

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

April 15, 1983

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, April 15, 1983 at 1:04 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Lee Standley, Warren Linnell, Dan Kessler and Linda Hall. Attorney Bob Vaughan was also present.

Corrections to the minutes: The minutes of the March 18, 1983 board meeting will stand approved as written.

Additions to the agenda: There were no additions to the agenda.

Carlin Gold. Bob Vaughan was here to go over the proposed contract with Carlin Gold. There are four points they haven't accepted. They will not sign until they complete their verification of estimates. They want to have the right to consent to a sale to Bonneville. They don't want to agree to pay the \$4,100,000 figure. They want to agree to pay only Al, but they won't accept a reduction in the 9.9 MW. They don't want to pay the remaining 8 years on the minimum charge but want to reduce that to just pay full minimum charges for 3 years if they terminate. WANDA BORDEN MOVED THAT WE GO AHEAD WITH CARLIN GOLD AND GIVE THEM 15 DAYS TO REVIEW THE CHANGES AND MAKE A DECISION. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. FERRIS BROUGH MOVED WE ACCEPT CHANGING THE MINIMUM THREE YEARS. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The next matter to come before the meeting was the proposed Agreement with Carlin Gold Mining Company. A contract had been approved at the March Board Meeting. Carlin Gold Mining Company requested a number of changes. Regarding said changes, a recommendation had been made by staff, the engineers and counsel by letter from counsel dated April 12, 1983. On motion duly made by Director Vernon Scott and seconded by Director Wanda Borden it was:

RESOLVED: That the recommendations of staff, the engineers and counsel as to the changes to be made in the Agreement with Carlin Gold Mining Company be approved, subject to the change of the annual minimum charge in the event of termination is to be three years. The officers of the corporation are authorized to execute the contract with such changes. The resolutions of the March board meeting are to remain in full force and effect.

The next matter to come before the meeting was the matter of the application before the Nevada Public Service Commission to be certificated in the required area to serve the Carlin Gold Mining Company Gold Quarry Project. It was noted that the Consumer secretary had repeatedly requested that the matter be set for hearing or in the alternative that the application be withdrawn, and that the Company's inability to proceed with this matter for over a 14 month period was causing poor relations with the Commission and creating a lack of credibility on the part of the Company. It was further noted that unless an agreement were reached with Carlin Gold Mining Company, and all of the contingencies and approvals contained in the Agreement were not received and met, that the Company was not in a position to proceed to hearing in that it does not have a customer in the area,

does not have adequate facilities to serve the area, does not have financing to build service into the area and does not have a point of delivery to serve the area. After full discussion, on motion duly made by Director Jesse Larsen and seconded by Director Mary Wright, it was:

RESOLVED: That the application before the Nevada Public Service Commission for the company to be certificated to serve in the area of the Carlin Gold Mining Company Gold Quarry Project be withdrawn, unless the following conditions are met:

(1) That prior to any request on behalf of the Commission to set the matter for hearing, the proposed Agreement with Carlin Gold Mining Company has been approved by its Board of Directors, executed and delivered to the Company; and

(2) That the proposed hearing date be not less than sixty (60) days into the future, from the date of the request to set for hearing.

WPPSS 4 & 5: They are looking at pushing \$300 to \$400 million of costs off of 4 & 5 on to 1 & 3. We have a choice to say "yes" put them on 1 & 3 or "no" put them on 4 & 5. With BPA, we have a net billing and BPA has to pay the costs of 1 & 3. They deduct it from our billing to BPA. We are paying about twice the percentage of all BPA costs of what we are paying of WPPSS 4 & 5. Therefore, we would take the position that we would leave these costs in 4 & 5 plus the potential advantage of winning those suits, we wouldn't have to pay them at all. This will be a judicial decision and the court will decide who is responsible for those costs.

Land for new office - Wells: Wanda received a letter from the planning commission. The land to be rezoned will go before the commission on the 27th at 7:30 p.m. Bob Vaughan gave the board an opinion on the land. There was a discussion on the legal aspect of the land acquisition.

New Wells Substation: We need someone with authority to make offers, to some extent, to buy the land. We are really pressed for time. The engineers are suggesting we offer them \$2,000 an acre. VERNON SCOTT MOVED THAT WE APPROVE THAT WE BUY THE 4.71 ACRES FROM IDAHO POWER COMPANY, SUBJECT TO APPROVAL OF THE PURCHASE PRICE BY THE EXECUTIVE COMMITTEE. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

New Office - Carlin: E & M Builders has agreed to build the new office in Carlin for \$297,272 which was his original bid. We need board approval for Vernon to sign the contract so they can proceed with construction. JOE RIORDAN MOVED THAT WE ALLOW VERNON DALTON TO SIGN THE CONTRACT FOR THE NEW CARLIN BUILDING. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Safety Report: Bud Calton called for a Safety Meeting to go over the new Altec D900-43T Digger Truck. Mark Seeronen of H & K Trucks, delivered the new truck in the morning and set it up outside the Service Center to go over how to operate the D900-43T properly. He was very explicit on the difference between their vehicle and the standard gasoline driven digger that we've been using. He had all the line crew members operate the new truck and had a question and answer period with everyone concerned. Roy McWilliams, of the Wells Linecrew, gave a class on our new 3 phase electronic reclosers. The class was very informative and thorough. The line crew went over the units in the Wells Sub and adjusted a few of the settings. I believe that everyone attending the class appreciated Roy sharing his knowledge and past experience with the 3 phase reclosers.

Construction Report: In Carlin, we have finished re-routing several services to provide clearance for telephone lines. In Wells, our crew has finished fusing several taps on lines 4 and 7. Also in Wells, lines 7 and 9 have been re-routed to allow for the new substation. New services at the Winecup and

golf course have been installed. In Wendover, an estimate has been sent to James Taylor for his proposed Pilot Peak Subdivision. Also, we have applied to the BLM for an easement.

Engineering Report: In Carlin, we are in the process of staking a new 25 kV feeder through town that will tie into the existing Emigrant line. This will eliminate the step-up transformer bank and provide much better service within the city. This job will be done by a contractor. In Wells, we are preparing a map for Power Engineers showing all services. This will help them in preparing a future work plan. Also in Wells, Diana, Inc. has started work on the re-conductor job for the Metropolis line. In Wendover, the builders are starting on the new Jim's Casino and we are providing temporary construction power. Also in Wendover, Nevada Crossing is planning to complete their trailer park which will involve 61 additional spaces. A portion of our line is down in the water near Kaiser Chemical and we will be constructing a new line to their pumps from a different direction.

Outage Report: For the month of March, we had a total of 21 outages. One of these was scheduled. System wide location of outages are as follows: Wells had 14 outages, Carlin and Jiggs/Lee area with 7 outages. There were no outages in Wendover. The outages in Wells on line #1 were found to be caused by the wind blowing phases together. The loose wires were there because of the reconductoring job being performed by Diana, Inc. of Price, Utah.

Hydro Report: For the month of March, 1983, the "Hydro" has generated a total of 43,000 kWh. The Hydro output declined to 45 kw. The lowest output Gene has ever seen was approximately 28 kw. This has been a wet season and the output generated has been abnormally high. Right now, the plant is generating 61 kw. Gene has solved the problem of the moss collecting on the screen. Now he walks up to the screen and cleans it off approximately every three weeks. Before, it was once every week. Due to high winds, heavy snow and trees, the outage on the hydro has reached a total of 142 hours. When the hydro shuts down on an evening and is down all night, everything is cold. It takes too long a time to get the resistors and oil up to operating temperatures so it can be put back on line. The plant must run in an idle position longer to warm up all the equipment; sometimes as long as overnight. At the present time, the hydro is running beautifully. This year, Gene has had to walk half way from the gate to the hydro due to snow drifts. The brush was full of snow and when the warm wind and rain came, it melted much of the snow. Due to wet conditions of the road and a lot of mud, Gene had to walk from the gate. It is getting near the time that Gene will contact the Forest Service and get most of their demands completed. The snow stopped all operations on this project last fall.

Member Services Report: We are still going to the schools to present program. We currently have Boise State down with their analog computer making presentation to the schools. Monday thru Wednesday of next week, Dan will be at all the area schools to make presentations on the Scholarship Program and the Youth Energy Seminars. We are going to send 2 people to the UREA seminar and 2 to the Colorado seminar. Warren Linnell will be going as a counselor to the Colorado Seminar this year. In the future, we would like to utilize the Nevada coops and possibly California coops and put on a Nevada Rural seminar. We will be selecting the scholarship recipient on May 5th and the Youth Energy Seminar representatives on May 4th. Dan has some new video presentations. Everything is falling into place on the Annual Meeting. The displays will open at 4:00 p.m. Dan presented the first newsletter to the board. He would like to form an AWARE Group. We would solicit people from our members to serve on this group. NRECA has provided information and video to help us get started. We need a resolution for NRECA. WANDA BORDEN MOVED THAT WE FORM THE AWARE GROUP. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Mike Bush has contacted Vernon and said that we have not given him any assistance on his proposed hydro in Clover Valley. To our knowledge, no one has been contacted on this. Dan will give him a call.

Power Supply: Vernon, Clay and Lee attended a BPA meeting in Burley on March 29th concerning BPA's 1984 budget and rate increase scheduled for November 1, 1983 and July 1, 1984. The priority firm rate would go from 18 mills to 22 mills on November 1, 1983, then on July 1, 1983 it would go to 22.8 mills and remain there until June 30, 1985. This represents an increase of 26.7% during the entire period, and an increase of 22% for the first period of November 1983 thru June 1984.

Employee & Director Institutes & Schools: Mary Wright would like to attend a WRIE meeting for female directors if the company will pay the registration. There was no objection. Mary reported on a PPC hearing she attended in March.

JESSE LARSEN MOVED WE APPROVE THE 9 MEMBERSHIPS FROM WELLS, 18 FROM WENDOVER AND 6 FROM CARLIN. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: On March 24th, Vernon and Lee attended a meeting of the Nevada Rural Association and state legislators at a luncheon at the Ormsby House in Carson City. Pete Kelley, our lobbyist in Carson City, was there and met with the legislators at lunch. Lee stayed over until the next day and attended a meeting with representatives of other Nevada utilities and the Nevada Department of Energy concerning conservation in the state. The meeting was described as a round table discussion, with each utility reporting on the problems as well as the progress of their Conservation Program. The D.O.E. is trying to get programs on radio and T.V. during prime time pushing conservation, but will have to pay for it, so is looking for sponsors. The state is involved in many programs on this subject and has hand out material for schools and other organizations.

We do not have approval on the loan package yet. The loan package is all in order and is ready for the administrator's approval.

There is going to be an Idaho Power outage on Thursday, April 21st at 1:00 p.m. for 1 hour. It will not affect Carlin or Jiggs/Lee.

We have been hiring two students to work during the summer. We are planning on doing that again this year. The money is in the budget.

Warren Linnell has applied to attend the Management Internship Program beginning this fall. The money is in the budget. Part of it will be carried over to the next budget year. We will need to transfer the money from this budget year to next year. JESSE LARSEN MOVED THE MONEY BE MADE AVAILABLE SO THAT WARREN CAN ATTEND THE MANAGER INTERNSHIP PROGRAM. LARRY BRADSHAW SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We are trying to establish a procedure for PURPA. Power Engineers has already provided us with an interconnection plan.

We need to pass a resolution on capitalization of interest on our construction projects. RAY CRAWFORD MOVED WE PASS THE RESOLUTION ON CAPITALIZATION OF INTEREST. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Vernon visited with Jeoff Smith regarding services NRECA provides such as manager appraisal. Jeoff asked Vernon if he would like a proposal. Vernon went over the services they cover when doing a manager appraisal. Two people would conduct this appraisal. You could have any part of the package. For the total package, which consists of two to three months of work, it would cost from \$7 to \$12,000.

Jesse Larsen suggested we get the chairs repaired or replaced. We will look into this and report at

the next meeting.

The meeting adjourned at 5:00 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY