

# **The Regular Meeting of the Board of Directors OF Wells Rural Electric Company**

**September 21, 1984**

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, September 21, 1984 at 1:05 p.m. The meeting was held in the Wells office and presided over by President Vernon Dalton.

Directors present were Wanda Borden, Larry Bradshaw, Ferris Brough, Ray Crawford, Vernon Dalton, Daryl Eriksen, Lois Nannini, Joe Riordan, Vernon Scott, and Mary Wright. Claudia Wines was not present. Wanda Borden left the meeting at 4:00 p.m. and Mary Wright left at 5:00 p.m. All other directors were present until the meeting adjourned at 5:15 p.m.

Present from the staff were Lee Standley, Dan Kessler, Warren Linnell, Clay Fitch, and Tommi Reynolds. Bob Vaughan, attorney, was also present.

## **CORRECTIONS TO THE MINUTES**

The minutes of the previous Regular Meeting will stand as written. JOE RIORDAN MOVED TO DELETE THE WORD "ADJOURNED" (4TH WORD, LAST PARAGRAPH) FROM THE MINUTES OF THE SEPTEMBER 7TH SPECIAL MEETING AND TO ADD, IN ITS PLACE, THE WORD "RECESSED". LARRY BRADSHAW SECONDED THE MOTION AND IT PASSED UNANIMOUSLY. The minutes of the September 7, [1984 Special Meeting](#) will stand as corrected.

## **ADDITIONS TO THE AGENDA**

Lee Standley asked that the "Power Line Carrier Contract", and the "Wendover Land Option" be topics added to the Agenda. Bob Vaughan asked that "WPPSS" and "Director Responsibilities" be added topics. As there were no objections to these additions they were included in the agenda.

## **REPORT BY WREC PARTICIPANTS IN YOUTH CAMP**

Four Wells High School students, Bonnie Baird, Lynette Branning, Shauna Carone, and Rhonda Garzand reported to the board on their attendance at the Youth Camp. All participants felt it had been a pleasurable and beneficial learning experience and hoped that the Camp would continue to be held.

## **REPORT ON BOARD ELECTION AND ELECTION OF OFFICERS**

### **Board Election**

Bob Vaughan reported that 541 ballots had been counted. Ray Crawford, Vernon Dalton, and Mary

Wright were re-elected to the Board; Lois Nannini was also elected. WANDA BORDEN MOVED TO APPROVE THE ELECTED MEMBERS. VERNON SCOTT MADE THE SECOND. THE MOTION PASSED UNANIMOUSLY.

#### Election of Officers

The next matter to come before the meeting concerned the election of Board Officers. Vernon Dalton was unanimously elected president; Daryl Eriksen was elected vice-president and Wanda Borden was elected secretary-treasurer. The officers will, at a later date, appoint members to serve on the various board committees.

#### By-Law Change

The next matter to come before the meeting concerned an amendment to the By-Laws which would specify the exact dates upon which it could be determined what persons were members of the corporation to be entitled to vote for members of the board of directors, and also to vote at the annual meeting. It had been pointed out that the By-Laws were not specific in this regard. After a full consideration of the matter and discussion thereon IT WAS MOVED BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR JOE RIORDAN, AND PASSED BY A VOTE OF TEN IN FAVOR AND NONE OPPOSED AS FOLLOWS:

RESOLVED: That ARTICLE II. MEMBERS, Section 5. Voting, be amended by adding to said Section the following.

"The members who shall be entitled to vote at the annual meeting, or any special meeting of the members, shall be those members in good standing who have become members prior to the close of the business offices of the corporation on the day before the annual or special meeting. Members who shall be entitled to vote regarding election of directors shall be those members who are in good standing and who have become members on or before the close of the business offices of the corporation on the 3rd Monday in August of each year."

#### DIRECTOR RESPONSIBILITIES

Bob Vaughan reviewed the duties, responsibilities and liabilities of a member of the board of directors and those laws, policies and regulations by which a director is bound. He pointed out and explained seven basic standards to be followed:

1. Requires good faith to act in the total interest of the Company.
2. Must use care, skill and judgement.
3. Must use reasonable diligence.
4. Must stay within the scope of authority
  - A. Cooperative authority
  - B. Board authority

C. Individual board member authority

D. President/vice-president - parent authority

5. Must exercise authority and not unlawfully delegate it.

6. Must insure the validity of board actions.

7. Confidentiality

#### POLICY CHANGES

The policy committee will continue to review proposed policies regarding personnel file confidentiality and director review.

#### UTAH RATE INCREASE

Lee Standley reminded the board that a hearing regarding the 10/16/84 Utah rate increase has been scheduled for September 27, 1984 in the Sir Malcolm Campbell Room of the Stateline Hotel at 7:00 p.m.

A "Customer Meeting" will also be held on September 27, 1984, in Burley, Idaho to discuss the BPA rate increase.

#### REA LOAN PACKAGE

The next matter to come before the meeting concerned the matter of REA and the CFC loans. A brief explanation of the need for, and the method of payback, of these loans was presented by board members and staff for the benefit of the new director, Lois Nannini. After a thorough discussion of the matter and advice from the company attorney and staff members, IT WAS, ON MOTION BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR MARY WRIGHT, AND PASSED BY A VOTE OF TEN IN FAVOR AND NONE OPPOSED:

1. RESOLVED that the Cooperative borrow from United States of America an additional amount not to exceed \$3,926,000; 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 \$1,809,677, 7% 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 approximately 86 miles of additional electric transmission, distribution and service lines, together with all necessary substations, switching stations and other electric facilities and appurtenances, along such routes as shall be approved by the Administration or the Governor of National Rural Utilities Cooperative Finance Corporation; and

4. RESOLVED that the president D.Vernon Dalton or the Vice President is authorized on behalf of the Cooperative to execute and deliver under its corporate 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 \$3,926,00, 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 \$1,809,677, 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

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.

Utah PSC approval must be obtained; Bob Vaughan must go to the Secretary of State(s) of Utah and Nevada and to Eureka, Elko, and Tooele Counties and check the records; and Vaughan must give an opinion before the loan package can go to REA. Vaughan estimated that these actions would take approximately ten days.

#### ADDENDUM TO 1984-85 WORK PLAN (PINE VALLEY)

Bob Vaughan reported that an agreement has been prepared, the essence of which, is that Pine Valley residents agree to take, and pay for, power, if WREC makes it available within three years.

Dan Kessler is in the process of arranging a meeting with these potential consumers at which time copies of the agreement would be made available to them.

Some delay in processing the addendum has been encountered due, in part, to the local REA field representative's having taken another job.

#### WENDOVER TRANSMISSION PROJECT

Bob Vaughan reported that the right-of-way has been granted. He further reported that acquisition of a long term lease for the Tecoma Switchstation facilities was needed. After a thorough discussion of the matter and advice from the company attorney and staff members it was, ON MOTION MADE BY DIRECTOR DARYL ERIKSEN, SECONDED BY DIRECTOR FERRIS BROUGH, AND PASSED BY A VOTE OF TEN IN FAVOR AND NONE OPPOSED:

RESOLVED: That the corporation lease from Raft River Electric Cooperative a parcel of land for the Tecoma Switchstation and related facilities under the following terms: (a) the parcel to be of approximately 0.24 acres located adjacent to Raft Paver Electric Cooperative's Tecoma Substation; (b) the lease term to be for at least a twenty (20) year period with options to re-new; (c) the rental to not exceed \$100 per annum; and (d) with a reasonable allocation of operation and maintenance costs of the access roads, fencing, foundations of the control house, the control house, the station grid grounding, the fence grounding and site surfacing.

BE IT FURTHER RESOLVED: That the officers of the corporation are authorized to execute the lease in accordance with the foregoing terms, and with such other terms and conditions as may be

approved by the president and counsel for the corporation.

Regarding rights-of-way Vaughan told the board that Bill Wall, of the Flying W Ranch had protested running the line through his cultivated land as originally proposed. The line was, at considerable expense, rerouted around his field and a right-of-way agreement was signed and is in effect. Despite having signed the agreement Mr. Wall does not feel he was adequately compensated. After a thorough discussion of the matter the board decided that adequate and fair compensation had been made and for this reason WANDA BORDEN MOVED NOT TO PROVIDE FURTHER COMPENSATION TO MR. WALL. DARYL ERIKSEN SECONDED THE MOTION; IT PASSED UNANIMOUSLY.

#### CARLIN GOLD PROJECT

Carlin Gold has contracted to take not more than 9.9 megawatts of power. Should Carlin Gold cause a demand in excess of 9.9 megawatts this excess must be treated as a new load and arrangements for purchase of the extra power will have to be made. At the time the current contract went into effect Carlin Gold felt that they could operate under the 9.9 limit indefinitely. They are now projecting a seventeen megawatt requirement by 1986.

Prior to providing this additional power several items must be considered.

1. Under the current contract BPA penalizes WREC for demand in excess of 9.9 megawatts.
2. Under the present contract there is a 20 megawatt limitation over the Sierra Pacific line. WREC had assumed that demand over and above 9.9 could be used for other consumers, including those in Pine Valley, Jiggs/Lee, and Carlin.
3. The current contract calls for a refund from WREC to Carlin Gold of 10% of each monthly bill over 15 years.

Negotiations are being started, taking these considerations into account, to amend the current contract with Carlin Gold so as to be able to meet their future power needs with fair compensation to WREC and without penalizing other consumers.

The next matter to come before the meeting concerned the acquisition and approval by REA of title to the Eightmile Creek Switchstation site. After a thorough discussion of the matter and upon advice of counsel, IT WAS MOVED BY DIRECTOR MARY WRIGHT, SECONDED BY DIRECTOR LARRY BRADSHAW AND PASSED BY A VOTE OF NINE IN FAVOR AND NONE OPPOSED:

RESOLVED: That purchase of a tract of land for the Eightmile Creek Switchstation sites consisting of 2.997 acres located in Section 35, Township 35 North, Range 54 East MDB&M from Delbert C. Layton and Priscilla Layton at the purchase price of \$1,050.00 be and the same is hereby approved.

BE IT FURTHER RESOLVED: That the execution of the contract to purchase said parcel by the officers of the corporation is hereby approved, and said officers are further authorized to take all necessary action to complete the acquisition of said parcel and to secure the approval of the Rural Electrification Administration of the title thereto for use as a substation site.

The next matter to come before the meeting concerned the acquisition and approval by REA of title to the Quarry Substation site. After a thorough discussion of the matter and upon advice of counsel, IT WAS MOVED BY DIRECTOR MARY WRIGHT, SECONDED BY DIRECTOR JOE RIORDAN AND PASSED NINE IN FAVOR AND NONE OPPOSED\*:

RESOLVED: That the acquisition of a tract of land for the Quarry Substation site, consisting of 0.689

acres located in Section 36, Township 34 North, Range 51 East MDB&M from Carlin Gold Mining Company, pursuant to the contract between said company and Wells Rural Electric Company, dated April 19, 1983, without further consideration, be and the same is hereby approved.

\*Lois Nannini abstained from voting as she is a new director and felt inadequately informed to cast a knowledgeable vote.

BE IT FURTHER RESOLVED: That the execution of all necessary documents to acquire said parcel, by the officers of the corporation is hereby approved, and said officers are further authorized to take all necessary action to complete the acquisition of said Parcel and to secure the approval of the Rural Electrification Administration of the title thereto for use as a substation site.

Bob Vaughan told the board that REA requires assurance that those persons holding mineral rights on the Eightmile Creek and Quarry sites will not pursue exploration, mining, etc. on these sites. It is Vaughan's opinion that such pursuit is highly unlikely; he will attempt to satisfy REA that this is the case. If REA is not satisfied, condemnation acts may have to be brought against those persons holding mineral rights.

#### LAND PURCHASE AND NEW OFFICE - WELLS

Bob Vaughan reported that the deal on the Nuttal property has closed with 20.96 acres purchased for a price of \$160,860.00 with one quarter down, balance payable over four equal annual payments at 12% interest, with no security.

VERNON SCOTT MOVED TO GET PRELIMINARY PLANS AND ESTIMATES FOR THE NEW OFFICE BUILDING FROM THE ARCHITECT. RAY CRAWFORD SECONDED THE MOTION AND IT PASSED UNANIMOUSLY. The board went on to discuss ways to involve consumers in a review of proposed plans when they are received.

#### POWER SUPPLY

Mary Wright brought up the question of whether or not WREC was still interested in being a participant in the White Pine Power Project. The question was discussed and referred to the energy committee, who will study the current situation and report back to the board.

#### K.B. SEMNANI REPORT

Bob Vaughan told the board that there has been no response.

#### HYDRO REPORT

Warren Linnell told the board that Gene Supp recently met with employees from the Forest Service and that it was agreed to up the replacement date for the pipe. It is hoped the pipe can be replaced this year.

#### EMPLOYEE AND DIRECTOR INSTITUTES AND SCHOOLS

Vernon Dalton reminded the board that September 28, 1984 has been set for new member orientation and urged any interested directors to attend.

Dalton gave a brief description of NRECA and the Region IX Meeting for the benefit of the board's new member.

## NEW MEMBERSHIPS

VERNON SCOTT MOVED TO ACCEPT 19 NEW MEMBERS FROM WENDOVER, UTAH; 8 FROM WENDOVER, NEVADA; 20 FROM CARLIN; AND 21 FROM WELLS. LARRY BRADSHAW MADE THE SECOND AND THE MOTION PASSED UNANIMOUSLY.

## POWER LINE CARRIER CONTRACT

The next item to come before the meeting concerned the contract with CP National relating to the establishment of an experimental power line carrier telephone system in Ruby Valley whereby telephone messages will be carried directly off existing power lines. After a thorough discussion of the matter and advice from the company attorney and staff members it was, ON MOTION BY DIRECTOR MARY WRIGHT, SECONDED BY DIRECTOR LARRY BRADSHAW, AND PASSED BY A VOTE OF TEN IN FAVOR AND NONE OPPOSED.

RESOLVED that the Agreement for Joint Use of Electric System (Power Line Carrier) between the corporation and CP National, a California corporation, being the agreement drafted by counsel on September 7, 1984, and presented to the board, be and the same is hereby approve.

BE IT FURTHER RESOLVED that the officers of the corporation are authorized to execute the same in the general form presented, and to take all necessary action to carry out the terms thereof.

## WENDOVER LAND OPTION

An acre parcel in Wendover was purchased by WREC in 1981. An option to buy two adjoining one-acre parcels is currently held by WREC. Notice must be given by November 30, 1984 if the additional purchase is to be made. The present owner would prefer that WREC take an offer of similar adjoining property in lieu of the land originally offered. Bob Vaughan advised the board that access to, and zoning restrictions on, the proposed acreage should be considered before purchase is made. After discussing these and other considerations it was agreed to have members of the staff continue negotiating the offer and report back to the board at its October meeting, with a recommendation.

## WPPSS

The next matter to come before the meeting concerned the several lawsuits pending as a result of the failure of WPPSS Nuclear Projects 4 and 5. Due to its confidential nature, members from the staff were absent during this discussion. After a presentation and advice from the company attorney IT WAS, ON MOTION BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR DARYL ERIKSEN, AND PASSED BY A VOTE OF SEVEN IN FAVOR AND NONE OPPOSED\*:

RESOLVED that the Corporation will not, until further action by the board of directors, proceed to file cross claims or counterclaims against other defendants in any of the lawsuits pending as a result of the failure of the WPPSS Nuclear Projects 4 and 5.

BE IT FURTHER RESOLVED that other decisions and procedures relating to said lawsuits continue to be made, as previously authorized, by counsel for the corporation with the advice of Riddell, Williams, Bullitt, & Walkinshaw.

## FILE CABINET PURCHASE

After hearing a proposal from Lee Standley and a thorough discussion of the matter VERNON SCOTT MOVED TO AUGMENT THE CURRENT CAPITAL BUDGET BY \$208.00 FOR THE

PURCHASE OF TWO LEGAL-SIZE FILE CABINETS. JOE RIORDAN SECONDED THE MOTION AND IT PASSED UNANIMOUSLY.

The regular meeting adjourned at 5:16 p.m.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY

\* Lois Nannini abstained from voting as she is a new director and felt inadequately informed to cast a knowledgeable vote.