

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

December 17, 1982

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, December 17, 1982 at 1:00 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Lee Standley and Patti Blackett.

Corrections to the Minutes: The minutes of the November 19, 1982 meeting will stand approved as written.

There were no additions to the agenda.

Report on Utah Rate Increase: Clay Fitch went over the report with the Financial Committee this morning. The Financial Committee did recommend that we recommend to the board that we pass the rates as proposed. JOHN KRENKA MOVED WE APPROVE THE RATES FOR THE STATE OF UTAH AS PRESENTED. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

WPN 4 & 5: We received a letter from Bob Vaughan. He has requested we send a letter to Bob Ferguson of WPPSS. There was no objection to sending this letter. Bob also wanted to know if we feel he is giving us adequate information on the WPPSS situation.

Carlin Gold: We have a letter from Newmont Services. They have delayed their starting date on the mine by at least 6 months. They still have not given us the final go ahead. Scott Holzhauser delivered the letter in person on December 3rd. He also presented us with a form contract which was drawn up, partly from a contract we had given them and partly on their own. There are several points of contention in this contract which would have to be negotiated. Their new date of service would be February 1985. In the meantime, we will have to develop a long term contract. BPA is upset because we need to tell them if we want a transmission line whether or not Carlin Gold is served. BPA and Power Engineers has been informed of the delay. They did indicate that this in no way diminishes the fact that they are definitely going to open this mine sooner or later. Without this point of delivery at Elko, this also affects our transmission line to Jiggs/Lee and a substation down there. We will still build a section of this line in 1983 to bypass the steel wire line. We will operate that line at 24 kV temporarily until we do get the point of delivery in Elko and the transmission line.

Land for new office - Wells: Lee finally got hold of Nello about the land next door. His mother has not decided to sell yet. He is trying to convince her to. There were several suggestions as to how to solve our space problem.

It was suggested we check on the terms for the land on Humboldt. We have to buy ground for the new substation. We are looking at buying an acre from Idaho Power by their substation.

New office - Carlin: We have sent the plans to REA for their approval. The architect is working on construction drawings. He has also requested a soil test.

Board Committee Reports: The Financial Committee met and went over the budget with the staff and felt it was a very reasonable budget. The committee did ask the staff if they would reduce the budget 4 to 5%. They reduced it 4.16%. All of the directors had a copy of the revised budget. The Financial Committee recommends to the full board that they pass the budget as presented. JOHN KRENKA MOVED WE PASS THE BUDGET AS PRESENTED. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. We will try to get it out earlier next year so the board can have time to review it.

Safety Report: The Safety Meeting for November was held at the Wells Service Center by Ruralite. Harold Choate presented a very good program on transformer current capabilities and fault current calculations. There were no near misses or lost time accidents as of 12/10/82. As of 12/10/82, we have logged 1,421 accident free days with no lost time. All vehicles were inspected for safety. There were no hazardous conditions reported. First aid cards were presented to all employees that participated in the first aid classes that Ruralite presented in June and July. On the 18th of January 1983, we will have had four full years with no lost time accidents. The next safety meeting will be held December 10th at the Wells Service Center by Joe Presley from Ruralite. The subject will be "Hearing Conservation."

Construction Report: 1982 has been a very busy year for our engineering and operations end of the Company. We have collected in excess of \$700,000 this year in up-front money for a number of different jobs. Our work order load has been the largest in the history of the company. Following are some of the larger projects completed this year. 1. Installed an underground system of over 4 miles for Nevada Crossing; 2. We completed the Starr Valley job of converting the 12.49 kV system to 25 kV; 3. Three phased

and reconnected 6 miles of line from the Oasis substation to the Johnson Springs water system; 4. Installed a 1280 kVa 30 substation at Oasis with two 30 exit bays; 5. Installed a temporary 1500 kVa transformer in the old Wendover substation for peaking capacity; 6. Installed 10 miles of 3cts line to serve the Barger irrigation project; 7. Converted the Metropolis line from 12.49 kV to 25 kV; 8. Completed a major tie line in Wendover; 9. Installed a 2 1/2 mile 3cts extension for the Flying "S" irrigation project at Oasis; 10. Installed a 48 unit underground trailer park at Oasis; 11. Reconnected 7 miles of line 2 in Wendover as a sub to sub tie with 1/0 conductor; 12. Installed a 50 unit underground trailer park at the Stateline KOA in Wendover; and 13. Installed primary metering and an additional 1750 kVa of transformer capacity for the new Stateline addition. Jobs that relate to the 82-83 work plan that were completed this year include: 1. West Wendover 20 mva substation; 2. Added capacitors throughout our system. We now have a leading power factor at Carlin and Wendover. The capacitors reduced losses on our Clover-Ruby line by 500 kw. System power factor has improved dramatically; 3. Installed 30 reclosures, three regulator installations and sectionalizing on our Clover-Ruby line to improve reliability and voltage. Brownout conditions on this line, due to delta bank feedback, have been eliminated and 4. The upgrading from 7200 V to 14,400 V has reduced our losses substantially on two feeders out of Wells. The above completed work represents some of the over 330 separate jobs completed in 1982. Our total electric plant has grown from \$5,816,925 to approximately \$9,000,000 in 1982.

Engineering Report: We are getting prepared to run two services at the Flying "S" Ranch and we are also anticipating serving a large office and recreational building at their trailer park. Staking sheets have been written to replace a service for the Ruby Lake Wildlife Refuge. We have received several calls from contractors bidding on the new Jim's Casino in Wendover. It appears that the demand will be 2.3 megawatts. This job will run well over \$100,000. We are preparing for several big jobs involving system improvements after the first of the year. We have been busy closing out work orders and updating contracts.

Outage Report: In November, there were a total of 17 outages, all of which were unscheduled. There were 8 outages in the Carlin, Jiggs/Lee area, 5 outages from the Wendover area and 4 outages in the Wells area. The majority of these outages were caused by severe winter storms that hit the area. These outages resulted in a total of 1,414 consumers with 3,040 consumer hrs. of outage time.

Hydro Report: The Hydro is still on line and doing very well. A week ago the belt broke that runs the hydraulic system and shut the hydro down for 3 days. It broke Friday night some time and was not fixed until Monday afternoon. All the resistors, gauges and oil was cold. Gene had to run it off line for one day until they were at running temp. A new belt is necessary, for the old one is about 15 years old and is showing signs of wear. From November 2nd until November 22nd, the hydro has produced 47,300 kw. Take this times the new average rate, this amounts to \$2,365.00. The water has held up very well for this time of the year.

Member Services Report: We received a letter from the Maggie Club in Jiggs regarding them being late on their bill.

Power Supply: We have a preliminary copy of a revised contract from Sierra Pacific which we have objected to 2 or 3 points. It has gone back to Sierra Pacific and we have not heard back from them yet.

New Memberships: DARYL ERIKSEN MOVED WE APPROVE THE 1 MEMBERSHIP FROM WELLS, 15 FROM WENDOVER AND 5 FROM CARLIN. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY*

Manager's Report: We have the write-offs for the end of the year. In Wells, there are 63 accounts for a total of \$3,890.41, 18 accounts in Wendover, Utah for \$979.27, 32 accounts in Carlin for \$1,705.51 and 17 accounts in Wendover, Nevada for \$870.41 for a grand total of \$7,445.60. VERNON SCOTT MOVED WE ALLOW THE WRITE-OFFS. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We need to renew our insurance. Federated Insurance is our carrier now. We have a \$1,000,000 liability on officers, managers and directors with NRECA and that costs us \$368 a year. Any additional liability would be covered by our \$2,000,000 umbrella insurance policy with Federated. We can raise the \$2,000,000 to \$5,000,000 for an additional \$1,075.00. NRECA will not raise the \$1,000,000 liability because of WPPSS. JESSE LARSEN MOVED WE KEEP THE \$1,000,000 WITH NRECA AND INCREASE FEDERATED TO \$5,000,000. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We received a letter from Bob Vaughan regarding Mock and Long in North Carlin. Sierra Pacific was going to give us a proposal for a fringe agreement so we could serve these customers in Sierra Pacific's territory. Bob Vaughan didn't like that idea. He said the statutes prohibited us serving in anyone else's territory. We did receive a proposal but Bob still feels the same way. If we accepted this proposal, it would violate the statutes and they could take the territory over anytime they wanted to. We could not collect any revenues in this territory. It seemed the PSC was going to pressure us to serve these two people until Bob got hold of the PSC attorney. He is going back to Sierra Pacific to tell them the fringe agreement won't work and at the same time propose a joint certification of the territory which means both of us would serve in that area.

We checked into the lease on the Utah state land. As of right now, there is no land available for lease or sale.

We need a board resolution on the payment of capital credits. VERNON SCOTT MOVED WE GET PERMISSION FROM REA FOR PAYING 2 YEARS OF CAPITAL CREDITS. JOE RIORDAN SECONDED THE MOTION. We can pay up to 25% of our previous years margins which would be \$87,326. The 1964 capital credits are \$69,068.71. VERNON SCOTT MOVED TO AMEND HIS MOTION TO PAY 1964 CAPITAL CREDITS AND IF WE CAN PAY PART OF THE 1965 CAPITAL CREDITS IF WE GET THE FULL 25% OF OUR

LAST YEARS MARGINS OR 2 YEARS WHICHEVER IS GREATEST. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We received a letter from Adam Neff thanking us for buying his 4-H beef.

Carlin Gold would like to extend an invitation to WREC to go on a tour of the mine and mill site.

Discussion was held on an emergency fund for the elderly and people in need. We will look into drawing up a policy on this.

The meeting adjourned at 3:28 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY