

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

October 7, 1983

The special meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, October 7, 1983 at 1:00 p.m. President Vernon Dalton presided over the meeting.

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

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

The meeting was turned over to Clay Fitch to go over the information on the preliminary cost of service study.

The increase would go into effect November 15, 1983 in Nevada and after January 1, 1984 in Utah. This would be a new test year and everything would be closed out for 1983. We met with the Utah PSC and discussed these things with them. We discussed how unequitable the system had been in assigning costs in Wendover. We proposed a new way of doing this, a 3 factor system average for allocating system factor and we came up with a 3 factor Wendover solution that has moved a lot of expenses that could never be assigned to Utah. After we got their approval to do that, we were able to split up our plant and expenses between Nevada and Utah. The cost of service study deals only with Nevada. We would have another study done for Utah, probably in-house.

BPA's proposed rate increase is 22%. The Nevada system wide increase is 14.02% with each rate class needing the following increase: Residential - 8.47%;-Seasonal - .94% too high; Irrigation - 49.62%; Large Commercial - 18-04%; Street Lights - 4.46% and Small Commercial - 2.08%. This rate increase will allow us to pay 62% of 1965; 100% of 1966 and 38% of 1967 capital credits.

The staffs recommendations for the rate increase is: Residential - 9.8%; Seasonal - 0%; Small Commercial - 8.5%; Large Commercial - 21.2%; Street Lights - 4.46%; Area Lighting - 0% and Irrigation - 18.9%.

VERNON SCOTT MOVED THAT ON THE COST OF SERVICE STUDY, WE RAISE THE RESIDENTIAL 10.5%; SEASONAL STAY THE SAME: IRRIGATION 15.2%: SMALL COMMERCIAL 8.5%: LARGE POWER 21.2%; STREET LIGHTING 4.46%; AND AREA LIGHTING STAY THE SAME. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Vernon brought up the Wells land purchase. If we want to get out of the contract, Bill Hylton is asking for \$50,000. The other property we are considering is available. There is 20.96 acres, for \$209,600 or 10 acres for \$100,000. There are 2 other parcels of land in the area but they are priced higher. We will go ahead with REA approval.

We need to change the November board meeting from the 18th to the 11th.

The meeting adjourned at 3:17 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY