

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

March 27, 1981

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, March 27, 1981 at 10:05 a.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Dan Bryan and Patti Blackett.

Corrections to the minutes: The minutes of the February 20, 1981 meeting will stand approved as written.

Additions to the Agenda: Nevada Tax Payers Association.

Deseret G & T: Merrill Millett will not be here today. Dan called him yesterday and told him that with some of the things that have come to light with the Regional Bill and the negotiations and discussions with BPA, we decided that to have Merrill come down at this time would be a waste of his time. Dan has written a letter to the Acting Administrator of BPA. This letter tells them of the Moon Lake Project and the power we can offer them from this coal fired plant. Dan asked him if they will accept this power. Merrill thought this was what we should do.

Policy Committee: The committee met in Bob Vaughan's office to discuss the PURPA proposal. We had a proposed policy that the committee did recommend. Dan Bryan read the proposed PURPA policy. We presented this policy at a public meeting last Wednesday. There were six people in attendance and 3 other employees. Everything seemed to be acceptable from their point of view. VERNON SCOTT MOVED WE ADOPT THIS POLICY FOR THE PURCHASE OF POWER FROM SMALL POWER PRODUCERS AND CO-GENERATORS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Member Relations: We are still working on the design for the logo.

Safety Report: The Safety Meeting for February was held on February 24, 1981 at the Service Center with 14 employees in attendance. The meeting was conducted by Bud Calton. Minutes of the previous meeting were read and approved. There were no accidents, near misses or lost time accidents for the month. We have 791 accident free days with no lost time as of 3/20/81. An Accident Investigation Committee was formed. It was agreed that Lee Standley, Ray Bleak ' Mike Braun, Bud Calton and Jesse Larsen would be on the Investigation Committee. Safety precautions were discussed about underground padmount transformers and the use of rubber protection equipment when working on URD installations. Mike Braun and Ray Bleak discussed all the open neutrals in our system and what precaution to take when working on these lines. Mike covered line 1 thru line 13. Ray discussed the static line or neutral on the 69 KV line to Wendover. All vehicles and tools were inspected for safety. The new vehicle for the meter department should be ready for service the third week in March. Bud Calton then gave a 45 minute class on work order procedures. Questions from all employees in attendance were welcome and many problems were cleared up at this session. Risa Paul attended the work order class. The next meeting will be held on March 19, 1981 by Ruralite.

Construction Report: In Wells, the cable for the outgoing line 3 has been installed. Construction service and a security light has been installed at the BIA housing site in West Wells. Service to the Rulon Brown irrigation project has been completed to both the 300 KVA and 112 1/2 KVA locations. In Lee, the eleven new Te-Moke housing sites have all been connected. In Carlin, the new substation fence is complete. In a few days the total area inside the fence will be graveled. The state highway interchange lighting has been connected and services and security lights have been installed to add to Carlin's construction activity. In Wendover, the Motel 6 relocation project is complete.

The new Air Force line has been completed. The new underground cable has been trenched in to the James Taylor Casino. The transformer has arrived and will soon be connected. Many new services and security lights also were connected in Wendover.

Engineering Report: Staking on the Sierra Pacific line extension is approximately 75% completed with completion set for next week. We have received all easements and requirements from BLM and have contacted "7" prospective contractors to bid on the 11.5 miles of line. We are in the process of getting easement for a tie line between lines #8 and #2 south of Wells. Also, new lines for Ned Smiley and Eleanor Ward of Starr Valley have been staked. In Wendover, the transformer for Motel 6 is in and about ready for operation. Stateline Casino has contacted us about a 100 unit motel to be built just across the Utah border. Red Garter has installed a sewer system under our 30 line, so we are in the process of adding new structures to raise conductor to ground clearance. They are also adding a 50 unit trailer park. McKesson Chemical Co. needs 30 power to their new lab east of Carlin. We are also rebuilding the line between Cedar St. and Hamilton in Carlin. All in all, the system is showing continual growth and all crews have been busy with system upgrading and service.

Outage Report: We had a total of 8 outages this month. Two were scheduled and six were unscheduled. Outages ranged from a bad sec. connector in Carlin to a 1.5 hr. scheduled outage of the Town of Wendover. We are still finding damage to the 69 KV line due to icing up the previous month. System wide, we had a total of 2,208 consumer hrs. of outage time. Carlin had the least amount of outage time. Wendover had the most due to system upgrading. All outages were handled in an efficient and professional manner keeping existing outage time to a minimum.

Hydro Plant: Our main problem is in the regulator. The new static regulator is going to run about \$7,000. If we did away with the static regulator and the excitor, we could get by with about \$20,000. If we install the new static regulator, the static excitor could go out and it would cost about \$5,000. We could get new carbon packs for the regulator at \$700 a pack. They might not solve the problem. We could get some bids and make the best purchase.

Member Services Report: Our Energy Conservation Program was taken to all the area schools this past month. The film "Pigopolis" was shown, a short talk on energy conservation and renewable resources was given and a "Poster Contest" was announced in coordination with the presentations. Grades 2 - 6 were concentrated on with this program, except in the rural schools where we included everyone, 1-8 grade. Poster Contest deadline is March 30, 1981. A total of 476 students and teachers saw the program. Dr. Giles Maloof, from Boise State University, was here on March 9, 10 and 11 to present a program on "Energy and the Environment" to the area high schools. Dan K. assisted Dr. Maloof with presentations in Wendover, Wells, Elko and Carlin. The program was well received with 294 students and teachers taking part in the presentations. The BPA infrared probe gun used to conduct heat loss surveys has been delayed. There has been a malfunction in the gun that will be quite expensive to repair. We have postponed our heat loss program until sometime in April. Wednesday, March 18, 1981, Dan K. made a presentation to the Wells Junior & Senior high students in the Wells High School Auditorium. Topics were arranged in conjunction with "Energy Conservation Week" (March 16-20.) A film on the "History of the Rural Electric Program" was shown as was a slide presentation on "Renewable Energy Resources and Conservation." Approximately 150 students and teachers were in attendance. Dan K. made a presentation to the Wells City Council and Chamber of Commerce on the proposed changes in the REA Program by the Reagan Administration on Tuesday, March 10, 1981. We were promised support from both groups.

BPA Contract: Ester Quilici reported on the PPC Meeting she attended.

Lee/Jiggs: CPN's Elko office has been in contact with us and advised us they have a conditional agreement to upgrade and reconstruct the steel line between Elko and the Lee/Jiggs metering point. The condition is that we would be willing to renegotiate a new wheeling agreement to offset the added cost of this construction. In addition, if we were to renegotiate a new agreement,

CP has indicated they might be willing to increase our capacity. The reason they gave for this is the report from Sierra Pacific that the new line from Freeport to Elko will now be completed by May 1981. With that completion, enough capacity would be available for the City of Elko to allow us to increase our needs now. CP is requesting a letter/resolution from our board that we are willing to negotiate a new wheeling agreement. The February peak for Lee/Jiggs was 408 KW. Our agreement is for 330 KW. Our contract says if we exceed our allotment, we will renegotiate. GENE PENGELLY MOVED WE RENEGOTIATE. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

On Monday March 16, 1981, the staff personnel went to a "potluck" supper in Jiggs. The invitation was extended to us by the consumers there. The topics for the evening included 1) The power supply problems in the area, 2) The upcoming rate increase, 3) The new computer billing system and 4) The new administration proposed changes in the Rural Electric Program. The staff and programs were well received. Approximately 27 consumers and some family members were in attendance. Also in attendance were Joe Riordan, Gene Pengelly and Wanda Borden. We have set up a meeting on Wednesday, April 8th in Carlin. We will attend the Senior Citizens noon meeting and then have a meeting at 1:00 p.m.

Sierra Pacific: Raft River has asked us to serve the met tower. This is 3 sections into their territory. We agreed to do it. They wrote us a letter. We sent it on to Bob Vaughan so he could send it on to the Commission. We found out that the Commission has to act a recertification. Raft River offered to pay for any additional costs incurred for this. We filed the recertification request. We made a motion at the last meeting that we would serve this. Bob Vaughan has asked us to restate that motion. ESTER QUILICI MOVED WE RECERTIFY THESE 3 SECTIONS. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Dan has also been asked by Raft River to have this company consider taking over Nevada. They would like to present a proposal. GENE PENGELLY MOVED WE LOOK AT THEIR PROPOSAL. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Power Source: BPA is still working on our study. Power Engineers has been in touch with them. They have broken it down into 3 areas as we suggested.

Rate Increase: We have told Miner & Miner to hold off until BPA is firm on the amount of the rate increase.

Audit Report: Warren Jaynes from Ernst & Whinney was present to present the audit report.

Annual Meeting Report: This years Annual Meeting is progressing nicely. It will be held again in the Wells High School Auditorium starting with displays open for viewing from 4:00 - 6:00 p.m. Registration will be from 5:00 - 6:00 p.m. with the meeting beginning at 6:00 p.m. Dinner will again be served by the Elko County Cowbells at approximately 7:30 p.m. "Energy Issues of the 80's" is

this year's theme. We plan for displays on renewable resource technology, conservation, insulation and other interesting ideas. The key speaker will be Mr. Chuck Spets, from Oak Ridge Laboratories, speaking on "Nuclear Energy Futures." This year's President and Manager's reports promise to be as interesting as last years. The flag ceremony will be presented this year by the Brownie Girl Scouts and we again plan for a free movie for the young people of the communities present to be shown at the theatre. There is still quite a bit of work to be done but it is coming along quite well!

Legislative Situation: There have been some letters sent from this area. We got a call last night that Senator Laxalt may be reconsidering his position on our program. Thirty seven senators signed a letter from NRECA to the President that strongly opposed this proposed cut. Dan has written a letter to Santini, Laxalt and Cannon regarding the charge on right-of-ways by BLM. Cannon, along with the co-sponsorship of Laxalt and others have introduced a bill that would exempt us from this.

Employee & Director Institutes & Schools: Dan Bryan will be at the Central Area Data Manager's Update in St. Louis April 1 & 2. Vernon D. and Dan B. are scheduled to attend NRECA's Legislative Conference May 10-13. NWPPA's Annual Meeting is May 20-22 in Eugene, Oregon.

New Memberships: GENE PENGELLY MOVED WE APPROVE THE 20 MEMBERSHIPS FROM WELLS, 11 FROM WENDOVER AND 11 FROM CARLIN. VERNON SCOTT SECONDED THE MOTION MD IT CARRIED UNANIMOUSLY.

Manager's Report: When an outage of any length is planned, an effort is made to notify all affected businesses. This goes for every area of our system. Anyone on a "life support" system is also notified if we are aware of their situation. The incident discussed at the last board meeting resulted in an oversight by those who did the calling.

We have a letter from Cathy Igoa representing a pledge for a junior football league for boys 9-14 in Wells. We will leave this up to Dan B.

We have a "first draft" proposal for a Carlin office. Our people have recommended some changes. It would cost around \$125,000 - \$150,000.

We have a proposed plan of action from our consulting engineering firm. Our staff and Charlie Harper have reviewed their proposal and we concur with their ideas. Dan talked with our engineering firm yesterday. The cost will not exceed \$15,000. They would do a three year work plan with a long range investigation. This is not in the budget. GENE PENGELLY MOVED WE ADD \$16,000 TO THE BUDGET FOR THIS ENGINEERING WORK. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We have our computer equipment set up.

We need to change the dates on some board meetings. From April 17th to April 20th; June 19th to June 26th and August 21st to August 12th.

Angus Hastings, NRECA President, has written a letter to the WREC Board of Directors thanking them for allowing Vernon Dalton to serve on the national board.

The next matter to come before the Board was the consideration of the Supplemental Agreement to the Participants' Agreement to WPPSS Nuclear Projects Nos. 4 and 5. After a thorough discussion, on motion by Director Pengelly and seconded by Director Eriksen, the following resolution was passed by a vote of 9 in favor and 0 against.

RESOLUTION NO. 81-3-1

A RESOLUTION authorizing the execution of delivery of the Washington Public Power Supply System Nuclear Projects Nos. 4 and 5 Supplemental Agreement to Participants' Agreement.

On July 14, 1976, WELLS RURAL ELECTRIC COMPANY, a nonprofit cooperative corporation organized under the laws of the State of Nevada (hereinafter referred to as the "Cooperative"), entered into the Washington Public Power Supply System Nuclear Projects Nos. 4 and 5 Participants' Agreement (hereinafter referred to as "Participants' Agreement"). The Participants' Agreement provides, among other things, for the sale by the Supply System to such Participant of a share of the Project Capability of the Projects. It also provides that the Supply System shall use its best efforts to issue and sell Bonds to finance the cost of construction of the Projects.

The Participants' Committee has recommended that, in order to assist in financing the Projects upon the most favorable terms to the Participants, the Supply System undertake to issue Bonds maturing prior to July 1, 1989 ("Short-Term Bonds") as well as Bonds maturing after such date. The Participants' Committee has further recommended that, to enable the Supply System to sell such Short-Term Bonds on favorable terms, the Participants' Agreement be amended to provide for the obligation of each Participant to pay debt service on Short-Term Bonds without requiring refinancing far in advance of need therefor and without requiring premature termination of the Projects.

The Board finds that it is in the best interest of the Cooperative and its electric energy customers that the Participants' Agreement be amended as recommended by the Participants' Committee.

Therefore, IT IS RESOLVED:

The President or Vice President and the Secretary of the Cooperative are hereby authorized and directed on behalf of the Cooperative to execute the Washington Public Power Supply System Nuclear Projects Nos. 4 and 5 of the draft dated December 8, 1980, a copy of which is on file with the Cooperative, and to deliver copies thereof to the Supply System.

The UREA Annual Meeting is November 5 & 6 in Wells.

There is going to be a NWPPA Consumer Complaint School in Salt Lake in September. A Director Workshop will be held in Wells in conjunction with the UREA Meeting. A Supervisors Training School is scheduled for next March in Salt Lake City.

The City of Portland law suit has been dismissed.

Nevada Tax Payers' Association: Vernon inquired if we were members. If we are not, he suggests we consider becoming members.

The meeting adjourned at 1:25 p.m.

D. VERNON DALTON, PRESIDENT

ESTER QUILICI, SECRETARY