

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

October 15, 1981

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Thursday, October 15, 1981 at 1:10 p.m. President Vernon Dalton presided over the meeting.

Directors present were Gene Pengelly, Mary Wright, Joe Riordan, Ferris Brough, Ray Crawford, Wanda Borden, Jesse Larsen, Daryl Eriksen, Vernon Dalton and John Krenka. Vernon Scott 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 OF THE SEPTEMBER 18, 1981 MEETING AS WRITTEN. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Board Committee Reports: The officers met yesterday to select the members to serve on the committees. A list of the new committees was given to all directors. The executive committee tentatively approved a merit increase for salaried employees. Dan B. will use \$7,000 for the salaried employees to use as he sees fit. The manager appraisal period will run from June 1 to June 1. The committee has also tentatively approved \$1,000 for 6 months for the manager. This would run from January 1, 1982 to June 1, 1982. GENE PENGELLY MOVED WE ACCEPT THE RECOMMENDATIONS OF THE COMMITTEE. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Safety Report: The Safety Meeting for the month of September was the Annual Hotline School hosted by WREC and instructed by Ruralite. This year was the largest class that was ever held at Wells, Nevada with 41 linemen attending from Idaho, Oregon, California and Nevada. Three instructors from Ruralite were here from Forest Grove, Oregon including Chuck Fleming, President of Ruralite to present 3 days of excellent class and field instruction. On Wednesday, September 23rd, the Hotline School Banquet was held at the 4-Way Cafe with a record attendance of 51 people. There were no accidents or near misses reported for last month. As of September 24, 1981, we have logged 978 accident free days. All vehicles were inspected for safety and all are in very good condition. The Apprentice Job Training Program is progressing very good and we have three apprentice linemen that are in their third year. Rubber gloves have been returned after being inspected by Arnett Laboratories. The next regular safety meeting will be held on October 22, 1981. Bud would like to thank the staff and all the employees that were involved in the 3 day Hotline School for their fine cooperation and help that made this school a success. Dan Bryan received a letter of appreciation from Charles K. Fleming, President of Ruralite, for the fine support that was given to Ruralite Services on the 1981 Hotline School. Mr. Fleming complimented Dan and his staff on the many efforts in which they performed their duties.

Construction Report: In the Wells service area, many jobs have been completed in September. A new tap to Smiley's in Starr Valley, a new service to Bud White in Contact has been completed, security lights were installed for Bob Larsen in Wells, new services for Alan Clark and Jerry Petersen in Wells. In addition, work has been continuing on the upgrading of the facilities in the alleys in Wells. Nevada Milling Co. has moved in two more trailers and they have been connected. In Carlin, the Gear Jammers Cafe has been given service in its new location. Twelve new street lights are being installed in town and work is progressing on the upgrading of the system there. In Wendover, a

second temporary service for Culp Construction Co. has been completed at the Nevada Crossing site. Four security lights have been installed at the Red Garter trailer park, other services and security lights have been installed.

Engineering Report: In Wells, we are in the process of staking the line necessary for the new city sewer projects; we are finalizing the maps and staking sheets for the Te-Moke housing project; staking sheets have been prepared to serve four new residences in Shantytown, we are in the process of serving a new pumping station near the city water tank for increasing water pressure to the Te-Moke project; staking sheets have been completed for the new Starr Valley line. This job will be put out to bid this week; we will be providing electric service for two trailers owned by Bill Rodriguez; E D Eaton has inquired about a line extension near Deeth which could be used for industrial purposes; Tony Schwabs house is nearly ready for power; Clay Fitch is showing that he is a valuable addition to the Engineering Department. In Wendover, we have completed the engineering and paper work for Bob Scobie's trailer park; Zeyer Sign Co. has requested a new service; we are in the process of preparing contracts and easements so we can provide a new service at the Western Motel; Phillips Service Station has inquired about electric power for two three phase pumps east of town; the new county jail and tennis courts are about ready for power and our biggest concern in Wendover is the Nevada Crossing Development. In Carlin, we are nearing completion of a three phase line extension originating at the intersection of 8th and Fir and running easterly. This line will be very valuable for serving new facilities in Carlin as it is a 14.4 KV line. We had a difficult time obtaining an easement. We have received contracts, easements and up-front money concerning the new Gear Jammer Cafe and will be serving them in the very near future; we are planning a line extension for Bud Barrows; we are in the process of installing several new street lights for the City of Carlin and the Duggar Apartments are nearly ready for service.

Outage Report: We had a total. of 11 outages system wide for the month of September. Five outages were scheduled and the remaining six were unscheduled. Outages ranged from system upgrading to blown fuses caused by lightning. We had only a total of 28 hrs. of consumer outage time affecting 31 consumers. The Wells area had a total of 6 outages for the month. The City of Wendover had 3 and Carlin had only 2.

Hdyro Report: The hydro plant is back on line but because the water supply is low, it is operating at about one third capacity. We are waiting for a letter from FERC giving us the authority to operate under the old license.

Member Services Report: We have been working on the BPA Conservation agreement, preparing budgets and contracts to send to BPA. The first two parts of the agreement deals with shower flow restrictors and water heater blankets, as the Board approved at the September meeting. After approval at the September meeting, Dr. Margaret Maxey was notified about confirming her as "key" speaker at the Wells Rural Electric Company Annual Meeting next May. We have not heard back at this time, but anticipate no problems. Many good school programs are planned for this year. Dan K. will be taking programs to all of our area schools, including rural areas and will be recapping our presentations monthly. The American Red Cross brought their Bloodmobile to town on October 1st and were met with a very good community turnout. Fifty one pints of blood were donated this year and again the Red Cross was quite complimentary of the efforts Wells Rural takes in organizing this program. We have set up meetings for the couples group for October 27th and November 10th. The ACRE program is nearing completion. We would like to thank everyone for their support. Also Member Services has helped coordinate the printed material needed to effectively enforce our "Disconnect Policy."

Power Supply: Warren and Dan B. attended a meeting with the County Commissioners and Sierra Pacific in regards to the delay in the Elko line. Several members of Sierra Pacific were there

including Joe Gremban, President, and Max Jones, Head of the Engineering Department. In the process of Sierra Pacific not getting the rate increases they requested, they had to cut a \$110 million dollar construction budget down to \$50 million. This project was put on delay but in view of the Elko situation and the entire Elko County situation, it became obvious that they could not delay it. Their temporary plans are to build 1 mile of line to tie into the 24.9 to bring 5 MW into Elko this winter. They have to have 5 MW in Elko this winter or they have a shortage situation. In addition, they are proceeding to build the 120 line. They are concerned that this 120 line might not be big enough and they might have to build 230 KV. They are still getting their permits and expect to have those done and approved in the next few days. Materials are ordered. They assured the Commission that Elko would have service off this proposed line before winter of 1982. It is back on its original schedule. They have talked about a proposed tap tying in the 138 KV line to the 345 KV line. There is a meeting in Reno with Sierra Pacific at 10:00 tomorrow, the 16th. There are 2 items on the agenda. One is a discussion on ways to eliminate the bottlenecks in Carlin and a way that potential and future loads of WREC can be served. Max Jones invited us. We have severe problems in Ruby Valley. There are 13 DLE's going in Ruby. We will check into how much it will cost per acre to pump. We will contact Irving Hackett of the extension office to get some figures.

WPPSS: Projects 4 & 5 have been within hours of termination on several occasions. WREC would have to put up a great deal of money should they terminate. A few weeks ago, a special meeting was held in Portland. Dan B. and Vernon attended. Dave Piper said a plan had been devised where they would "mothball" the plants, stop them and let them sit until July 1983. The only alternative would be to terminate them. Dan was on a conference call with most of the participants on Tuesday in which the proposal had changed a little bit. They had a special meeting yesterday in Seattle and wanted everyone to attend in which they would hand us a resolution that they need passed by every board today. The resolution will put the two projects in a "mothball" status until July 1, 1983. This would give the Regional Energy Council enough time to study these projects and study the entire energy situation of the Northwest and advise BPA whether or not they can take over these projects. It is possible they will give the answer before July of 1983. If the answer is yes, it is possible this can be picked up by Bonneville prior to that date. To terminate the projects would cost an estimated \$500 million. To "mothball" until July 1, 1983 would cost \$150 million. Mothballing is the only way to keep open the possibility of some day getting energy out of it. A "yes" vote from enough participants will result in the following: (1) The 88 participants will agree to pay 50% of the \$150 million. WREC's share between now and July 1, 1983 would be \$33,750. There are other fees for interest during construction which will start in March of 1983 equalling \$28,000. The IOU's have agreed to pay 29% of the \$150 million and the DSI's would pay 21%. In return, these two would receive 4.1 billion kwh which is less than 1% of the total output of the project. Fifty percent of the output would be added into the Federal Base System. WREC would have to make a \$8,550 payment in November. Another large payment will have to be made in December, but not that large. BPA will serve as the escrow agent and we would make our payments to them. Two new agreements would have to be signed and returned by January 1, 1983. These are in addition to our Participant's Agreement. It would just be supporting this resolution and put into contract form. At this time, all but 3 participants have indicated they would probably go with this program. The only alternative is to terminate and our share would be \$350,000, at minimum. If at the end of 1983 the plant is terminated, the \$150 million is part of the \$500 million. DARYL ERIKSEN MOVED WE ACCEPT THE RESOLUTION. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. PNGC has employed a law firm that is available on a cooperative basis of \$2,500 to an escrow account to those who are anticipating law suits on this.

Growth: Carlin Gold has all but said they want us to go after the rights to serve them. It is in no man's land. The cost will be \$5,000 - \$10,000 to do it. We will not proceed until we get in writing that they will cover our costs to do this. They want to enter into a long term contract, meaning 10 years.

Dan B. has talked to the attorney and Power Engineers on this. There is really no problem. The only point of difference is the rate. They want to have in the contract something that guarantees that they will not be asked to subsidize the rest of our system. They have indicated by telephone they are going to ask us to serve them and there is no problem in covering the cost. We need from the board: (1) Permission to go after that territory if they say yes, (2) The right to work on trying to draw up a contract and (3) The right to negotiate some kind of a rate system. GENE PENGELLY MOVED WE AUTHORIZE DAN BRYAN TO GO AHEAD WITH THIS. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We are proceeding on the land acquisition for the Wendover Substation.

Power Engineers: We met twice on the work plan. It is about finished. Charlie Harper said at this point, the loan package looks extremely good. At the next meeting we will probably have to approve the work plan or we can wait until the entire package is put together. The total amount of distribution line in the loan package cost wise is \$2.7 million. If we were to build a new 69 line to Ruby Valley just below the intersection and a substation there, the cost is \$3.4 million. The total loan package would be \$7 - 8 million. We are looking at adding 634 consumers in the long range forecast. The Sierra Pacific plant is scheduled to begin construction on 1984. We received a preliminary copy of the Wendover substation bid sheet.

Employee & Director Institutes & Schools: Vernon and Dan are planning to go to the WPPSS Annual Meeting. There is a Ruralite Board Meeting on November 6th. The UREA Annual Meeting is November 12 & 13. Those going to Atlanta are Daryl Eriksen, Vernon Scott and Mary Wright. It is the first week of February.

There is a Director's Update in Minneapolis December 8 - 10th. Vernon Dalton would like to attend.

New Memberships: RAY CRAWFORD MOVED WE APPROVE THE 25 MEMBERSHIPS FROM WELLS, 20 FROM WENDOVER AND 16 FROM CARLIN . JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: We have started on our facility study. The architect has been here. He will be getting back to us. At this time, he is taking into consideration the possibility of expansion in some direction or moving to another area.

ACRE memberships are due. DARYL ERIKSEN MOVED THE BOARD BECOME CENTURY CLUB MEMBERS. WANDA BORDEN SECONDED THE MOTION. It was stated the contribution should be left up to the individual. DARYL ERIKSEN WITHDREW HIS MOTION AND WANDA BORDEN WITHDREW HER SECOND.

PCB's: We are going to have to pass a policy on how to handle PCB, in the future.

Wind Data: May average combined 3 level wind speed was 23 MPH. Generating potential is 1.96 MW. June average is 26 MPH and generating potential is 2.1 MW.

Bob Vaughan pointed out that in our minutes for September, Wanda Borden was elected Secretary. We need to amend that to say "and Treasurer." GENE PENGELLY MOVED WE AMEND IT TO MAKE HER "AND TREASURER." JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Union negotiations are tentatively scheduled for November 30th and December 1st.

We had a meeting with the Wells City Council. We are trying to get together with Carlin and

Wendover City Council. It was a noon luncheon meeting. They were informed of our growth.

The meeting adjourned at 4:05 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY