Lourinda Wines was chosen as the Chairperson for the Committee. The Committee approved the notice to be sent to all consumers for the nominations for directors. The terms of four directors expire this year. The notices will be mailed by the 10th of July. The date of August 14th was set by the Committee for their next meeting in which they will determine the eligibility of applicants for the board.

Wind: The tower is here. We have been contacted by Engineering Sciences. They will be here the first part of August. Lee met with BLM yesterday. He gave a report on that meeting. They requested that we meet with them to answer questions they have been receiving from the Reno office. They are concerned about the eventual wind turbine and also that we might put a wind farm up there. They are also concerned about the eye sore condition and noise. They were talking in terms of 1 to 3 months to process our application. In the meantime, Mike Elliott is working on it. He gave Lee some names of people to contact. They would like to have the tower up and operating by August 10th. We have been asked to participate in the Western Sun Solar Update being held in Salt Lake City September 24-26. Western Sun is an organization set up by the western governors in which each governor appoints a representative from that state. The Nevada DOE nominated us to participate because we are close to Salt Lake and also because we are about the only utility in the State of Nevada doing anything in alternate energy. Dan has talked to the Western Sun people on what they want. This would be a display type presentation.

Lee/Jiggs - Carlin: Lee gave a report on a meeting held in Elko with Sierra Pacific and the Elko County Commissioners. Cliff Stewart from the CPN San Francisco office was also present. CPN has a 15 MW contract with Idaho Power that runs through 1989. There is no increase coming. They have already exceeded that 15 MW several times. Idaho Power has no additional power at this time. They are participants in Valmy 1 & 2 and possibly the third unit. They are participants in the Jim Bridger Plant in Wyoming. Unit 1 of Valmy is scheduled to come on by the end of 1981 and unit 2 in 1984. Freeport wants power by the Spring of 1981. The original capacity of the substation would be 40-45 MW with a second transformer being added later as needed.

White Pine: We received 4 new books. This is supposed to be the final draft. Dan has written a letter to REA telling them we have 1% of participation in this project and requesting their approval. ESTER QUILICI MOVED THAT THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY, IN AN EFFORT TO PROVIDE IT'S MEMBERS WITH ADEQUATE ENERGY FOR THE FUTURE, HEREBY RESOLVES TO EXECUTE THE PROPER DOCUMENTS TO PARTICIPATE IN THE WHITE PINE COUNTY POWER PROJECT, NEVADA, PENDING APPROVAL OF THE RURAL ELECTRIC ADMINISTRATION. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The letters of commitment will be in and they will have to be approved at the next meeting and returned by September 8th.

Co-generation: Dan talked with Bob Laffel from BPA on our hydro and Rulon Brown's proposed hydro. He has no objection to our testing the hydro when we get it going.

We have received information from Dave Piper, PNGC. In the past, the Participants Committee has not been able to approve short term financing on this project. They want to get a balanced financing. Dan has some literature on this. They have to have 100% approval of the participants.

Hydro Plant: Jess has been working on this trying to get some things completed before he leaves. On Wednesday, June 25th, the Forest Service made a visit to the Hydro and conducted an inspection. They found everything to be in order and complimented us on having met or exceeded their regulations governing all aspects on forest service lands.

Employee & Director Institutes & Schools: Dan, Daryl and Ray will not be able to attend the NWPPA Line Extension Workshop and Rate Symposium. Dan will be attending the Manager's Conference August 11-15, Dan will be gone August 1-18. The first week he will be on vacation. The Region IX Meeting will be in Billings, Montana October 8-10. Ester and Jesse would like to attend. Jesse Larsen and Dan Bryan attended the ACRE Workshop in Reno. There were 33 registrants representing 16 systems. Jesse gave a report. Pat Nolz and Dan Bryan went to Santa Fe to meet with Co-op Services, Inc. REA has told us to meet with all 3 of the data banks west of the Mississippi.

New Memberships: ESTER QUILICI MOVED WE APPROVE THE 37 MEMBERSHIPS FROM WELLS, 17 FROM CARLIN AND 13 FROM WENDOVER. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: Charlie Harper was here and conducted an in-house workshop on work orders. He is going to try to get the REA Accountant to come in later on and set one up on the accounting side of it. We will be doing this once a year.

Deferment 12: We do not have to do anything on this now and we may not have to follow this program exactly. We can charge up to 5% interest. We may as well plan on setting up a similar type lending program.

Jess is leaving today. Bud Calton has accepted a new position as Supervisor of Purchasing, Job Training and Safety. A person will be hired for the Member-Conservation Services Director/Administrative Assistant position. This will probably have to be split into two positions within a year or two.

At the last Policy Committee Meeting, it was mentioned that we should have a provision in our line extension policy for those people who are getting loans from FHA or Government Agencies. On page 39, F7, we propose to add the following: In the case that the upfront money is being financed through a governmental agency, i.e. Farmers Home Administration, a letter from that governmental agency guaranteeing the money, in its entirety, within 30 days, will be accepted in lieu of cash. Any letter guaranteeing this payment must originate from the governmental agency involved. This letter must include the following wording: "The entire amount of money (\$ required for the (name of applicant) project is hereby guaranteed to Wells Rural Electric Company within thirty (30) days from the date of this letter." This letter will also include the identifying loan number. ESTER QUILICI MOVED WE ADOPT THIS. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

At the last board meeting, the August meeting was set for the 22nd. Dan was informed it would be better to have it on Tuesday, the 19th to mail out the ballots. This would give us three days more to get them out. The meeting will be held on the 19th.

Dan attended the WAPA Meeting in Denver.

Dan received a call from Mark Shaft of Senator Laxalt's office. The Senator wanted him to inform us that he is watching the regional legislation bill. He is supportive of our position on the fishery amendment.

The Carlin Fire Department has requested they be added on our list of donations, Policy 4-3. ESTER QUILICI MOVED WE DO THIS. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The Ambulance Crew has informed us that they need 3 blood pressure cuffs. They are \$48 each. RAY CRAWFORD MOVED WE BUY THESE 3 UNITS FOR THEM. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We received a letter from Bob Partridge of NRECA soliciting money to work on pole line attachment litigation. There is a move by the IRS to tax money taken in on pole line attachments. NRECA is fighting it. JESSE LARSEN MOVED WE DONATE \$100. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting adjourned at 11:30 a.m.

D. VERNON DALTON, PRESIDENT

ESTER QUILICI, SECRETARY