

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

September 17, 1982

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

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

Present from the staff were Lee Standley, Patti Blackett, Warren Linnell, Clay Fitch and Dan Kessler.

Corrections to the minutes: The minutes of the August 20, 1982 meeting will stand approved as written.

Additions to the agenda: Election of Officers. WANDA BORDEN MOVED WE ADD THIS TO THE AGENDA. JOHN KRENKA SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Election of Officers: VERNON SCOTT MOVED WE NOMINATE VERNON DALTON AS PRESIDENT. WANDA BORDEN SECONDED THE MOTION. VERNON SCOTT MOVED NOMINATIONS BE CLOSED. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. JESSE LARSEN MOVED WE NOMINATE DARYL ERIKSEN AS VICE PRESIDENT. FERRIS BROUGH SECONDED THE MOTION. VERNON SCOTT MOVED NOMINATIONS BE CLOSED. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. VERNON SCOTT MOVED WE NOMINATE WANDA BORDEN AS SECRETARY-TREASURER. JESSE LARSEN SECONDED THE MOTION. DARYL ERIKSEN MOVED NOMINATIONS BE CLOSED. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Cost of Service Study & Rate Design: Mike Elliott and Frank Lanou from CH2M Hill were at the meeting to give their presentation. Drafts of the Cost of Service Study were passed out for the directors to review as CH2M went through it. MARY WRIGHT MOVED THAT WE PROPOSE THAT WE RAISE THE FACILITY CHARGE FOR SEASONAL TO \$150 A YEAR (APPROX. 50%) AND THE RATE ON KWH BE THE SAME AS NEVADA RURAL RESIDENTIAL. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED WITH 9 IN FAVOR AND 1 OPPOSED, Jesse Larsen. WANDA BORDEN MOVED THAT THE BALANCE OF THE INCREASE (\$15,000) FROM THE SEASONAL RATE BE SPREAD THROUGHOUT THE SYSTEM. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. JOE RIORDAN MOVED WE RECOMMEND TO THE CUSTOMERS THE RATE SCHEDULES AS PRESENTED TO W.R.E.C. BY CH2M HILL. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED WITH 9 IN FAVOR AND 1 OPPOSED, Vernon Scott.

WNP 4 & 5: According to the latest revision of the termination payment schedule, we will have to make our September payment in the amount of \$6,092.00. We did not have to make the July and August payments. Most of the law suits are pending.

Carlin Gold: Power Engineers is working on the preliminary routing for the Adobe-Carlin transmission line. They are also looking for some land for the new substation.

Land for new office bldg. - Wells: The appraiser came to look at the land next door but he could not get a key so he will be back next week.

New office - Carlin: David Hayes was in this morning. He brought the blueprints and cost estimates. The plans were presented to the board for their review. DARYL ERIKSEN MOVED WE APPROVE THE PLANS SO THE ARCHITECT CAN GO OUT FOR BID. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Board Committee Reports: This morning the Directors Expense Committee met and reviewed the Manager's and Director's expenses. Up to date, the Manager's expenses are well within the guidelines set. The Director's Expenses are 32.41% of budget. The committee tentatively approved that we use the 1982 budget figures for the 1983 budget preparation with the exception of accredited schools. We would like to increase it from \$8,000 to \$10,000 increasing the overall budget from \$48,000 to \$50,000. Under accredited schools, we want to add training to this account. They also proposed a change in Policy 1-3 regarding Region IX and Annual Meetings. The proposed change is to amend the policy to send the board and the staff members to the Region IX and Annual Meeting to meetings held within a 450 mile radius at full compensation. JESSE LARSEN MOVED WE AMEND POLICY 1-3, B5 FOR REGION IX AND ANNUAL MEETINGS TO ALLOW THE FULL BOARD TO ATTEND SAID MEETINGS WITH FULL COMPENSATION WITHIN A 450 MILE RADIUS. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED WITH 8 IN FAVOR AND 2 OPPOSED, Ferris Brough and Wanda Borden. Jesse, Daryl, Vernon S., Wanda and Larry would like to attend the

520.2 school in Boise at the Region IX Meeting.

Policy Committee: They met this morning and recommendations were made to make a change on Rule No. 12, A2. We would like to change this to read "If an applicant can otherwise establish to the satisfaction of Wells Rural Electric Company with the reference of another electric utility with a creditable reference." VERNON SCOTT MOVED WE MAKE THIS CHANGE. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. On Rule No. 13-A, the committee recommends we change the \$35.00 to \$100.00. VERNON SCOTT MOVED WE ADOPT THIS CHANGE. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. On page 66.1A,--Policy No. 7-7, Special Request Purchase, the committee recommends we delete this entire policy. JOE RIORDAN MOVED WE DELETE THIS. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The committee also recommends that we update all the policies that deal with mileage. We will bring those policies to the October meeting.

Safety Report; The August Safety Meeting was held at the Wells Service Center on August 9, 1982. The minutes were read and approved of the previous safety meeting. There were no accidents or near misses. All vehicles and tools were inspected for safety. There were no hazardous conditions reported. The safety awards have been ordered for our excellent safety record of 1981. There was a Nevada OSHA surprise safety inspection on August 6th. Six violations were given and August 20th was the deadline given for the corrections. All violations were corrected. Pole top rescue was the main topic, done by Ken Fannesbeck of

Ruralite. "Mayday Calls" were also discussed and the correct procedures to follow in emergencies. The meeting was adjourned to a practice pole where all linemen took part in the rigging and lowering of a life size manikin from the pole. The Hotline School will be held for 5 days this year due to the increased number of linemen that will be attending. There will be two classes - 2 1/2 days each starting September 20th and ending September 24th. The new Hotline field is now under construction and will be completed in the near future.

Construction Report: The Metropolis line has been converted to 14.4 kV and the conversion went extremely smooth; we have completed most of the work at the Hilltop Trailer Park. This has been our main concern in Carlin for some time. Several capacitor and regulator banks have been installed within our system; a new trouble shooting device has been installed at the Idaho substation; the Barger pumps have been energized; the Wendover Motel has been energized. The line extension was built by Bob Lutes. Conduit has been installed to serve the new addition on the Stateline Casino.

Engineering Report: In Carlin, we will be extending our primary lines on the west end of town to serve some new residences and we will be upgrading the Immigrant line this fall. In Wells, Bob Lutes is building two miles of overhead line at Oasis using armless construction. We are interested to see how this works out as it is new for WREC. Bob Lutes is also putting in the underground primary for the new trailer park at Oasis. We will be surveying 1 3/4 miles of land south of the Big Springs Ranch for a line extension. This line will be built this fall and will serve 3-4 trailers and a large horse barn and we will be staking a line for a stockwater pump near the Winecup Ranch. In Wendover, we have started a complete inventory of all of our lines. This will allow us to update our staking sheet books and provide valuable information to Power Engineers. We are starting to plan how we will bring power to the new Jim's Casino and we are also studying methods of tying lines into the new substation.

Outage Report: For the month of August, we had a total of 11 outages. All of these outages were unscheduled. The outages ranged from open reclosers to blown fuses due to lightning. We had a total of 9 outages in Wells, 2 in Wendover and none in Carlin. The outages affected 652 consumers with a total of 1,511 hrs. of consumer outage time.

Hydro Plant: The screen is in and is working. The mesh is so fine that Gene did not think it would work. As of now, the screen will pass more water than the pipe will hold. Upon completion of the screen, the pipe line coming into the hydro developed a large hole. The pipe is very thin and rusted through. Gene put a band around the pipe and it stopped the leak. He had to be careful not to collapse the pipe as it is very thin. The rocks that were in the pipe that came in during the high water were a big problem. They would get behind the nozzle and would not let the pinstock open. When Gene could open the nozzle, the rocks would get between the nozzle and the orifice and would not let it shut off the water. Thanks to the screen, this problem has been overcome. The hydro is still on line and is generating very well.

Member Services Report: Berry Carone and Melanie Kosaka (representatives of WREC at the Colorado Rural Electric Youth Energy Seminar) and Val Thiel and Gordon Smith (representatives to the Utah Rural Electric Youth Energy Seminar) were scheduled to attend the board meeting to detail some of their experiences and accomplishments of the respective energy camps. They were unable to attend but will be at the October meeting. Dan Kessler was at the meeting to make a presentation on the irrigation data gathering program proposed by BPA and ACRE. The Communications/Member Services Conference in Kansas City was extremely rewarding. Dan attended a preconference workshop titled "Utilizing Films & Video Tapes Effectively, in your System." It also was very worthwhile. We have two new video cassettes titled, "Board Members Guide to the Operating Report" and "Welcome to the Board." The Bloodmobile is scheduled to be here on September 30th. We are again coordinating the draw and using the Service Center as the "center" for the draw. We are planning on scheduling rate hearings and community meetings as soon as the results of the "Cost of Service Study" are complete. We have many good school "education" programs set for this year and plan to use video presentations in as many as is applicable.

Election Committee Report: We received 376 ballots with 17 being rejected. The vote count was as follows: Larry Bradshaw - 350, Wanda Borden 288, Joe Riordan - 292 and Gene Pengelly 107. JESSE LARSEN MOVED WE ADOPT THE REPORT. VERNON

SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Power Supply: We need a resolution on the Amendatory Agreement #1 for the Power Sales Contract. WANDA BORDEN MOVED WE ADOPT THIS RESOLUTION. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. (Exhibit II)

New Memberships: JESSE LARSEN MOVED WE APPROVE THE 9 MEMBERSHIPS FROM WELLS, 16 FROM CARLIN AND 27 FROM WENDOVER. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We need a CFC and NRECA voting delegate. Vernon Scott will be the CFC Voting Delegate and Daryl Eriksen the alternate. Daryl Eriksen will be the NRECA Voting Delegate and Mary Wright the alternate. This will be for the Region IX Meeting and the NRECA Annual Meeting. WANDA BORDEN MOVED DARYL ERIKSEN BE THE NRECA VOTING DELEGATE FOR REGION IX AND THE ANNUAL MEETING. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. JESSE LARSEN MOVED MARY WRIGHT BE THE NRECA ALTERNATE. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We also need a voting delegate to vote for the regional representative on the NRECA board. VERNON SCOTT MOVED DARYL ERIKSEN BE THE VOTING DELEGATE. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Gene Pengelly was our delegate to UREA. We need to appoint someone else to fill this position. JESSE LARSEN MOVED THAT RAY CRAWFORD BE OUR DELEGATE. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We need to make an amendment to the bylaws to place membership fees on our books in non-operating margins and distribute them as patronage capital to 1982 consumers. RAY CRAWFORD MOVED WE AMEND SECTION 3 OF ARTICLE VIII. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. WANDA BORDEN MOVED WE CRANGE THE ACCOUNTS OF THE MEMBERSHIP FEES TO THE APPROPRIATE ACCOUNT FOR PATRONAGE CAPITAL. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: The loan package is being delayed. We received a call that we had some revisions that need to be made. Approval date is early next year.

The meeting adjourned at 4:40 p.m

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY