

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

June 29, 1981

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Monday, June 29, 1981 at 1:05 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Dan Bryan, Patti Blackett, Warren Linnell and Lee Standley. Peter Van Der Meulen from Power Engineers was present and also Golden Gardiner, Manager of Raft River and four of Raft River's board members and staff.

Corrections to the minutes: GENE PENGELLY MOVED THAT THE MINUTES OF THE MAY 15, 1981 MEETING BE APPROVED AS WRITTEN. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

There were no additions to the agenda.

The Raft River delegation was welcomed to the meeting and the meeting was turned over to them. There is a proposed housing development by a group of Wendover people at Pilots Peak. We are 18 miles from this. Raft River is serving a ranch that is 3 miles north of this site. This ranch is also in our certificated area. Raft Rivers' capacity is limited to serve this area. We could give them this territory if they wanted to serve it and we wanted them to serve it. Pete will do a preliminary study on the feasibility of this project for Raft River and WREC.

Pete and Warren met with BLM this morning on the land for the substation in Wendover. All of the ground west of Wendover that is within the unincorporated city limits has been included in BLM's long range plan for deeding over to the city, who is represented by the county. We have 3 alternatives. We could have the land appraised and buy it outright from BLM; we could go to the county and ask them to expedite that piece of land from BLM and turn it over to us for a reasonable price or we could ask for a right-of-way with a 50 year renewable lease. We have a capacity problem at the substation. We could add fans at the substation at a cost of \$4,500. This is not in the budget. The next step would be to move a transformer over there and buy a regulator. Some of this would be transferrable to the new station. It would cost \$31,500.00 for everything we would need to do this. GENE PENGELLY MOVED WE ADD \$4,500 OR THE ACTUAL COST FOR FANS TO THE BUDGET. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Nominating Committee: Those appointed were: Annette Branning - Wells, Ethel Scott - Carlin, Barry Jones - Wendover, Lourinda Wines - Ruby Valley. Alternates are Marie Merkley and Betty Wright. ESTER QUILICI MOVED WE ACCEPT THE NOMINATING COMMITTEE. BILL WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Safety Report: The Safety Meeting for May was held at the Service Center at 8:00 a.m. on May 21, 1981. There were 14 employees in attendance. The Safety Meeting was instructed by Ken Fannesbeck from Ruralite. There were 2 minor accidents with no lost time. As of June 9, 1981, we have logged 871 accident free days with no lost time. All vehicles were inspected for safety. Ken Fannesbeck recommended that we set up a Pole Testing Program. There have been 17 linemen in the USA that have lost their life from a butt rotted pole in the last year. A Pole Testing Program

would also count towards our safety accreditation program in the future. The Safety Meeting also brought out the use of rubber gloves. The rubber gloves that we use are tested for 20,000 volts for use on our 7200 system. When we do hot line work on our 14,400 system, the gloves should be 40,000 volt tested. This will be corrected immediately. The booms and basket liners on our bucket truck and digger trucks should be tested every 6 months instead of once a year. Fannesbeck presented WREC a new safety placque for no lost time for 1980. We are all very proud of our safety record. The meeting was adjourned at 11:00 a.m. The next Safety Meeting will be held on June 26, 1981 at 8:00 a.m.

Construction Report: In Wells, a 3200' underground primary has been installed to the site of a new house on the Bush Ranch in Clover Valley; a new 2 pole primary extension is complete to Aaron Tybo at Pequops; a 12 pole 1 phase line extension was built to Bob Wright for a stockwater pump in Independence Valley. In Starr Valley, a 1 pole 1 phase tap is complete at Fred Howells. At 10 Mile Creek, a 2 pole tap was completed for service to J. Andree. Back in town, secondary and service was replaced to the Big Pillow Motel, secondary and secondary pole was installed to Jack Anderson, also many services and security lights were installed. In Carlin, the McKesson Chemical building has been connected, this is a 200 A 3 phase, also new services and security lights have been installed and cleanup work is continuing in the alleys of Carlin. In Wendover, the Red Garter trailer court project is complete. Services have been installed at the Gold Rush Casino to some trailers, also services and security lights have been connected.

Engineering Report: In Wells, the Te-Moke Housing project staking has been completed on the overhead & underground distribution lines. Construction has been started on the underground portion of the project. We're adding more transformer capacity to the Burger Bar for their new Steak House. Tom Morgan has applied for a line extension to his property in Starr Valley. In Wendover, a tie line between line 3 & 4 has been staked.

Staking has been completed to Lewis Bros. 28 unit trailer park. Stateline Prop. has inquired about power to their new 100 unit motel on the Utah side of the Stateline. In Carlin, Bob DeYoung has applied for service to 3 duplexes he is building. DuPont Chemical has applied for power to their new plant. Staking should be started on this project within the month.

Outage Report: System wide, we had a total of 6 outages, 5 were unscheduled and 1 was scheduled. outages ranged from several burned secondary connectors to lightning hitting the reclosers south of Wells on line #4. We had a total of 603 hours of consumer outage time. Line #4 received 588 of those hours. Wendover and Carlin had only one outage each. Both were caused from burned secondary connectors.

Member Services Report: Many area pumps were tested during the period of time that BPA loaned the equipment to us. Data gathered will be sent to the Idaho Falls office for breakdown and returned to us and eventually the consumers. The Youth Energy Seminar participants were notified of their selection and arrangements are being finalized for the July 18-25 camp. Dan K. will be driving them in and picking them up. The Ruralite writing staff was here last week (June 4-5) to gather stories throughout our service area. They picked up six stories and will be back again in November. NRECA contacted us for data and pictures of our Hydro Plant to make a presentation on all Coop hydro plants that are now operational. They will provide us with a recap of the presentation.

Hydro Plant: The only problem with the hydro plant the past month was a broken belt. This was quickly repaired and it is back in service. We have been waiting for the license to operate the hydro plant, but we received a letter on June 9th rejecting the issuance of that license. The letter gave several reasons which we are studying and will attempt to correct the conditions that caused the rejection so that we can re-apply to the FERC.

BPA - Power Supply: We have received, by telephone, what our rate increase will be. It will be 61.41% before the low density discount. We will receive a 5% low density discount giving us a net increase of 53.34%. As soon as we get this in writing, we will get that information in to Miner & Miner. We are looking at 10 - 12% system wide increase.

Moon Lake: A few months ago, Dan wrote a letter to BPA asking them if the Notice of Insufficiency was still in effect and if they would accept the Moon Lake power. We received a letter back. The provisions of the Letter of Insufficiency are still in effect and will remain so for those customers that do not execute a long term power sales contract. BPA cannot, at this time, make a contractual commitment to purchase Moon Lake power or any other project power. BPA has not agreed to purchase the generation of small hydro or co-generation projects. If WREC wishes to receive all of it's requirements from BPA, even during times of insufficiency, it will be the responsibility of WREC to develop and to sell BPA resources so that the summation of the federal base system resource plus resources sold to BPA equals or exceeds Wells' systems requirements. We have the same 4 options we have had all along. We could join Deseret G & T and go with Moon Lake power; go ahead with Moon Lake; join PNGC or wait and see.

A fact sheet on the new power sales contract was enclosed with the agenda. Warren and Dan B. attended a meeting in Portland on June 1st. The contract was discussed. We will be offered a new contract by September 4th and have one year to accept it. We will have the right to negotiate specific things for Wells. The generic parts are pretty well set. BPA is proposing five programs for conservation. Residential, commercial buildings, street lights, new home construction plus irrigation pump testing. We are going to have to hire extra people for conservation. BPA will help financially but it will not offset a small percentage of it. This is not a negotiable item.

WPPSS: The Board of Directors of WPPSS has granted a slow down on plants 4 & 5.

Sierra Pacific: There is nothing new on the plant outside of Wells. We were informed by telephone that the formal letter inviting us to participate in the tap near Elko is being drafted and should be mailed in 2 or 3 weeks.

Growth: Charts on our overall growth were enclosed with the agenda. Last year was a record year but does not appear that it will compare to what will happen this year.

Legislative: If AB 580 had gone into effect, it would have been extremely difficult for us. Bob Vaughan and Pete Kelley worked with Dean Rhoades to get it amended to exclude us.

Legal: Bob Vaughan is requesting to attend the NRECA Legal Seminar. Mt. Wheeler has agreed to pay half. GENE PENGELLY MOVED WE PAY HALF. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED WITH 8 IN FAVOR AND 1 OPPOSED, Ester Quilici. The attorney will be increasing their fees by 9.78% as of July 1, 1981.

CFC: We need to establish our line of credit for CFC. It has been \$500,000. GENE PENGELLY MOVED WE ESTABLISH OUR LINE OF CREDIT WITH CFC AT \$500,000. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Employee & Director Institutes & Schools: Those who want to go to Anchorage for the Region IX Meeting are Daryl Eriksen, Vernon Scott, Gene Pengelly and Ferris Brough. Three are allowed to go with full expenses paid. Any other director can attend but will not receive compensation. Gene Pengelly will forego the compensation. Daryl Eriksen will be the voting delegate for Region IX and Vernon Scott will be the CFC voting delegate. The NWPPA Rate Symposium will be in Pasco, Washington July 20-22. Dan B. will be attending. We had a tremendous response to the Gail Dunning

School. Dan B. would like to bring him back next year and have him also put on a 2 day board program. VERNON SCOTT MOVED WE HAVE HIM BACK NEXT YEAR FOR THE 5 DAYS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. John Krenka will be attending the 530.2-school in Estes Park, CO.

New Memberships: GENE PENGELLY MOVED WE APPROVE THE 29 MEMBERSHIPS FROM WELLS, 21 FROM WENDOVER AND 16 FROM CARLIN. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: Wind data for December shows a 20% potential or a generating potential of .52 MW. In January, it was an 8% potential or .20 MW of generating potential.

Load Increase Cards: With the cards we have received back, we will have from 7 to 8 MW of additional load in the next 3 years on our system.

We have received additional plans on the Carlin building. Some of the changes we suggested were made. To construct this building it would be estimated at just over \$150,000. VERNON SCOTT MOVED WE GO AHEAD WITH THE BLUE PRINTS. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

As of July 1, 1981, the employees will receive a 40cts increase.

We have contacted some professional advertising firms on our logo. We have not received all of the proposals back.

Lyle Johnson of the Industrial Relations Council has notified us that they are increasing their fees from \$20 to \$50 per month. This is their first increase since 1943.

We have been contacted by the Wendover Clinic. According to our lease, they do not have the authority to sub-lease any office or part of the building. They want to sub-lease an office to an attorney. We would have to write a new lease. ESTER QUILICI MOVED WE HAVE THAT ATTORNEY REWRITE THE LEASE AT THEIR EXPENSE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting adjourned at 4:45 p.m.

D. VERNON DALTON, PRESIDENT

ESTER QUILICI, SECRETARY