

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

**June 20, 1980**

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order at 9:05 a.m. on June 20, 1980. President Vernon Dalton presided over the meeting.

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

Present from the staff were Dan Bryan and Patti Blackett.

Corrections to the minutes: The minutes will stand approved as written.

Additions to the Agenda: Employees Training Committee and Ester would like to bring something up under Director & Employee Institutes and Schools.

Board Committee Reports: The Policy Committee met this morning at 8:30 a.m. on Policy 1-6, Board Member Per Diem and Expenses. The Committee recommends the following changes: II A. The time in travel to and from a Director's place of residence to a regularly scheduled directors meeting or a scheduled committee meeting will be considered by Wells Rural Electric Company as company time. On A. 1 - Director's will receive: from 3/4 working day to 1 working day - \$100.00 and from 1 working day to 1 1/4 working day - \$125.00. A. 2 Directors will be reimbursed for mileage traveled at the maximum rate allowable by the IRS per mile when using their own car. BILL WRIGHT MOVED WE ADOPT THESE CHANGES IN THE POLICY. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED WITH 6 TN FAVOR AND 2 OPPOSED. Jesse Larsen and Ferris Brough.

On Policy 9-1, page 67, Scholarship Program, the committee recommends that we add, "The Member Services Director will brief the students and tell them what the Scholarship is and what it contains" and delete in Section II, B. 2 e: ACT Composite Percentile and in Section VII, 5, ACT Composite Percentile. BILL WRIGHT MOVED WE ADOPT THIS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The Policy Committee also recommends that we delete off Peak Provision and add under Interruption of Service, "This rate is subject to the Company's Interruption of Service Rule." BILL WRIGHT MOVED WE ADOPT THESE CHANGES. This would go into effect as soon as we receive clearance on the Interruption of Service rule. BILL WRIGHT WITHDREW HIS MOTION. We will wait until the next meeting to take action. In Article VI, Section 6, page 21 in the Bylaws, it states that customers of WREC will purchase all of their electric energy used on the premises. According to FERC and PURPA, this is illegal and we cannot do this. GENE PENGELLY MOVED WE DELETE THIS FROM THE BYLAWS. ESTER QUILICI AND JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Community & Area Development: Questionnaires were sent out to all the members on the proposed T.V. program. As of this date, we have received 206 from Wells, 170 yes and 36 no; Wendover 93, 92 yes and 1 no and Carlin 236, 223 yes and 13 no.

Employee Apprentice Training Committee: On June 4th, tests were given to the eligible apprentice candidates. A review test was given on June 6th and also an on the job training course on June 13th. Both employees completed and passed. They have completed one year of the training program.

Safety Report: We had scheduled pole top rescue in utilizing a manikin of about 120 lbs., life size,

which is brought down by Ruralite for these training classes. Due to the rain, we were not able to go out in the field for the training. Instead, we utilized the classroom session. Ruralite Instructor, Al Crocker, first explained different procedures used for pole top rescue, in lowering an injured person down from pole top as soon as possible so effective CPR can be administered. This was followed by a slide presentation. There were no accidents or near misses reported for the past month. In going back to last month's safety report in regard to accidents and the day of the week which had the highest accident occurrence, we were told that Wednesday had the highest ratio. The accidents occurred within the first hour after coming to work and in the last two hours of the work day. The lost time accidents were researched for the 80 reporting utilities to Ruralite. This is what was found. There were 87 lost time accidents for the year 1979. The breakdown is as follows: Sunday, 2; Monday, 15; Tuesday, 13; Wednesday, 21; Thursday, 14; Friday, 19 and Saturday, 3.

**Construction Report:** In May, the Wells Crew worked on many jobs, line extensions, services and several outages. On May 11 and again on May 24, heavy wet snow caused trouble in scattered locations with customer outages in Jiggs/ Lee area, Mary's River, Starr Valley, Metropolis, Clover Valley and on the Ruby Valley line. A new regulator was installed in the Wells substation on the 14.4/24.9 KV bus, special 3 phase line extension to the Maggie Creek Ranch is under construction by Lutes Construction Co. Among the jobs completed in Wendover in May were a new secondary pole and security light for Richard Peterson, new service to Texaco sign, metering was installed to new Bonneville pumps for Kaiser, with arrestors being added also.

**Engineering Report:** Preliminary surveying has begun on the proposed wind turbine generation site on the Pequop mountain range. Weather has hampered the on site survey but completion is scheduled for June 13th. Bill Dedman's irrigation project is ready for construction. We have received a bid from Lutes Construction and hope to proceed as soon as possible. New 1 phase extensions are ready for construction in the 10 Mile Creek area and Starr Valley. June appears to be a heavy work load month thus far, as we have numerous service and secondary jobs scheduled in Carlin, Wells and Wendover. We received a call that the Federal Government is opening up some land and going to put 48 wells in our service area. It will be about 3 MW of load and they would be located down around Ruby Valley.

**Outage Report:** In May, we experienced 26 outages system wide of which 5 were scheduled and 21 were unscheduled. Outages consisted mostly of weather related problems which involved snow weighting tree limbs into primary line and broken tree limbs taking out services. One outage was caused by gun shot vandalism (SP) on line 3. Another scheduled outage was to convert a pole in Clover Valley to eagle protection. Crews handled the outages with no major difficulties and are responsible for keeping outage time to a minimum.

**Member Services:** The Carlin Open House was held on Wednesday, June 18th. There were 18 people who attended. There were no problems. Most of the questions were centered around the T.V. questionnaire. Most of this past month was used in preparation and the finishing details that remained from our very successful Annual Meeting. Some time was devoted in getting the Scholarship Program taken care of. Jess has also been busy with the Youth Energy Seminar. This is our first year for this program. The Selection Committee was Robert Wright and Joyce Brophy from Wells and Larry Herron from Wendover along with our Manager. There were 7 students interviewed; 1 from Carlin, 3 from Wendover and 3 from Wells. The 3 selected were David Hatcher from Wendover, David Morse from Carlin and Albert Hyde from Wells. We received a formal letter that we will receive 5 anemometers. They will be placed for 1 year to gather readings and then small wind mills will be installed.

**Power Source:** We received a call from the DOE contractors that the met tower equipment is in route. It is coming from Illinois.

Lee/Jiggs - Carlin: A copy of a memo regarding a conversation Dan had with Bill Branch from Sierra Pacific was enclosed with the agenda. Bill indicated they should be in Elko long before the first of the year. In the meantime, Lee and Dan have done some research. Dan has a letter going to John Mohlman. The average monthly peak on the Lee/Jiggs line for the last 12 months is 273 KW. That gives us 57 KW to work with. With that, we can go ahead and build to those members requesting power. Once we reach a threatening area of 320 KW and an agreement has not been reached, we will have to delay the project. Dan also sent a copy of this letter to San Francisco. Dan sent a letter to Joe Grimban, President of Sierra Pacific stating we would like to work with them and sit down and explain our situation. Dan received a call from Sierra Pacific. They indicated we might be able to set up an appointment in late August or early September in Reno.

White Pine County Project: Dan and Lee attended what in all probability will be the last general meeting of all participants prior to the signing of the -financial agreements.

Deseret G & T: we received a call from Merrill Millett that the board did accept our request for membership in Deseret G & T. Since that time, Hunter II has had some problems. The transmission agreement that is vital to us was rejected. Dan told Merrill to put our request on hold until some of these problems are worked out.

Co-Generation: We received a memo from REA discussing the purchase of power from projects such as Rulon Brown has proposed. PURPA & FERC have 2 dockets that combined are about 220 pages on small co-generation. We read those and there was nothing specific except that you will comply and you will work with them. REA's docket came up with more specific ideas. We have told Rulon by letter that there are a number of FERC qualifications he has to meet before he can go very far. Bud and Jess have been assigned to work with Rulon. Vernon has talked to NRECA about this. They have their legal staff working on it. Their legal staff looks at it this way, we have to buy that energy from them but we do not have to buy it at a cost to our other consumers. All the regulating devices, safety devices and transmission that has to be on their end of it to generate this energy, the cost has to be borne by them as well as a part of the administrative costs. FERC comes up with the stipulation that we have to devise the rules and regulations they have to live with. They also say this is part of the cost. We don't really have to buy the power, BPA does.

Hydro Plant: They are working on it now. They are trying to get it filled. Dan Pence is leaving and he is the one we have been working with. They are trying to get everything done and approved before he leaves.

We have been notified by BPA that they will need to increase their revenue, by approximately 51% as of July 1, 1981.

Daryl Eriksen attended a BPA Meeting in Idaho Falls on June 10th. He also attended Martin Derksema's Retirement Party.

Employee & Director Institutes & Schools: Charlie Harper will conduct an "in-house" workshop on work orders and staking the week of July 15-18. Ester Quilici mentioned that she has not attended the 500.2 school. There are 2 schools coming up, one is in Georgia and one in Pennsylvania. There is also one in Colorado in November. She wondered if she could save some money and wait to attend the school in November if she was re-elected. if she was allowed to do this, it would require a change in the Bylaws. ESTER QUILICI MOVED WE CHANGE THE BYLAWS TO READ, "A FIRST TERM DIRECTOR WILL ATTEND A 500 SERIES INSTITUTE OR IT'S SUCCESSOR PROGRAM DURING THE FIRST TERM OF OFFICE." VERNON DALTON SECONDED THE MOTION AND IT FAILED WITH 1 IN FAVOR AND 7 OPPOSED.

GENE PENGELLY MOVED RAY CRAWFORD AND GENE PENGELLY BE ALLOWED TO ATTEND THE 540.2 SCHOOL IN KEYSTONE, COLORADO AUGUST 8 & 9. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. ESTER QUILICI MOVED SHE BE ALLOWED TO ATTEND ONE OF THE 500.2 SCHOOLS. GENE PENGELLY AND JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Jesse Larsen would like to attend the ACRE Workshop in Reno July 7 and 8. GENE PENGELLY MOVED JESSE LARSEN ATTEND THE ACRE WORKSHOP IN RENO. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED WE APPROVE THE 15 MEMBERSHIPS FROM WELLS, 22 FROM WENDOVER AND 15 FROM CARLIN. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

CFC Interest Rates quoted this past week are: long term - 10 1/2%, short term - 14 1/4%, a 90/10 loan equals 5.55% blended, 80/20 loan equals 6.10% blended, 70/30 loan equals 6.65% blended, winterization loans 10 1/2%.

Line loss figures still show a trend toward leveling off at a much more acceptable level. April was 5.43%. Year to date thru April was 6.08%. Twelve months thru April 30th was 12.69%.

KWH sales from April 79 to 80 are up 20.7%, from July 1979 to April 80 21.3%. The peak demand for 1979 was up 23.7% from 1978. The 1978 peak was exceeded in 7 of the 12 months of 1979.

An NREA Meeting was held in Reno on June 9 & 10. They voted to rehire Pete Kelley as the lobbyist with no increase in costs. They also voted to pay Dan's expenses to the WAPA Meeting.

NRECA is getting a good response on the ACRE Workshop.

Andy Anderson has been notified that our attorney has raised some questions about our proposed agreement. The attorney has sent us a letter containing these questions. Some of them are centered around serving outside of our territory. Until these questions are answered satisfactorily, Bob has asked us to rescind our offer.

Pat Nolz and Dan Bryan will be going to Santa Fe July 2 & 3 to meet with Coop Services, Inc. to review data processing services they have available. They were recommended by REA.

On or about May 20th, Dan polled the Board of Directors for their approval to make a \$3,600 down payment on a small bucket-digger truck for Carlin. Originally \$2,000 per month and an initial payment of \$3,400 was budgeted to lease this truck for 3 years and at the end of that time, a payoff of \$4,500 would be needed to purchase the vehicle. The lease came in and some discrepancies were found. We have looked into interest rates in Wendover and Wells. Both banks will offer 14 1/2% floating not to go below 12%. Commercial Security will offer 14 1/2% fixed. Wells FNB originally offered 17.92%. Dan recommends we finance the truck through FNB. DARYL ERIKSEN MOVED WE FINANCE THE TRUCK THROUGH COMMERCIAL SECURITY BANK IN WENDOVER. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. ESTER QUILICI MOVED WE GO ON A FIXED RATE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. GENE PENGELLY MOVED THAT IN THE FUTURE IF WE HAVE TO COMPETE TO GET A LOWER INTEREST RATE, WE MOVE OUR MONEY TO ANOTHER BANK IN THE SERVICE AREA. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED WITH 7 IN FAVOR AND 1 OPPOSED, Joe Riordan. Vernon suggested we meet with the Vice Presidents of the banks. Dan will talk to Jim Kelley to have 2 officers come here to meet with the staff and board. We will check with the Wendover bank. We will see if they can attend the next board meeting. Dan objects to the

moving of the accounts.

We need to appoint a Nominating Committee before July 1st. Those names suggested were Lourinda Wines from Ruby Valley, Vernon Scott from Carlin, Barney Bartz from Wells and George Gieber from Wendover. Linda Zunino from Jiggs will be the first alternate and Marta Agee from O'Neil the second alternate. GENE PENGELLY MOVED WE APPROVE THESE NAMES. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Dan has responded to REA on their energy conservation deferral plan with copies to our senator's and congressman. He has also responded to the Nevada DOE proposed programs.

The regional legislation bill may be in trouble primarily due to the fish provisions. We received a letter from Dave Piper from PNGC urging everyone to contact their congressmen for their support.

As of July 1, the first step of our most recent labor contract calling for a pay increase for all hourly employees will be implemented. In addition, we will comply with Policy 7-1 for all salaried personnel.

Delbert Reece of Maggie Creek Ranch near Carlin and Carlin Gold Mine have asked us to petition the PSC for the right to serve them in an area not being served by anyone at this time. We have indicated to them that until we get all of the delivery problems solved in those areas, we didn't feel we should consider this. Bob Vaughan concurs with this position.

We have a request from Bob Vaughan to attend the Legal Seminar in Phoenix July 15-16 or in Denver July 17-18. GENE PENGELLY MOVED WE SEND HIM. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED WITH 7 IN FAVOR AND 1 OPPOSED, Ester Quilici. This will be in conjunction with Mt. Wheeler.

We received a letter from our attorney that they are going to increase their charges 9.6%.

The last gas we bought cost 71.3cts per gallon. This time it cost 116.8cts per gallon. We only have one firm that will bid.

Any information for the July agenda should be in by July 8th.

Dan would like the August meeting to be moved from August 15th to the 22nd.

Dan will be in Florida. GENE PENGELLY MOVED WE DO THIS. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting adjourned at 12:38 p.m.

D. VERNON DALTON, PRESIDENT

ESTER QUILICI, SECRETARY