

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

**June 10, 1983**

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, June 10, 1983 at 1:00 p.m. President Vernon Dalton presided over the meeting.

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

Present from the staff were Lee Standley, Patti Zander and Clay Fitch. Bob Vaughan was also present.

The minutes of the May 13, 1983 board meeting will stand approved as written.

Additions to the agenda: Report on our money that is invested in the Wells Progress and Clay Fitch would like to give a report towards the end of the meeting.

REA Loan Package: Bob Vaughan said it is coming along pretty good. At the last meeting, the only thing left to do was get Utah PSC approval. Bob sent it to Lee Pratt. The PSC staff was thinking about having a hearing on the approval of the loan because of the amount unless it had been approved by our members at a hearing. Early this week they approved it without a hearing and the order was prepared. Lee Pratt is going to call us today if the order has been signed. We did get approval.

WPPSS 4 & 5: This is the largest municipal default in history. Forty law suits have been filed, 21 of them are major. We are defendants in 17 of these law suits. Some of these law suits are sitting and waiting and some of them are proceeding very fast. The main law suit is the Chemical Bank suit. There will be a trial in late June or July.

Carlin Gold: Two weeks ago, Linda Bowman told Bob Vaughan that the contract was signed and on it's way. Last week, Linda called Bob and said the Board of Directors started reading these articles in magazines about WPPSS and noticed in that contract that we have to pay our proportion of part of WPPSS. She wanted to know what our proportion of WPPSS is. Bob told her the basic things and what our percentage was. She thought that sounded pretty good. Bob never heard any more from her until last Wednesday. Now the directors want to know what financial impact are all of these suits going to have on BPA and BPA rates. Bob gave her the BPA Portland office and Idaho Falls office telephone numbers and told her to ask them. She called Bob back today and said she talked to Idaho Falls and what they told her was basically to take care of the impact of all this litigation and that thereafter they could anticipate only their annual increases. Her reaction was good. She was going to call the New York attorney. Bob told her we were meeting this afternoon and to call us if anything developed.

New Wells Substation: It is in an irreconcilable mess. Bob will give us two ways to go and give us the advantages and disadvantages. The basic things REA requires before we can put any REA money into the substation are: The land has to be deeded to WREC; at the time of deeding, it has to have a title policy issued; have to have an affidavit that says there are no encumbrances on the land. Then and only then will REA approve the title. The two alternatives are: (1) The safest procedure is don't approve the contract. Wait until the 1st of August and close that sale, then pursue a contract for a substation. That could be shortened by the possibility of negotiating with Anderson & Wood or re-bid. (2) Approve the contract subject to some contingencies. 1. Anderson and Wood would waive the 30 day time limit and they would re-approve the contract, waive any claims for damages or compensation. We would prepare an addendum where Anderson & Wood would agree to these things then we would submit it to REA. Then we would close the sale to Idaho Power, obtain the title policy, subject to the big encumbrance and submit the affidavit. After this contract went to Anderson & Wood, if they approved it, we would send it to REA for approval. When we had REA approval, only then we would give Anderson & Wood notice to proceed. We would use CFC short term funds or general funds to pay it. MARY WRIGHT MOVED WE GO WITH THE SECOND ALTERNATIVE. JOHN KRENKA SECONDED THE MOTION. JOHN KRENKA MOVED TO AMEND THE MOTION THAT WE GET A STANDBY SUBSTATION LOCATED AND TRY THE SYSTEM THE WAY IT IS. JESSE LARSEN SECONDED THE AMENDMENT. THE AMENDMENT TO THE MOTION FAILED AND THE ORIGINAL MOTION FAILED. JOE RIORDAN MOVED WE DO NOT APPROVE THE WEST WELLS SUBSTATION CONTRACT. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. JOE RIORDAN MOVED WE LOOK INTO THE AVAILABILITY AND COST OF A PORTABLE SUBSTATION. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED WITH 8 IN FAVOR AND 1 OPPOSED. Wanda Borden

Safety Awareness Policy: Jim Copenhaver reviewed our present policy and submitted a revised copy to the directors to review. VERNON SCOTT MOVED WE ADOPT THE POLICY FOR THE ACTIVE PUBLIC SAFETY PROGRAM, POLICY 7-4A. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED WITH 7 IN FAVOR AND 1 OPPOSED.

Land Purchase & New Office - Wells: Vernon received a letter from Bill Davis of REA. He said that when it is in a flood plain, they will not loan any money on it. Vernon is going to meet with Bill Davis and see if they are totally rejecting our purchase and if so,

we will have to get out of the contract.

New Office - Carlin: We received our first bill today for \$54,000. They are progressing on it.

New chairs for the board room: We have a sample of a chair we could get from Harvey's Discount Stationers in Twin Falls for \$210 each. WANDA BORDEN MOVED WE ORDER 15 CHAIRS IN THE COCO WEAVE FABRIC AT \$210 EACH. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Safety Committee: There have been several inquiries by employees of the company regarding the safety awards. They are wondering if they pick an item that is over \$45, can they pay the difference? WANDA BORDEN MOVED WE ALLOW THE EMPLOYEES TO PAY THEIR OWN ADDITIONAL MONEY TOWARDS THE \$45 IF THEY PUT THEIR MONEY UP-FRONT TO ORDER WHATEVER THEY WANT. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Wells Progress: On June 4th, there was a stockholders meeting for the purpose of buying Elko Daily Free Press' stock, 39 shares for a total of \$19,500, \$1,390 per stockholder. There are 14 stockholders. A committee was set up to go to the bank to see what they could come up with as far as financial aid. FIB would approve a \$19,500 loan, payable at \$500 per month with interest at prime plus 2 1/2%. Each stockholder would be liable for \$2,000. What they wanted to do at this meeting was vote a unanimous vote of all stockholders to do this but all of the stockholders were not present. They are going to type up a draft and hand carry it to each stockholder saying that they will guarantee \$2,000 of this note. The payoff is for 38 months. If Wells Progress were to default, it wouldn't cost \$2,000 because some payments would have been paid. The original intent of the stockholders was to save the paper. Various people put up \$500 a share to keep a paper in Wells. It is not the intent of the stockholders, should they buy the shares from Steninger, to operate and run this paper forever. They want to find a buyer to come in and run the paper as a newspaper should be run and sell out to this person. In the future, a form will be coming around stating will you co-sign this note for \$2,000. Jesse Larsen submitted a letter voting yes subject to the approval of the Board of Directors. Right now, the printing charges are double what a lot of other papers are. JESSE LARSEN MOVED THAT W.R.E.C. JOIN WITH THE OTHER STOCKHOLDERS OF THE WELLS PROGRESS TO COUNTER SIGN THE NOTE AT FIRST INTERSTATE BANK FOR \$19,500 TO BUY MEL STENINGER'S SHARES. WANDA BORDEN SECONDED THE MOTION. LARRY BRADSHAW MOVED TO AMEND THE MOTION IF WE CAN SELL OUR SHARE FOR \$500, SELL IT, IF NOT, WE WILL PARTICIPATE WITH THE OTHER STOCKHOLDERS. FERRIS BROUGH SECONDED THE AMENDMENT AND IT CARRIED UNANIMOUSLY. THE MOTION AS AMENDED CARRIED WITH 6 IN FAVOR AND 1 OPPOSED.

New Wells Building Committee: Wanda called Pat and had her draw up a plan on what we need. We will look for exteriors that we like and find out who the architect is and have them incorporate the ideas we had.

Safety Report: The Safety Meeting for May was held at the Wells Service Center by Ruralite on May 6, 1983. The meeting was called to order at 8:15 a.m. by Bud Calton. There were no near misses or accidents. All vehicles were inspected for safety. As of 6/6/83, we have logged 1,571 accident free days with no lost time. The meeting was then turned over to Harold Choate from Ruralite. He presented the Ruralite Safety Award for 1982 to the group along with congratulations from the entire Ruralite Safety Staff for retaining this recognition for the past three years. The scheduled safety class was "Medic First Aid" and CPR review for 1983. There were excellent slides and film shown. This was the second class session on first aid and CPR. A test was then given to all employees and all passed the test with very good scores. The next Safety Meeting will be on June 30th with Ruralite.

Construction Report: The Carlin crew has retired a section of old line near the Box K Ranch. In Wells, a few of the jobs completed are: a new underground service for Bill Wright at Mary's River Ranch; new service to Arturo Savedra; new service for a Ranch House sign on Hwy. 93; the portion of line near the Clover Valley Cemetery which blew down last winter has been permanently repaired; many irrigation pumps have been turned on; several anchor replacements have been completed; a service has been re-routed for Mike Griswold; a new service for Joe Quilici and several bull-stubs have been added in various locations. In Wendover, a three phase primary line extension has been completed for a concrete batch plant which will supply the new Jim's Casino. Also, several jobs involving secondary wiring and secondary poles have been completed.

Engineering Report: We have prepared a map showing all of the electric services in Wells. This will help Power Engineers in preparing the 1984-85 work plan. We are about ready to start on a similar map in Wendover. We have made application to the Nv. Dept of Transportation for an overhead crossing of I-80 just east of Carlin. This will be of great value if the underground should ever fault. The outage time would be minimal. Bob Lutes has started construction on a primary line re-route in North Ruby Valley for Kirk Dahl. The re-route involves 1000 ft. of underground primary and is for a Desert Land Entry. Bob Lutes' crew is making good progress on re-insulating the line to Rocky Point. The Wells crew has been helping on occasion and will re-insulate all the taps off the main line. Our crew will also take care of replacing all damaged poles. The Wells crew is making good progress on the double circuit line between our new substation and just south of the 4-Way. We are preparing to serve a small trailer park near the old Jim's Casino in Wendover. We are very close to starting construction on the new substation in Wells. We have a pole testing and treatment contractor working in Wells. He is very thorough and is making rapid progress. He will be testing all poles in Wells and will also test some poles in Carlin.

Outage Report: For the month of May, there were a total of 18 outages,

16 were unscheduled and 2 were scheduled. The Wells area had 13 outages, Carlin had 2 and Wendover had 3. Total consumer

hours of outage time were 1,604 hrs. 15 min. with 1,456 consumers being affected by the outage.

Hydro Report: In the past, the water at the hydro would rise around April 15th, give or take two or three days. This year, the water did not rise to almost maximum until last week, about Wednesday the 25th, almost a month late. Although there was enough water to run the hydro almost wide open, it was not to much of a problem. This year will be a record year for the amount of water coming down the canyon. The creek is full and running over it's banks. Extensive work was performed to keep it from overflowing and washing the road out. Due to lightning, the plant was off for five days at different times. Idaho Power had a faulty regulator that had high voltage. This also removed the hydro off the line. All total, the hydro was off the line for almost a week. Counting the time off, the hydro produced a total of 168,600 kWh. If this amount of kWh was bought from BPA, it would cost approximately \$3,372. However, the amount sold to consumers would be \$8,430 for the month of April. This will be the amount as long as the hydro will remain wide open.

Member Services Report: Dr. Gail Dunning will be returning to our area to conduct Human Relations Trailing during the week of June 13-17. He will again make a presentation to the Board of Directors (Monday - 13th) and to all supervisory personnel on Tuesday the 14th. Wednesday and Thursday will be devoted to two employee groups. We are currently compiling a list of consumers, with above average interest in WREC, to help with our AWARE Groups being formed. If you have people in mind who would be interested in joining our groups, please give the names to Dan. Also, we are planning our summer schedule of "community meetings." We will be making ourselves available during the summer to discuss and listen to the consumers regarding operations, supply, rates and other key areas of interest. During the summer, Dan plans his school programs for the coming school year, so he'll be planning and scheduling these programs for all service area schools. Dan is also preparing for the upcoming "Director Elections."

Power Supply: Warren, Clay and Lee went to Malta on May 19th and met with BPA, Power Engineers and Raft River Electric Coop. concerning the proposed transmission line into Wendover. BPA is still considering three alternatives. One would be upgrading the present Idaho Power Co. line into Wells and then a new 138 kV line to Wendover from Wells. A second alternative would be a 138 kV line from Sierra Pacific Humboldt substation to Wells and then a new 138 kV line from Wells to Wendover. The other alternative seems to be the only practical solution, which would be a 138 kV line from Grouse Creek, North of Montello. Under this system, Raft River would build and own the line to the Utah/Nevada stateline where they would have a substation to supply their growth in that area. WREC would build and own the transmission line from that point on south to Wendover. It would be on the Nevada side of the stateline the rest of the way into Wendover. BPA will select one of these alternatives by July. No one at this meeting seemed to have any interest in either the first or second alternative, therefore, we expect BPA to recommend the third, the Grouse Creek to Wendover routing.

New Memberships: VERNON SCOTT MOVED WE APPROVE THE 10 MEMBERSHIPS FROM WELLS, 16 FROM WENDOVER, AND 6 FROM CARLIN. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: We need to appoint a Nominating Committee. Ethel Scott, Betty Wright, Judy Bradshaw with Annette Branning as the alternate were appointed,. JESSE IARSEN MOVED THE NAMES BE ACCEPTED. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We are trying to get our 10 year financial forecast done. This will be used for the cost of service study and our next loan package. The board sets the direction on a couple of the items so we need to know what the board wants to do. The equity level increases 1/2% per year. It should be 1%. On the capital credit program, we would like to be on the 10 year rotation and try to retire 2 years of capital credits a year when possible. It was suggested we raise the equity ratio to 1% per year and try to pay the 2 years of capital credits.

Ruralite sent out an evaluation form for the directors to fill out. Get it back to us at your convenience and we will send them back to Ruralite.

We have one problem with the Nevada PSC. They are in the process of having all utilities report all accidents and all outages to them. We talked to Bob Vaughan about this. This does not cover coops.

Bob Vaughan thinks that the Volcanic Contingency Plan which we are involved in is necessary. We already made and sent in our Volcanic Contingency Plan.

The meeting adjourned at 6:00 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY