

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

March 19, 1982

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, March 19, 1982 at 1:00 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Lee Standley and Patti Blackett. Attorney Bob Vaughan was also present.

Corrections to the minutes: JESSE LARSEN MOVED THE MINUTES OF THE FEBRUARY 19, 1982 MEETING BE APPROVED AS WRITTEN.

Orcas Power is trying to fight WPPSS. There is going to be a meeting on April 23rd & 24th. We need to decide if we want to send someone to the meeting to see if we want to join them or not. GENE PENGELLY MOVED WE SEND BOB VAUGHAN TO THE MEETING. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED WITH 7 IN FAVOR AND 1 OPPOSED, Jesse Larsen.

Lease Option - Wendover Land Co.: Bob Berry and Dick McDougal were at the meeting to answer the questions raised on the lease. Bob Vaughan made some technical changes in the lease and sent it back to their attorneys. The technical changes were fine, they were made. There were 2 other points brought up. One is that we could only use the land for public utility purposes. The other point is that if we ever sold it, they would have the first right of refusal to buy it back. The use of the property for utility purposes is only during the time of the lease. They don't want it sold for use as a house of prostitution or a casino. If we bought the property, we could use it for whatever we want except for the two purposes stated above. They are ready to sell the land now and they would like to get us on it as soon as possible. GENE PENGELLY MOVED THAT FOR \$60,000 WE PURCHASE AN ACRE OF LAND FROM WENDOVER LAND COMPANY AND AN OPTION AT \$60,000 PER ACRE ON 2 ADDITIONAL ACRES AND THAT THE TITLE CAN BE SUBJECT TO RESTRICTIONS AGAINST CASINO OPERATIONS OR HOUSES OF PROSTITUTION AND THAT THE LANDS FURTHER BE UNCOVERED BY A FIRST RIGHT OF REFUSAL BACK TO THE SELLER. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Nevada Crossing's attorneys will draw up the papers on the purchase of the land.

Warren Jaynes from Ernst & Whinney was at the meeting to present the audit report. We have memberships in the amount of \$3,517. This was under the old program where we charged a \$1.00 membership fee. Warren talked with Pat about considering assigning this to patronage capital. GENE PENGELLY MOVED WE APPROVE THE AUDIT. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. GENE PENGELLY MOVED WE ASSIGN THE MEMBERSHIPS TO THE PATRONAGE CAPITAL. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Utah Rate Pass Thru: The Utah Rate pass thru was approved by the Utah PSC. We are going to have another rate increase from BPA. It was brought up that instead of just passing this rate increase on, that we have a cost of service study done. We could get some estimates for a cost of service study and present them at the next meeting on how much it would cost to update this study. GENE PENGELLY MOVED WE GO OUT FOR ESTIMATES ON A COST OF SERVICE STUDY UPDATE. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

West Wendover Substation: We have everything ordered for the substation. Power Engineers is in the process of sending out letters to contractors for bids. All of the bids need to be in by the end of April. Power Engineers has asked for a special board meeting on May 3rd for the opening of the bids and awarding of the contract. GENE PENGELLY MOVED WE HAVE A SPECIAL BOARD MEETING ON MONDAY, MAY 3, 1982 AT 1:00 P.M. TO TAKE UP ALL MATTERS. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Carlin Gold: On Rule 9, Line Extension, it states that the applicant will pay 50% of the preliminary engineering services over \$200. We should change this to read 100% or "the total" instead of 50%. JOE RIORDAN MOVED WE CHANGE THE POLICY TO READ "THE TOTAL." DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED WITH 7 IN FAVOR AND 1 OPPOSED, Ferris Brough.

Sierra Pacific has filed for the territory. They claim they do not have enough capacity on their 345 line and won't have enough capacity on the Adobe Sub in Elko to wheel us the necessary power to serve Carlin Gold if we get the territory. They have shown a sign of being interested in meeting with us. Power Engineers thinks we should meet with them and have BPA present also. We met with Power Engineers and BPA in Hailey last Tuesday. We let them know that we need about 10 MW out of Adobe for Carlin and Jiggs/Lee but if Carlin Gold goes, we would need 20 MW.

Pine Valley Petition: We received a petition of Pine Valley asking us several questions regarding electrical service. They also sent a copy to the PSC. The PSC has asked us to send a copy of our reply to them.

Land for new office building: John Quilici talked with Nello Cippolini about the land next door. He owns the 2 lots and if we would make him an offer, he might sell. There was a list of all available land sent out with the agenda. VERNON SCOTT MOVED WE TRY TO ACQUIRE THE 4.1 ACRES ON HUMBOLDT AVENUE NEXT TO THE SERVICE CENTER FOR \$75,000 AND SEND THE OFFER IN WRITING TO THE OWNER AS WELL AS THE REALTOR WITH TERMS TO BE NEGOTIATED AS ACCEPTED. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Billing Time Lag: A report on the billing schedule was enclosed with the agenda.

Board Committee Reports: The Safety & Training Committee met on February 23rd. They discussed the organizational chart. Under the Wendover Operations slot, there is a slot for a Journeyman and a slot for Journeyman or Apprentice Lineman. It is not this way under the Carlin and Wells Operations. We need to change the 1 box under Carlin and 2 under Wells. JESSE LARSEN MOVED WE ADD JOURNEYMAN OR APPRENTICE TO THE 1 BOX IN CARLIN AND THE 2 BOXES IN WELLS. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. When an Apprentice completes the training program, on the pay scale, it currently states they will receive 98% of a Journeyman's wage. At the present time, this is 12cts lower than the Apprentice wage. It is proposed that we change this to 99%. JESSE LARSEN MOVED WE CHANGE THE PAY TO 99%. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. At the meeting, it was brought up that money we receive from the sale of scrap copper is put in the general fund. It was asked if this money could be used for non-budget items. The company could use an air compressor, drill and air hose. It was stated the money will stay in the general fund and these items will be put in the budget for approval.

Safety Meeting: The Safety Meeting for February was held at the Wells Service Center March 2, 1982 by Ruralite with 16 employees in attendance. The main topic was CPR and emergency care. All vehicles were inspected for safety. There was one near miss and no accidents that involved lost time. As of March 9, 1982, we have logged 1,144 accident free days with no lost time. Dave Sharp, App. Lineman, has completed his Appr. Lineman Training program after 3 years of classroom and field training. Dave was promoted to Journeyman Lineman February 16, 1982. Dave is the first Appr. Lineman to complete the course since it was started in 1979. The policy that was passed by the board in February on Public Safety has been put into action and the response by all employees has been excellent. The next meeting will be held on April 27, 1982 by Ruralite.

Construction Report: In Carlin, several jobs involving secondary wiring and secondary poles have been completed. Some of this work involved system improvements. Also, a street lighting job for the city has been completed. In Wells, an alley re-build project behind the Quiet Motel has been completed and our crew has finished several jobs on the Starr Valley line involving transformer changes and installing sectionalizing equipment. In Wendover, a new three phase service for a laundry building owned by State Line Properties has been completed, eighteen new apartments owned by State Line Properties have been served, several system improvements involving secondary and secondary poles have been made and Lutes Construction recently completed a tie line between our lines coming under the freeway.

Engineering Report: In Carlin, the major concern is the idea of serving the new Carlin Gold Mine. Lee Standley, Warren Linnell and Power Engineers have been busy with this project. In Wells, we have had in inquiry about a line extension near Deeth from Fred Eaton. This proposed line would be approximately 1 1/2 miles; the U-3 Ranch is interested in a line extension for an irrigation pump; a tie line in Wells between lines 2 and 8 has been staked and easements have been obtained. We hope to start construction in the near future; the project of three phasing the line from oasis to Johnson Springs has become a reality. We are in the process of preparing staking sheets, obtaining easements and making arrangements for the new substation and we are in the process of updating the staking sheet books. In Wendover, the conduit has been installed into the Nevada Crossing casino and Lutes Construction will pull the wire in sometime next week; Lutes Construction will also be doing the work necessary to serve the employee housing for Nevada Crossing. Prior to this, we have staked a temporary overhead line and located transformer positions; we are planning to stake a line in behind the new Gold Rush Hotel Wednesday of this week; construction has started on the new trailer park for State Line Properties and we plan on providing underground service starting about April 1st; Russell Lewis wants electric service for a proposed trailer park and the Wendover Motel is considering an addition.

Outage Report: System wide, we had a total of 15 outages for the month of February. All of the outages were unscheduled. The outages ranged from blown fuses to damaged primary poles. We had 8 outages in Carlin, 3 of those affected the entire area due to trouble at CPN's substation in Elko. There were 6 outages in the Wells area and only 1 in Wendover. A total of 2,022 consumers were affected with a total of 3,237 hours of consumer outage time.

Hydro Plant: Gene Supp has had the hydro shut down for almost 10 days. The nozzle is made. The orifice had to be removed and shipped to Salt Lake. The orifice has to be fitted to the nozzle. When the old nozzle was made for it, it was very rough and jagged. It would not completely shut the water off. There needs to be a screen at the collection box to keep all the sticks and leaves from going down in the pipe into the nozzle. This deflects the water from the pelton wheel to the tail race, therefore, reduces the amount of kilowatt output.

Member Services Report: Our "Electric Line Safety - Conservation" program at the schools was recently completed. (All except for the O'Neil School - waiting for the roads to dry a little). A total of 588 students and teachers participated and enjoyed the programs very much.

Students received energy conservation badges, bookmarkers and energy usage cards for their participation. This presentation was given to Kindergarten thru 6th grades.

From March 22nd thru 24th, a professor from Boise State University will be in our service area to conduct a seminar regarding energy uses and availability for the future. Professor Maloof uses an Analog Computer which computes the usage vs available resources and reads in years, how long the existing world can survive on our known reserves, based on supposed population growth rates. This program will be taken to all of our area high schools. Dan K. will assist Professor Maloof as he did last year.

The residential BPA Conservation Program is doing very well. We initially invested \$11,632.00 in Water Heater Wraps and Shower Flow Restrictors for the program. In January, we turned a reimbursement form for \$8,032.00. In February ... \$3,776.00. A total of \$11,808.00 has been committed to us for reimbursement. So... our investment has been paid back and through the first two months of the program, we show a profit of \$176.00.

Career days were held at the Wells High School Auditorium and Gymnasium on March 9, 1982. We were invited to have a display and we had three employees to cover the basic employment opportunities of WREC. Dan Kessler covered the management jobs and the REA Program in general; Patti Blackett covered the clerical and secretarial aspects and Bruce Widmer was on hand to discuss the line related duties. Approximately 125 students participated in Career Days activities. Visits to our three area high schools are planned for the 29th & 30th of March to give presentations on the six students Wells Rural Electric Company will send to the Youth Energy Seminars in Steamboat Springs, Colorado (CREA) and Logan, Utah (UREA).

Much time is being devoted to the Annual Meeting scheduled on May 1st. It plans to be a very good one.

Total present at WREC presentations to date for 1981-82 school year - 947.

Annual Meeting Report: This years Annual Meeting is organizing quite well at this time. It will be held again in the Wells High School Auditorium, starting with displays (energy oriented) open for viewing from 4:00 p.m. till 6:00 p.m. Registration will be from 5:00 p.m. to 6:00 P.m. with the meeting starting at 6:00 p.m. Dinner will again be served by the Elko County Cowbellees at approximately 7:30 p.m. We plan to have displays on renewable resource technology, conservation, pump testing and many other interesting topics. The "key" speaker will be Dr. Margaret Maxey, from the University of Texas' Energy Research Department. An afternoon matinee has been arranged for the kids to be shown at 4:00 p.m. The cub scouts will present the colors at the flag ceremony. There is quite a bit of work yet to be done - but as I said, this year's meeting will be a good one!

New Memberships: GENE PENGELLY MOVED WE APPROVE THE 11 MEMBERSHIPS FROM WELLS, 19 FROM WENDOVER AND 9 FROM CARLIN. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Line of Credit with CFC: We need to increase our line of credit with CFC from \$500,000 to \$1,500,000 to cover some of the construction expenses that are coming in. GENE PENGELLY MOVED WE ESTABLISH A \$1,500,000 LINE OF CREDIT WITH CFC. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. (Exhibit I)

Manager's Report: The loan package is on its way.

We have been checking with REA on architects for the Carlin building. David Hayes is one that is well qualified in this respect. Lee has talked with him about it. He has also talked with him about the Wells building. He is still on hold. His next step will be to draw up final construction plans and bid the job.

John Clawson sent us an invoice and he has been paid for his services.

WPPSS 4 & 5: There is a meeting in Portland March 24 & 25 for all participants. Vernon would like to attend if possible.

We need Vernon's signature on the territory exchange with Raft River. The May Legislative Rally is coming up. Vernon would like to attend.

The meeting adjourned at 5:15 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY