

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

May 13, 1983

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, May 13, 1983 at 1:10 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were: Lee Standley, Patti Zander, Clay Fitch, Warren Linnell and Attorney Bob Vaughan.

Additions or corrections to the minutes: On page 2, under New Office Carlin, second line, bil should be bid. The minutes of the April 15, 1983 meeting will be approved as written.

The next matter to come before the meeting related to the "F-6" loan from the Rural Electrification Administration (REA) in the principal amount of \$3,500,000.00 and the National Rural Utilities Cooperative Finance Corporation (CFC) in the principal amount of \$1,579,000.00. The Amendment to Amending Loan Contract, the Note relating to the REA Loan, the Loan Agreement and the Secured Promissory Note relating to the CFC Loan and the Mortgage and Security Agreement securing both loans were thoroughly reviewed. After a discussion and consideration of the matter, on motion duly made by Director Ray Crawford, seconded by Director Larry Bradshaw it was unanimously:

1. RESOLVED that the Cooperative borrow from United States of America an additional amount not to exceed \$3,500,000; and

2. RESOLVED that the Cooperative borrow from the National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the officers or proper persons designated by the board of directors of the Cooperative, an aggregate amount not to exceed \$1,579,000, 5% of which amount shall be used for the purchase of Capital Term Certificates of the series being issued by CFC at the time of the initial advance of loan funds on account of such loans; and

3. RESOLVED that the Cooperative construct and operate additional electric transmission, distribution and service lines, together with all necessary appurtenances, along such routes as shall be approved by the Administrator of the Rural Electrification Administration or the Governor of National Rural Utilities Cooperative Finance Corporation; and

4. RESOLVED that the President, D. VERNON DALTON, or the Vice President, DARYL ERIKSEN, are authorized on behalf of the Cooperative to execute and deliver under it's corporate seal, which the secretary is directed to affix and attest:

(a) As many counterparts respectively as shall be deemed advisable of an agreement with United States of America, acting through the Administrator of the Rural Electrification Administration substantially in the form of the REA loan agreement submitted to this meeting, and of the CFC loan agreement also substantially in the form submitted to this meeting. and

(b) A note payable to the order of United States in the principal amount of \$3,500,000, bearing interest at the rate of five per centum per annum and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the REA note

submitted to this meeting; and

(c) A promissory note or notes payable to the order of the National Rural Utilities Cooperative Finance Corporation, in the aggregate principal amount of \$1,579,000, bearing interest at the interest rate referred to therein and providing for the payment of the indebtedness evidenced thereby within 35 years after the date thereof, substantially in the form of the note presented to this meeting; and

(d) As many counterparts as shall be deemed advisable of a Supplemental Mortgage and Security Agreement by and among the Cooperative, the United States of America, and National Rural Utilities Cooperative Finance Corporation substantially in the form of the security instrument presented to this meeting and

5. RESOLVED that the officers of the Cooperative be, and each of them is authorized in the name and on behalf of the Cooperative, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

BPA Contract for Non-Firm Irrigation: BPA has offered us a contract for non-firm power that can be used for irrigation at reduced rates. In order to get this discount, we have to supply BPA with our 1982 levels of pumping, project the 1983 levels of pumping load, estimate losses applicable to the irrigation load of the system for 1983 and other data that is required by the contract. This discount rate, called the NF-2 rate, will be available May through October and applies to the upper portion of our irrigation load. The first 80% of last years load, that is used this year, will be at the normal irrigation rate. Bob Vaughan briefly discussed the contract. DARYL ERIKSEN MOVED WE DO NOT PARTICIPATE. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

WPPSS 4 & 5: The law firm that represents us, Riddell, Williams, Bullitt and Walkinshaw, has requested certain information from us concerning the board and employees at the time the participants agreement was signed. This request was made through Bob Vaughan.

Carlin Gold: Bob Vaughan sent letters to everyone on some more changes Carlin Gold has made in the contract. FERRIS BROUGH MOVED WE STAY WITH THE CONTRACT THE WAY IT IS. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Land for new office - Wells: We are in the process of asking REA to approve the purchase of this land.

New Office - Carlin: The contractor is progressing on the new building. All necessary permits were taken care of and work started on April 18th. Clay and Lee were in Carlin on Wednesday. They are about to pour the footings for the foundation.

New Wells Substation: Bid opening was held in the Wells office on April 25th to select a contractor to build the station. Anderson and Wood Construction Co., Inc. of Caldwell, Idaho was the winning bidder at \$591,919. Power Engineers estimated the cost to be \$603,000. Starting date is still not definite, pending completion of the purchase of the 4.7 acres from Idaho Power Co. They have accepted the offer of \$9,400 for the land and the check is in Bob Vaughan's hands so he can complete the transaction. We have not closed on the land yet. All of the problems we had have worked out fine. We are waiting for the New York bank to give Idaho Power the release. We have to have the title policy before they can start construction.

CFC Line of Credit: Our line of credit is due to expire in June. We would like to raise the line of

credit to \$2,000,000 instead of \$1,500,000. DARYL ERIKSEN MOVED WE RAISE OUR LINE OF CREDIT AND RENEW IT FOR \$2,000,000. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. (Resolution attached.) Chairs in the Board Room: Catalogs were available for the directors to look at the different styles of chairs. It was suggested that we delegate someone to do some checking into the styles and prices.

Safety Committee: They met this morning at 10:00 a.m. Joe Riordan, Jesse Larsen, Ray Bleak, Mike Braun, Bud Calton and Warren Linnell were present. On Policy No. 7-4A, page 63a, Policy for Active Public Safety Program. There is a concern about the documented hazard reports we fill out. On number A, II, they discussed changing the Hazards of Identification Report to Safety Awareness and deleting 1 and 2 and retaining all else. Jesse gave a copy of this to Bob Vaughan for his legal opinion. We will wait until we hear from him before we take any action. They also discussed safety awards. There are approximately 30 employees eligible for safety awards. We received \$5,075.45 from NIC for a rebate on our insurance for 1979, 1980 and 1981. Federated Insurance gave us a discount of \$3,582. They discussed an individual ceiling of \$45 which would be approximately \$1,350 if each employee took the maximum. Last year it was \$40 and we stayed under \$1,000. The choice would be out of the GE appliance book or safety jackets. JESSE LARSEN MOVED WE ALLOW A LIMIT OF \$45 PER EMPLOYEE TOWARDS SAFETY AWARDS. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. They also discussed safety pins on a 5 year period. Bud Calton is going to research this. Ruralite might have a pin like this. Jesse also went over the new director's expense sheets.

Scholarship Committee: Kendra Sue Van Tassel from Carlin was this years recipient of the scholarship and Tommy Montoya of Wells as the runner up. RAY CRAWFORD MOVED WE ACCEPT THE SCHOLARSHIP REPORT. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Safety Report: The Safety Meeting for April was held at the Wells Service Center by Bud Calton and Idaho Power Co. on April 21, 1983. The meeting was called to order at 8:15 a.m. Lee Standley presented incentive awards to Dave Sharp and Roy McWilliams. Also, certificates of a completed course in Loss Control was presented to Ray Bleak and Bud Calton. The minutes were read and approved of the previous Safety Meeting. There were no accidents or near misses reported. All vehicles were inspected for safety. As of 5/3/83, we have logged 1,549 accident free days with no lost time. The meeting was then turned over to Curt Stewart, Division Substation Supt. of Idaho Power. He gave excellent instruction on operation, switching and safety of the substation.

Construction Report: In Wendover, some additional metering has been installed in the new substation. Also, several jobs have been completed involving secondary wiring and secondary poles. In the Wells area, a new service has been run for Pius Nolz and a new service has been constructed for Owen Wheatley in North Ruby Valley. In Ten Mile Creek, our crew has installed a new service for Rick James and also for Alice Dunrud. In Carlin, Idaho Power has repaired damage caused by vandals shooting high powered rifles at the metering station. Also, work has been completed involving secondary and services.

Engineering Report: In Carlin, we are in the process of building some new line at the Emigrant Highway yard. The Dept. of Transportation has decided to meter each residence. When the loan package arrives, we plan on having a contractor build a new 25 kV line through central Carlin and out to the step-up bank on the west end of town. We will probably continue west with the rebuild at a later date. In Wells, the new substation has been the main project. The low bidder was Anderson Wood out of Caldwell, Idaho. Construction will start as soon as the sale of the land from Idaho Power is settled. The Wells line crew has started construction on a double circuit line which will originate at the new substation and tie into line 8 south of the 4-Way. The conductors were pulled across I-80

last week and the job went very smoothly. The weather has slowed this job down somewhat, but it will be completed this month. Bob Lutes will start construction this week on the line running to Moor and out to the Pequops. He will be converting it to 25 kV. In Wendover, we are waiting for Kaiser Chemical to complete construction of a dike so we can build approximately two miles of three phase line to their main pumping station. Also, we are in the process of building a three phase line extension for Alex Gilbert who is setting up a concrete batch plant. This plant will be used to provide concrete for the new Jim's Casino.

Outage Report: For the month of April, there was a total of 16 outages throughout the system, 13 of which were unscheduled. Area of outages are as follows: 8 outages in Carlin, 6 in Wells and 2 outages in Wendover. Total consumer hrs. of outage time amount to 3,662 hrs. with 2,791 consumers out of power.

Hydro Report: Due to cold weather this year, the spring is late to reach the maximum output of the hydro. Approximately all it will put out is 100 kw when the pipe was repaired from the collection box to the reservoir. Bud Reynolds put in a piece of pipe where a valve is connected. This valve is at the bottom of the inverted syphon. This piece of pipe is about fifteen feet long. The pipe from the box to the reservoir is sixteen inches in diameter. Bud replaced it with a piece of fourteen inch pipe. This limits the output of the hydro on full output. However, the pipe from the box to the reservoir will have to be replaced in the very near future. This restriction costs about \$720.00 a month when there is enough water to run the hydro at full capacity. This figured at an average cost of .052 per kw. Time is getting close to complete the wishes of the Forest Service. It is possible to get to the collection box at this time. To get to the reservoir is another problem. There is a snow drift about four feet deep across the road and 200 ft. long. When the plant shut down and now the water has risen, it has washed out part of the reservoir. This is not to much of a problem as the water level was higher than Gene likes to see it. The monthly output of the hydro for April was 62,700 kw. This amounts to \$3,260.40 at 5.2 cents per kw.

Member Services Report: Dan has been spending most of his time preparing for the Annual Meeting. In the Member Services area, the Youth Energy Seminar participants will be chosen on Wednesday morning by a 3 person member committee. So far, we have 6 applicants from Carlin, 4 from Wells and 1 from Wendover. The WREC Scholarship recipient will be chosen on Thursday, May 5th by the General Manager and board committee. Thus far, we have 2 applicants from Wells, 2 from Carlin and 0 from Wendover. Again, Dan has spent most of his time with final preparations for this weekends [Annual Meeting](#). Things are progressing very smoothly and very orderly. This years meeting will be very informative as well as entertaining. Dan will leave for the Manager Internship Program on Sunday, May 8th for 2 weeks and will return on Friday, May 20th. This will conclude his internship program. He looks forward to bringing a presentation to a future board meeting regarding his participation in this years internship program.

Vernon Dalton would like to appoint a Wells Building Committee. Wanda Borden, Ray Crawford, Mary Wright and Vernon Scott of the board and Lee Standley from the staff will serve on this committee. They will look at different building plans and make a presentation to the board.

Legal Seminar: Bob Vaughan would like to attend the legal seminar in June in Denver. Mt. Wheeler will share the expenses. DARYL ERIKSEN MOVED WE ALLOW BOB VAUGHAN AND JIM COPENHAVER TO ATTEND THE LEGAL SEMINAR IN JUNE. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Power Supply: Clay and Lee attended a rate hearing in Burley, Idaho on the night of April 18th by BPA. Protests to the rate increase were voiced mostly by irrigators but also included the Mayor of Rupert. BPA has notified us we are not eligible for the transmission exchange agreement because of

the fact our transmission is not a looped system. Later when we have another point of delivery for Wendover, we would be eligible for this exchange agreement.

New Memberships: RAY CRAWFORD MOVED WE APPROVE THE 8 MEMBERSHIPS FROM WELLS, 21 FROM WENDOVER AND 5 FROM CARLIN. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: The Northwest Public Power Association is holding their Annual Meeting May 26-27 at Kalispel, Montana. The Public Power Council will hold it's meeting on the afternoon of the 25th. Both will be at the Outlaw Inn in Kalispel. Lee will attend as delegate to the PPC meeting and also attend the NWPPA Annual Meeting.

We need a board resolution for Power Engineers application to BLM for the right-of-way for the Elko/Carlin transmission line when we build it. VERNON SCOTT MOVED WE APPROVE THIS RESOLUTION. LARRY BRADSHAW SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

When we built the new Wendover substation, we charged large consumers a portion of the substation money up-front. Each kVa over 50 kVa was charged at \$36.54 per kVa. Now we are building a substation in Wells. When Barger put in his pumps, we charged him a portion of the new Wells substation. The cost was \$56,000. He is an irrigation consumer. In Wendover, we had strictly large consumers. This would hit most of the irrigation consumers. Do we want to charge them this cost or do we want to rule out irrigation consumers? The amount per kVa would vary from the Wendover substation. It was the consensus of the board to go with what we are doing now.

Ruralite requested that Lee read a resolution that was passed at the last Ruralite Board of Directors meeting. They passed a resolution stating that they would not be liable for any accidents in any way from their teaching safety to our people. The resolution was read in it's entirety.

Proposal from NRECA regarding management survey: Different directors thought parts of the survey should be done but not all of it. We will put this in the budget to do it next year.

The meeting adjourned at 4:45 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY