

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

June 18, 1982

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, June 18, 1982 at 1:00 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Lee Standley and Patti Blackett. Bob Vaughan was also in attendance.

Corrections to the minutes: Under Manager's Report regarding Bob Vaughan's fees going up 7%, they are going up an average of 5% this year. GENE PENGELLY MOVED THE MINUTES OF THE MAY 21, [1982 SPECIAL MEETING](#) BE APPROVED. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The next business to come before the meeting concerned the matter of the litigation resulting from the termination of projects 4 and 5 of the Washington Public Power Supply System (WPPSS). After a review of the reports made by counsel to the board members, a review of the alternatives available to the company and a complete discussion of the matter it was, on motion made by Joe Riordan, seconded by Gene Pengelly and passed: (Exhibit I)

RESOLVED that the company join the Utilities Legal Defense Group (ULDG); that the Charter and Principles of the ULDG are hereby accepted and approved; that the offices of the company are authorized to execute and deliver copies of the Charter and Principles; that the officers, directors and management are authorized to carry out the terms thereof; and to take all necessary action to proceed in the matters of litigation relative to the WPPSS projects 4 and 5 and the agreements and contracts relating thereto.

Bob Vaughan recommended that we inform our members on WPPSS. GENE PENGELLY MOVED WE AGREE TO MEET ALL REQUIRED LEGAL OBLIGATIONS RELATING TO THE TERMINATION OF WPPSS NUCLEAR PLANTS 4 AND 5 AND BOND DEBT SERVICE PAYMENT, UNLESS AND OTHERWISE DETERMINED BY COURT ORDER. THE JUNE TERMINATION PAYMENTS WILL BE MADE AND FUTURE TERMINATION PAYMENTS WILL BE MADE UPON ADVICE OF COUNSEL. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Ed Fadeley wants us to sign an indemnity agreement. VERNON SCOTT MOVED WE SIGN IT. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Marshall Morgan has filed an application on the water rights at the Hydro. We are going to file a protest that he cannot take the water out of the same place we do and also that he does not have permission to use our pipe. VERNON SCOTT MOVED WE SIGN THE PROTESTS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Wendover Substation: The cement has been poured. The footings and the pad for the transformer are in. There is going to be a delay on the transformer.

Carlin Gold: They will make their final decision in July. They will want service by April 1, 1984. BPA has allotted us the 20 MW and Sierra Pacific has said they can get it there.

Land for new office - Wells: Claire brought in an offer of 10.004 acres for \$162,000. They accepted our offer of \$75,000 on the original 4.244 acres then will sell us the additional acreage for \$15,000 an acre. We will not make a decision on this at this time.

New office building - Carlin: David Hayes was in the office yesterday with some preliminary plans. The cost will be around \$150,000. Lee wants him to put the warehouse area on the other end of the building. We will have him draw up some plans with that change and also ask him about the cost of the solar heating.

Cost of Service Study - CH2M Hill: We have not met with CH2M Hill yet.

Safety Report: The Safety Meeting for May was held at the Wells Service Center on May 25, 1982 with 15 employees in attendance. Leon Hunsaker from the Utah State University Extension Service presented some very good information and films on PCB'S. The film gave a very good example of clean up and disposal of PCB spills and the proper clothing to wear when cleaning it up. All vehicles were inspected and all are in good condition. There were no near misses and no lost time. As of May 25th, we have logged 1,221 accident free days with no lost time. The Hot Line field that WREC has been using for our annual Hot Line School has been retired due to the sale of the land that it was situated on. Hopefully we can construct a new one before September for our

1982 school. The next Safety Meeting will be held June 15th by Ruralite.

Construction Report: The long awaited conversion of Starr Valley to 25 kV was completed in May. The main backbone as well as "B" tap is now energized at the new voltage. "C" tap is served by a stepdown bank and is scheduled to be converted possibly next spring. The actual cutover to the new voltage went very smoothly with no problems at all. Our crews are scheduled to install one electronic and one hydraulic 30 recloser to complete the line protection for Starr Valley. The station arrestors have been installed at the hydro and it has been interfaced with the Starr Valley backbone and is supplying energy to the system. The upgrading of the Clover/Ruby line is proceeding as planned. We have one regulator bank installed and the 30 reclosers are scheduled to be installed soon. The capacitors are due in Wells the week of June 7th. Our crews are working very hard on this project as it has priority over other system improvements. The Wendover substation is right on schedule as well as all the delivery dates on the equipment. We should energize this sub sometime in mid July. At Nevada Crossing, the RV park and trailer park have been energized. Work is proceeding on the standby capacity at the Wendover substation. The Johnson Springs job is nearly complete. The Oasis substation is currently under construction and should be energized some time in early July. These two jobs are related and will serve the water pumps for the Town of Wendover. The irrigation extension to serve Fred Howell has been completed in Starr Valley. Our crews have also been busy with the routine maintenance and upgrading of the entire system.

Engineering Report: In Carlin, an alley rebuild job is getting started; we will be extending our 14.4 kV line easterly from the new Gearjammer Cafe and we are checking with the Public Service Commission and Sierra Pacific about serving the George Mock family north of Carlin. They are out of our service area. In Wells, construction will begin soon on the Barger irrigation project. Diana Inc. was the successful bidder. Three phase reclosers have been ordered for line 1 and will be installed as part of the Barger job; part of the Barger job will be converting some of our single phase line to three phase and ten banks of capacitors have been ordered to be used at ten different locations within our system. In Wendover, the trailer court for Nevada Crossing will soon be expanded; the Wendover Motel addition will be ready for service sometime this summer. However, they have been extremely slow about getting information to us as well as money so materials can be ordered. The transformer for the KOA trailer park (Stateline Properties) should be in this week and the plans for the Stateline - Executive Housing project have been changed. They want temporary service for houses that will be moved to the site from a different location. The underground re-routes will take place later.

Outage Report: System wide, we had a total of 17 outages for the month of May. Thirteen of the outages were unscheduled, the remaining 4 were scheduled. The outages ranged from blown fuses to conversion of line 3 from 7.2 kV to 14.4 kV. We had a total of 10 outages in the Wells area, 5 in Carlin and only 2 in Wendover. A total of 1099 consumers were affected with a total 4871 hrs. of consumer outage time.

Hydro Plant: The hydro is at full production at this time. There is a slight problem with the automatic shutdown mechanism. It shut down due to the sudden jolt of electricity from lightning. Ever since then it fell off the line with no apparent reason. However, this is no serious problem, it will soon be solved. The screen did not get put in as planned. Bud Reynolds, who is going to put it in, had to make a fast trip to Fallon. Now new arrangements will have to be made. It sure will help when it is put to work.

Member Services Report: The "Commercial Conservation" program, through Bonneville Power Administration, has been approved for budget purposes and our area offices have begun distributing water heater wrap kits and shower flow restrictors. So far, we've had only minimal response from the hotel, motel owners, which we expect will be the main part of this program.

During a recent audit by the Utah Public Service Commission, we were ordered to supply our "new member" packet in Spanish as well as English. This has caused a short delay in delivering the packets to our area offices. A translator is currently working on the Spanish version.

Lee Standley, Dan Kessler and wives will be attending the Carlin High School graduation ceremonies Friday, June 11th, to present Caroline Carpenter with the scholarship she recently won. She will be attending the University of Wyoming in a vocational program, business oriented.

Dan recently attended a workshop in Boulder, Colorado regarding the use of "residential" sized wind turbine generators and the problems concerned with interfacing, capacity credits, safety, reliability, etc. There is some potential in our area for their use, but currently the price is prohibitive (especially interfaced) and not enough "long term" records have been kept to justify the expense. We currently monitor "prime" wind potential areas throughout our service area & if the cost (due to mass production) comes down, we may well see small wind turbine generators in our system.

Additionally, Dan spoke with a gentleman from Battelle Institute who has been monitoring all the data from the DOE Candidate sites (MOD-2 2.5 megawatt). He's very familiar with the Pequop site and feels we might well have a large turbine in our system in the future.

Dr. Gail Dunning will be returning to our area this summer in late July. He has a program designed especially for the Board of Director members which he will put on, on Monday, July 26th at 9:00 a.m. It will be over around 4:00 that afternoon. Please let Dan know if you will be able to attend as he needs to make luncheon reservations, etc.

Power Supply: New BPA contract needs to be signed by September 1st. There may possibly be one more meeting in the near

future concerning the contract. Sierra Pacific Power Co. has given BPA a preliminary rate for wheeling service.

Employee & Director Institutes & Schools: There is a CFC meeting in Denver June 29th. Vernon Dalton will be going. Vernon would also like to attend the rate symposium July 19-21. GENE PENGELLY MOVED HE ATTEND. JESSE IARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

New Memberships: GENE PENGELLY MOVED WE APPROVE THE 15 MEMBERSHIPS FROM WELLS, 21 FROM WENDOVER AND 12 FROM CARLIN. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: The Utah PSC called and have asked us to meet with them on July 30th. They wanted to meet with Raft River at 10:00 a.m. to discuss WPPSS 4 and 5 and our lack of approval. In the afternoon we would meet with Mt. Wheeler and the PSC to discuss White Pine and our lack of approval. Lee Pratt has sent a copy of a letter on the PSC's approval for us to participate in White Pine.

Lee will be going to Anchorage next Tuesday for the NWPPA Annual Meeting.

PNGC sent us a letter that they have 50 MW for sell starting July 1983.

We need to appoint a Nominating Committee. Those suggested and to be contacted in this order are: Sonny Longston, Cleme Treewig, Leonard Merkley, Annette Branning, Lourinda Wines, LaMont Stuart and Betty Wright. DARYL ERIKSEN MOVED WE APPROVE THESE PEOPLE TO SERVE ON THE NOMINATING COMMITTEE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Charlie Harper needs a board resolution to omit the transmission from the loan package. REA has made a recent ruling that they won't finance transmission. GENE PENGELLY MOVED WE ADOPT THE RESOLUTION. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. (Exhibit II)

We would like to hire a couple of high school boys for summer help. VERNON SCOTT MOVED WE HIRE THE TWO PEOPLE FOR THE SUMMER. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED WE ADJOURN. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting adjourned at 3:50 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY