

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

February 19, 1981

The regular meeting of the Board of Directors of Wells Rural Electric

Company was called to order on Thursday, February 19, 1981 at 8:30 a.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Dan Bryan and Patti Blackett.

The minutes of the January 16, 1981 meeting will stand approved as written.

Additions to the agenda: Discussion on capital credits.

Mike Eriksen was present from the Chamber of Commerce. They were asked to help raise the money needed to put on the annual endurance race. They would like us to make a donation. They need a total of \$2,800. They feel if they could get \$1,500 from donations from the community and surrounding area in \$250 increments, they could put this on. The City of Wells is going to raffle off a vehicle. This is where the additional money would come from. After the race is over, any money left over will be given back to those who made donations. A decision on this will be postponed until later in the meeting to see if any more directors come.

Engineering Screening Committee: There were 4 firms who made presentations to the committee. The Committee recommends Power Engineers from Hailey, Idaho. They are closer and seem to have better ideas of getting to our people faster and getting the work done. The firm out of Denver would give a better long range plan. GENE PENGELLY MOVED WE ADOPT THE RECOMMENDATION OF THE COMMITTEE. JOHN KRENKA SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Member Relations: Mike Booth touched up the one drawing that was selected. We should consider what we want to do as soon as possible.

Safety Report: The Safety Meeting for January was held on January 15th by Al Crocker from Ruralite. Bud Calton called the meeting to order at 8:10 a.m. The minutes of the previous Safety Meeting were read and approved. Accidents or near misses: A pole trailer tongue fell on Dave Sharp's ankle. There was no lost time. Gene Supp explained his truck accident. He rolled his truck over but there was no injury. The truck was totalled out. There was no lost time. Al Crocker then presented his program on "Emotional Involvement" and 1979 national statistics involving highway fatalities. Emotional involvement on a family level was very impressive. Several recent series of accidents were utilized on film, trying to put the employees into an imaginary situation where it was their family involved and what did they think would be the reaction. The objective of these films was to stimulate thought patterns that make one realize an accident involves a lot more than one person injured, also the quickness and severity of accident potentials in this trade. All vehicles were inspected for safety. Al Grossman received his new safety belt and hooks as his old ones did not pass safety inspection. As of February 20, 1981, we have logged 763 accident free days with no lost time.

Construction Report: Wells crew has been working on the new line 3 position on the substation. Reclosers have been installed with by-pass switches and a span of wire to a new terminal pole. The U.G. cable will be put in next and the line will be ready for pole replacements and then conversion. The Rulon Brown irrigation pumps has one padmount transformer installed and we are waiting for delivery of the second transformer. The U.G. cable and padmount transformer has been installed at the new D.K. Anderson house in Clover Valley. Work is progressing on giving service to the eleven Te-Moke housing units in Lee. Many new services and security lights also were completed in Wells. In Carlin, the conversion of line 3 is complete. A new secondary and service to the dog pound has been completed. At Ten Mile Creek, two new 10 line extensions were built and new services and security lights have been added. In Wendover, two new Zeyer signs were connected. Several transformer changes and services and security lights were installed.

Engineering Report: There are two additional subdivisions in their early developmental stages. The first is a 72 parcel subdivision at Devils Gate. The second is 96 parcels at Tent Mountain. In Wells, the potential 46 unit trailer park has been upgraded to 93 units. The City of Wells has received their grant money so we will be proceeding with the Humboldt street lighting project. The 7.2 KV underground tie is staked and ready for construction as soon as the right-of-ways are clear. We have received the upfront money on the Te-Moke housing in Wells and the transformers are ordered. William Rouse of Warm Springs Ranch needs a 30 line move as well as a 30 extension to a 20 HP booster pump. We have staked a line move for the Winecup/Lands of Sierra Ranch.

Lands of Sierra (Sierra Pacific Power Co.) has asked us to serve a met tower with 10 power in the NW of Section 21, T40N, R66E. This tower is for the environmental evaluation they will need for the power plant they have planned. We will need to build about 12 miles of 14.4 KV 10 line. This will be classified as indeterminate so we will get the total cost of construction up front. Their load is estimated at 10 KW for operation of the tower. The tower has to be operational by June 1, 1981 so they can monitor the ozone this year. If they miss this date, then their monitoring will be extended another year. In Carlin, we have been approached about a 70 unit trailer park. This park appears to be a sure thing and could add up to .7 MW to our Carlin load. Also planned in Carlin is a 60 unit housing subdivision. Our crews have been very busy with system maintenance and upgrading in addition to their normal line construction work.

Outage Report: We had a total of 11 outages system wide this month. Eight were unscheduled and the remaining three were scheduled. Outages ranged from the 138 KV trans. line from Idaho dropping out because of a faulty air switch at Blue Gulch substation to a CSP transformer in Wendover overloading. We also had problems with the 69 KV line to Wendover icing up and causing two major outages. System wide, we had a total of 4511 hrs. of consumer hrs. of outage time. The 138 KV and 69 KV line outages were responsible for 4219 of those hours. All outages were handled in an efficient and professional manner by all line crew members to keep outage time to a minimum.

Hydro Plant: The hydro plant has been in the process of being checked out. It has been on and off the line. It usually trips off after a few hours of operation. We also have a problem with the recording watt meter. It needs parts which GE is trying to find for us. The first problem concerned the main shaft bearings on the main generator. Heavier oil seems to have helped the bearing to run cooler. A log is being kept on these operations.

Member Services Report: During the last Member Relations Committee Meeting, we decided to organize an Annual Meeting Member Committee to solicit ideas that these members may have about the upcoming Annual Meeting. This meeting took place on January 13th and was overall successful. Dan Kessler, Patti Blackett and Bruce Widmer were available at the Wells High School "Career Day" on February 10th to answer questions concerning future careers with Wells Rural Electric and its' community role. Dan K. will make a presentation to the Ruby Valley School on February 11th. The topic will be on energy conservation and efficiency. "Pigopolis," a company energy conservation film, will be shown. Jack Humphrey from OTT Water Engineering, Redding, California will be here (approx.) February 17th to conduct feasibility studies on prospective small hydro generating facilities. Mr. Humphrey is here on behalf of the Nevada DOE. Dan K. will be in Pasco, Washington on February 19th & 20th to participate in two NWPPA workshops. One is the "Energy Security Act Workshop," the other is a program on the "Regional Energy Conservation Act," and how both will affect Wells Rural Electric. BPA is loaning WREC the infra-red probe gun to conduct heat loss surveys throughout the service area. Surveys will commence approx. February 23rd. Dr. Giles Maloof will be in the Wells Rural Electric area on March 9, 10 and 11 to present programs at the area high schools on "Energy and the Environment." Dr. Maloof is from Boise State University and uses an "analog" computer to demonstrate energy resource information to high school math and science students.

BPA Contract: Dan sent a letter to Roy Nishi asking BPA to offer us a new contract. It doesn't mean we have to sign the contract but if we want to be offered one, we have to request it. Dan identified our participation in the WPPS Plant and the White Pine Project and that they should accept this power and give us the benefit of a blended rate in the end. They need to know who will represent us during the negotiations. Our tentative plans call for PNGC to be representing us, however, we reserve the right to represent ourselves in the negotiations of specific criteria for the new power sales contract. If we did not have PNGC representing us, someone would most likely have to line in Portland. Meetings are scheduled for 3 - 4 days a week in Portland from now until September. Dan also talked to Darrell Pierce. He is representing the Coops in Idaho. He represented us at the first meeting they had. He wants to represent some of the Coops in regards to the low density discount. This discount is to be offered by Bonneville on our rates based on kWh per plant revenue basis. We would fall into the 5% discount category. Darrell would like to represent us on this area. The pro-rated bill from PNGC is \$460 for them to represent us. PNGC has employed 3 or 4 people to sit in on the various task forces. GENE PENGELLY MOVED WE SEND PNGC THE \$460. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED WE AUTHORIZE DAN BRYAN TO SEND A LETTER TO BPA FOR A NEW CONTRACT. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We will be receiving official notice today or tomorrow on the rate increase. It will be 53%. BPA is also including the low density discount in this.

Sierra Pacific: Lee Standley joined the meeting. Sierra Pacific has agreed to purchase CPN's territory in Winnemucca and Elko. The NPSC and FERC must now approve of this. Regarding the power plant, they have been in and talked with Lee and Warren. They also flew them over the area. There will be a line extension of 15 miles of 1 phase line. This is just inside Raft River's territory. We are 15 miles from Sierra Pacific and Raft River is 21 miles from them. Sierra Pacific has asked us to contact Raft River to see how we should proceed. Dan talked to Golden Gardiner. He would like for us to go ahead and plan on serving the met tower. With their board approval, we would have Bob Vaughan draft a letter to the NPSC notifying them of this. Dan has also written to BPA to see if they will serve the 10 - 15 MW of construction power and if so, under what conditions. BLM has notified us that effective immediately, any right-of-way we want, we will be charged a one time fee of \$500, \$50 a mile up to 5 miles, from 5 - 20 miles a flat \$500, over 20 miles, \$500 per 20 miles or portion thereof. After the line is built, they want to come in and appraise the line and charge an annual rental. VERNON SCOTT MOVED WE SERVE THIS IF RAFT RIVER'S BOARD APPROVES. GENE

PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Power Source: There is a memo concerning the meeting with Deseret that everyone received. This was done prior to BPA's visit. After BPA's visit, they threw a lot of cold water on some of the proposals. Merrill Millett will come to our next board meeting if we can change it to March 27th at 10:00 a.m. GENE PENGELLY MOVED WE CHANGE THE MEETING DATE TO MARCH 27TH AT 10:00 A.M. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Just a little over a year ago, Daryl, Vernon and Dan went to Walla Walla to meet with BPA. At that time, they promised us they would do some studies on the feasibility of the point of delivery at Elko. Right after that, they had a lot of turnover within BPA in the Idaho Falls and Walla Walla office. Dan has been in contact with Roy Nishi and Bob Laffel. They said as soon as they got a new economist at the Idaho Falls office, they would be down. They got a new economist. He was here along with Bob Laffel, District Manager of the Idaho Falls office and Wes Fields, the economist from the Walla Walla office. We took them all over the system. It is obvious the growth is here. We discussed the tap in Elko. They would do it only if it were feasible for BPA to build it and serve the Carlin and Lee/Jiggs area. We pointed out that the service in lower Ruby Valley was not adequate and with the growth of the Desert Land Entries, we had a real problem. We suggested a substation be built around Harrison Pass and a line over Harrison Pass to tie in lower Ruby and Lee/Jiggs. They said if we did that, it gives a much better financial picture for the tap. We talked about this with Deseret. We have suggested that Deseret tie into Mt. Wheelers 69 line to build a substation at Harrison. BPA said they didn't think we could do that as long as we buy power from them because it is thermal power we would be buying from Deseret. We asked them if BPA would buy from Deseret and serve them that way. They didn't know. We now have written to BPA listing some alternatives. 1. That Deseret G & T will build to Harrison, a substation would be built and a line across to serve these areas. Will Bonneville let us buy from Deseret on an interim basis and then serve the area again after adequate service is provided? 2. Build the same line. Will BPA buy the power from Deseret and sell it back to us at a blended cost? 3. Build the Elko tap and come down thru Jiggs serving that area and Carlin out of the Freeport Tap. 4. Build on the line out of Battle Mtn. to Carlin out of Lee/ Jiggs and over Harrison. We asked BPA which alternative they want. BPA suggested we take only 20 - 30 MW from Deseret. If we asked for 50 MW, that made us a major power supplier to them and it would take congressional approval to accept it. Their recommendation was that we go to 20 - 30 MW and become a minor power supplier and it only takes BPA approval. We are also going to have to consider exactly how we want BPA to accept this, whether we want them to accept a "Hell or Highwater" contract.

Employee & Director Institutes & Schools: Summer School of the West information is available. Dan B. is planning to attend the Central Area Data Manager's Conference April 1 & 2 in St. Louis. The Ruralite Annual Meeting is March 11-13 in Portland. Reports were given on the NRECA Annual Meeting.

New Memberships: GENE PENGELLY MOVED WE APPROVE THE 15 MEMBERS FROM WELLS, 14 FROM WENDOVER AND 14 FROM CARLIN. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We went back to the donation request from the Chamber of Commerce. JOE RIORDAN MOVED WE GIVE THEM \$50. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: Central Area Data was here February 10-11. The equipment is in route and will be here next week.

The auditors are here this week. They will probably request time at the March meeting.

We have hired an Administrative Assistant. Warren Linnell will take over the duties March 2. He will first get involved with PURPA. We will have to have a public meeting prior to March 20th in Wells regarding the proposed rules.

We have reservations for Dan B. and Vernon D. for the May Legislative Conference May 10-14. We will be participating with Utah and California for a breakfast for our congressional people. Letters are in route to them informing them of this. We will be traveling with the Utah group. We are going to have more participation from Utah and Nevada than in the past.

We need to have approval to enclose the rest of the showroom. We need another office. We have to start seriously thinking about going upstairs. The new office will cost \$1,200. GENE PENGELLY MOVED WE AUTHORIZE DAN TO GO AHEAD WITH ANOTHER OFFICE. BILL WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

PNGC has informed us that they have changed their bylaws toward membership again. They went back to the original \$5,000 assessment.

Charlie Harper was here last week. Andy Anderson had been in contact with him. Andy said Charlie was his last hope in trying to make us serve him before he turns it over to his attorney. Charlie reviewed the letters we wrote to BPA and the NPSC and said their responses were direct and there was nothing more we could do.

CP Telephone informed us they are applying for REA loans to serve the Lee area.

Dan has checked with Utilities in the area on the impact of a coal fired plant in their areas as to how they prepared for it. They said to get your line extension policy in shape, a tough collection policy and a meter deposit policy.

We have done a study trying to improve productivity. We have a certain amount of work to be done at the beginning of each day and close of each day to get the business set up to go. Interruptions in that routine result in a lack of productivity. We have done a study in all 3 offices to see how many consumers come in between the hours of 8:00 & 9:00 a.m. and 4:00 & 5:00 p.m. to see what the impact would be of having the office hours from 9:00 a.m. to 4:00 p.m. Working hours would remain 8:00 a.m. to 5:00 p.m. The only one that shows any impact is Carlin. They averaged 3 consumers per day between the hours of 4 to 5. Dan talked to Stella about this and also about the use of the drop box and telephone. She said 75-80% could be utilized by the drop box. It would improve the productivity of our people and it would coordinate with our outside crews. We made the study for 3 months. We would implement it on a 6 month trial basis. We would advertise it for 2 or 3 weeks. Bill Wright recommended that we poll the consumers that come in during these hours. We will try this for a month or so.

On Monday, March 16th, we are planning to go to Jiggs Town Hall for a potluck dinner. That meeting will explain to the people what the power supply situation is and the rate increase. The dinner will start at 5:30 p.m. and the meeting at 7:00 p.m.

Capital Credits: Vernon Dalton went to testify at a hearing before the assembly and senate on 2 bills that are attempting to create a body representing the consumers and the Public Service Commission in the State of Nevada. It looks like one of these bills might pass. We took the position of not supporting or opposing either bill but in being eliminated from it. In the testimony Bob Vaughan and Vernon presented, we were able to say we have a capital credit program and have in fact paid capital credits.

The REA Program is in jeopardy. When candidate Reagan, on September 19th, wrote a letter to Bob Partridge, he stated very definitely that he supported the REA Program and that if there were any changes to be made, he would do that in consultation with the REA leaders. They want to eliminate the Cooperative borrowing from the Federal Financing Bank. The OMB says we borrow an astronomical amount of money at 2%. They are saying we are borrowing money to purchase electricity. We have a memo going out to the employees and ACRE members encouraging them to write letters to their congressional delegates stating their approval of the REA Program.

The meeting adjourned at 12:00 noon.

D. VERNON DALTON, PRESIDENT

ESTER QUILICI, SECRETARY