

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

July 16, 1982

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, July 16, 1982 at 1:00 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Lee Standley and Patti Blackett.

Corrections to the minutes: The minutes of the June 18, 1982 meeting will stand approved as written.

Additions to the Agenda: Mike Elliott & Frank Lanou from CH2M Hill and Charlie Harper from REA.

Regarding our cost of service study, Bill Clowder has been here collecting information for it. He is leaving the firm of CH2M Hill. Mike Elliott and Frank Lanou were here because Frank is taking over the work on our cost of service study and they had some questions they needed the board to answer regarding our rate of return in Utah and whether or not to file a rate increase with a rate of return below 7% with the Utah PSC. The Utah PSC told CH2M Hill that they have not yet seen a case where a utility came in with more than 9% rate of return. They've seen it where the utility made a filing with a rate of return higher than 7% during part of the year but enough below 7% for the balance of the test period that it evened out at just below 7% and they didn't have to go through a formal filing. They said that in the case of an REA utility, such as Wells, if we did go in for a filing of a rate of return higher than 9% that they would probably not require as extensive documentation as they do in a case with UP&L or Idaho Power. They think that in a case with a smaller entity such as Wells, they could waive some of their filing requirements and go with a more simplified set of tables with no written testimony. We will do as we have done in the past by maintaining the 7% rate of return or just under. We will have the cost of service study to approve at the September meeting so we will be able to implement the rate increase as close to October 1st as possible.

WPPSS 4 & 5: Mr. Fadeley has been sending us reports. Copies were made for all the directors. We received a bill from him for \$18.84. The Utah PSC is going to have us meet with them in an informal hearing on August 27th concerning WPPSS 4 & 5 and the White Pine Project. They would like the Manager and all or part of the directors to meet with them. It will be at 10:00 a.m. on the 27th in Salt Lake at the State Office Building.

Carlin Gold: Lee and Warren went to Tucson to meet with Newmont Services on Wednesday. They have given us a letter of their intent. Carlin Gold is going to decelerate on their load. They are talking 2 1/2 MW instead of 7 or 8 MW. They expect to expand later. They were somewhat interested in a 10 year contract. As of yesterday, they are pretty well willing to accept our large power rates.

Land for new office - Wells: Claire Morrow's proposal is still open and they are willing to pick up all costs at closing. Gene said the owner of the property next door is for sale, everything, including the house. GENE PENGELLY MOVED WE WAIT UNTIL THE NEXT MEETING. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

New office - Carlin: The architect was back on the 9th and talked with Pat. He has drawn the

preliminary sketch.

We are going to have to rent or lease some land to use for our hotline school. We will check to see what we can find.

There is a UREA Meeting on July 21st. Gene Pengelly is going to invite UREA to Wells for their Annual Meeting next year if we have the facilities.

Safety Report: The Safety Meeting for June was held at the Wells Service Center by Ruralite on June 15, 1982 with 12 employees in attendance. Joe Presley from Ruralite presented a very good class on "Back Injury Prevention." Back injuries are one of the foremost causes of lost time accidents among working people. 26% of all injuries (on the job) are back injuries. Over one billion dollars was spent by employers last year on back injuries alone in the U.S. There were no near misses or lost time accidents. As of July 16, 1982, we have logged 1,274 accident free days with no lost time. Our next Safety Meeting will be held July 20th by TESCO. Bill Craddock from Portland, Oregon, representative for Pitman Products, will be here to put on a safety and demonstration of digger and bucket trucks. His classroom presentation will be hydraulics for aerial equipment.

Construction Report: Capacitors have been installed in Carlin as well as the three banks on the Clover/Ruby line. Two new regulator banks and seven 3 phase reclosures have also been brought on line on the Clover/Ruby feeder. This essentially completes the upgrading of Clover/Ruby as set forth in the 182-183 work plan. The Barger project is well on its way to completion and should be energized in the latter half of July. Hevi-Duty has informed us that they will ship our West Wendover power transformer July 14th by truck instead of rail to expedite delivery schedule. Arrival time is currently July 20th which improves considerably on the old delivery time of August 15th. Hevi-Duty's problem with the power transformer has been isolated and corrected to their satisfaction. A full report of their testing procedures and results will be supplied with the transformer. We are on schedule as far as the 1982 work plan specifies and should be able to remain on schedule for the balance of the year.

Engineering Report: In Wells, a line extension for William Ellison is under construction at the Lucky Nugget sub-division; the Barger line is under construction and is being built by Diana Inc. from Price, Utah. Good progress is being made with excellent workmanship. our line crew has been busy installing regulators, reclosures and capacitors at various locations within our system and it is likely that a trailer park at Oasis will become a reality in the near future. In Carlin, we have had a request for temporary service from Douglass Oil Co. The service will be in Carlin near a railroad siding and will be used to pump oil out of railroad cars. In Wendover, the new substation is under construction, however, material delays could hold up energizing it; we have received plans for more development on Nevada Crossing property near our new substation; the Metro Oil Co. will receive three phase service to their sewer plant in the near future; we are preparing to build a line extension to serve the new addition at the Wendover Motel; Stateline Casino is preparing to add 1 3/4 megawatts of demand to their existing casino building and the Wendover crew has been busy with system improvements. They have removed a lot of underbuilt and replaced old secondary.

Outage Report: System wide, we had a total of 18 outages for the month of June. Seventeen of the outages were unscheduled, the remaining 1 was scheduled. The outages ranged from damaged transformers to the Ranch House blimp contacting phase wires. We had a total of 16 outages in the Wells area and the remaining two in Carlin. A total of 201 consumers were affected with a total of 286 hours of consumer outage time.

Hydro Report: Gene has been trying, since January, to get some recording charts for the recording voltmeter. If it was not for the fact it is a G.E. and they are the only one who makes them, he would

try someone else, however, we are stuck with them. Gene has been trying to get Bud Reynolds to put the screen at the hydro collection box in. He has been very busy and has had no time to do it. However, he has measured the box and got some screen to lay for our mesh screen to lay on. It seems that if the mesh screen lays on direct metal, it will rust out in a few years. There has to be some kind of insulation between the two so this will not take place. He needs an electric welder to do the job and Bud is the only one that he knows who has one. He talked to him today (7/6/82) and he said he will try to get up there Thursday or Friday to put it in. It will not take very long to do it. Once it is in, it should be self cleaning and avoid a lot of problems. The water is holding up very good for this time of the year.

Power Supply: Lee and Warren attended a rate hearing conducted by BPA in Burley, Idaho on June 28th. Seems like a majority of those present objected to the conservation program of BPA, which, as was stated, is eventually passed on to the consumers. BPA did state that the rate increase would be less than the original figure of 73%, but no lower figure was stated. Copies of the BPA contract were given to the directors. The deadline is August 28th. We will have to act on it at our August meeting.

We are also having problems with our service in Carlin and Lee/Jiggs. We have to meet with Sierra Pacific to negotiate new wheeling agreements. We will set up a meeting with Sierra Pacific to discuss this.

Employee & Director Institutes & Schools: Dr. Gail Dunning will be here on Monday, July 26th at 9:00 a.m. for the board session. Vernon Dalton attended a CFC meeting in Denver.

Charlie Harper-REA: There have been a few changes in policy. Charlie went over the changes that need to be made in our loan package. GENE PENGELLY MOVED WE APPROVE THE LOAN APPLICATION AS CORRECTED. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

New Memberships: GENE PENGELLY MOVED WE APPROVE THE 13 MEMBERSHIPS FROM WELLS, 22 FROM WENDOVER AND 13 FROM CARLIN. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: About a year ago, the board signed and approved a conservation plan with BPA. This expires on September 8th. They have come out with an energy conservation act #2. At the August meeting, we will present plan #2 to be approved. This plan will last for about a year and at that time they hope to have a permanent plan.

Mary Wright reported on the NWPPA Annual Meeting in Anchorage.

The meeting adjourned at 3:40 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY