

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

January 27, 1984

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on Friday, January 27, 1984 at 1:00 p.m.. President Vernon Dalton presided over the meeting.

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

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

Also present were: Bob Vaughan, Attorney; Charlie Harper, R.E.A. Field Engineer; Mayor Hugh Nielson from Wendover; Ab Smith and Russell Draper, Councilmen from Wendover; Doug White, Attorney; Bob Hope, Architect C.H. Guernsey Company, Oklahoma City, Oklahoma; Dick Kluge and Kenny Schlect, Power Engineers.

Correction to the minutes: Page 3, next to the last paragraph. We received a credit of \$4,916.00 from Federated Insurance Company + 84.00 and what the employees wanted. The amount of \$4,916.00 went to the employees for their safety awards. The amount of \$4,916.00 + 84.00 = \$5,000.00 went to Federated Insurance Company for premium on the additional insurance, they previous get paid, which increases the insurance from \$1,000,000.00 to \$5,000,000.00 and the umbrella policy to \$10,000,000.00.

JOE RIORDAN MOVED THAT THIS BE ADDED TO THE MINUTES. JOHN KRENKA SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The minutes of the January 9, [1984 SPECIAL MEETING](#) will stand approved with the one addition.

Additions to agenda: Vernon Scott would like to add a discussion to send president of the company and directors with R.E.A. loan package, providing we approved the loan package back to R.E.A. to see if we can expedite getting the loan. He thinks it will help.

Bob Vaughan is here to discuss several topics on the study made for information of members and member appearance at the Board Meetings, Carlin Gold, St. Paul Ins., WPPSS, Mock & Long and other items that he has on his agenda.

There were no objections to these two items being added to the agenda.

Mayor Hugh Neilsen and Council of Wendover were also added to the agenda.

Rate Increase: Clay said that Power Engineers are working with us on the rate increase for Wendover, UT. We are hoping to get the information into Utah in about a month or two. When we appear before the Public Service Commission, we can't really say if we are going to have to fight them or be able to raise the rates without a hearing or gather more information for them.

West Wells Substation: Lee said, their grading is complete. Warren said, the weather has changed so they can start pouring concrete this week. They have no fences or anything else done as of yet.

Claudia mentioned that Dan gave a presentation at the school on energy, and the teachers and students wanted her to let the board know how well it was enjoyed.

Clay handed out a list, which included the furniture and the prices of the furnishings for the Carlin office. There was some discussion about where they were going to buy furnishings and about a few of the articles. Clay also explained about the telephone system and how it would work. We will be asking \$2,500. for the telephone, in addition to the \$10,200. for the Carlin office. The telephone company has a one year warranty, which they will come out and make the repairs themselves.

FERRIS BROUGH MADE THE MOTION TO APPROVE THE FURNISHINGS FOR THE CARLIN OFFICE. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

DARYL ERIKSEN MOVED THAT WE APPROVE THE TELEPHONE SYSTEM. MARY WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Mayor Hugh Neilsen of Wendover was introduced, he also introduced Ab Smith and Russell Draper, Councilmen of Wendover and Doug White, Attorney. Doug White, gave the presentation for Mayor Neilsen. The electrical system that leads to the air base is in

bad condition and we will not let anyone else hook on, because it is life endangering. Wendover would like for Wells Rural Electric Company to do the work on upgrading the electricity. If we can not do the work for them, they will have to go another way.

The housing problem in Wendover is critical. When Stateline starts up they are going to bring in 750 new people, now the population is 1100 people. Acord and Sorensen and the town is ready to move on the project. Wendover has worked with Bob Vaughan, Lee and Warren on this project. They would like some advice from us on how they can recoup their investment along this line. If we do the work, they asked if the pay back could be extended to 15 years instead of 10 years. Vernon Dalton told them that this is something that the board will have to discuss and then get back to them.

Bob Hope, Architect with C.H. Guernsey Company, Handed out books on his company and explained a little about each department. He also mentioned a few places where they have done major work and completed headquarters for coops. They have done (25) twenty-five coops to be exact in the central part of the United States, most of them are in Colorado, Texas, Kansas, Nebraska and Oklahoma. He went and looked at our sights and the one in town has a good advantage, because of the service facilities. He answered a few questions that were put to him by the board. He builds his buildings with the idea of expansion in mind. It was asked if he put in very many solar units and he said no, because they are not too good for energy efficiency. Most of the buildings that we have done are at least 50% gas. Preliminary plan: 1) We make the building the way that the manager and staff like it, because they are the one's that will be living in it. 2) The way the board wants it. We will work With you until it is the way that you like it. 3) Send to R.E.A. for approval. 4) Do construction documents. 5) Send to R.E.A. for approval again. 6) Put out for bid.

For 20 offices it would be about \$60 - \$65 square foot, it could be a little more, don't quote me on that price.

WANDA BORDEN MADE A MOTION THAT WE HIRE C.H. GUERNSEY COMPANY FOR THE ARCHITECT WORK. VERNON SCOTT SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY.

Land Purchase and New Office - Wells: Bob Vaughan wrote a letter to Bill Hylton's attorney saying that we were going to be fair about the whole deal. Because of the position of R.E.A., because we probably aren't going to use it, R.E.A. is not going to act on it. So we don't have a yes or we don't have a no, and legally, I guess we don't have an approval, so we don't have an obligation to go ahead, but keeping in mind the spirit and intent. What I did was to write a long letter to Hylton's attorney, to give the whole background on what we had done and where we were. If you want me to contact R.E.A. and push them into a decision one way or another, I will do so. If you want to contact R.E.A. to see if we have a contract or not you do it. One of the factors that has come up, we looked at the zoning code, and C-1 would not permit your shop or yard there. We would have to get it zoned industrial. What we are working on now is a possible exchange with Nuttle's, owners of this property. We haven't heard anything yet. I will recommend to the board that they pay \$6,000 an acre, they came back and didn't turn that down. They said, we think that is a little low, because we sold a piece across from the Ranch House (20 Acre parcel) at \$10,000. We heard that a parcel sold for \$15,000. an acre. I wrote back and told them that I think \$6,000 is a pretty fair price. So we are waiting to hear from Nuttle to see if he wants to work an exchange.

This morning Bill Hylton called from his attorney's office and said, that we will wait for two weeks to see if we can work that exchange out. This is the way it stands as of now.

R.E.A. Loan Package: Pine Valley Feasibility Study was reported by Power Engineers. They explained a financial chart that was initially set up for 18 consumers. The feeder was designed for future growth. The present load would be somewhere in the neighborhood of 850 KW, as this is constructed, it would allow you to go 2 1/2 megawatts, which should provide service for any growth with the exception of large industrial service.

We looked at the financing from two points of view. This makes many things eligible for a 2% R.E.A. funding. It would help the Carlin project and at the same time it would make almost \$6,000,000 of the project eligible for R.E.A. funding at 2%. By adding Pine Valley at a 2% rate you end up over a 35 year period of \$6.7 Million in savings. Carlin Gold and Pine Valley would cost 5.9 million with Carlin Gold alone 3.9 million. The Newmont Mining Company will be putting up front money for the Carlin Mine, to the tune of 2.29 million. It would be a big plus figure by adding Pine Valley. We assume an initial load of 20 residential and 8 irrigation consumers in Pine Valley, but if they could double over the years.

Charlie Harper seems to think that we have a very good chance of getting the package financing at 2%. Pine Valley would be good revenue.

DARYL ERIKSEN MADE A MOTION THAT WE ADD PINE VALLEY TO OUR LOAN PACKAGE FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

A MOTION WAS MADE BY VERNON SCOTT THAT CHAIRMAN VERNON DALTON MAKE ARRANGEMENTS TO BE THERE WHEN THE LOAN PACKAGE IS PRESENTED TO R.E.A.. THE MOTION WAS SECONDED BY JOE RIORDAN AND THE MOTION CARRIED UNANIMOUSLY.

Vernon Dalton will talk to Bill Davis beforehand so that he can explain more about the loan to him.

Wendover Point of Delivery: Bob Vaughan talked about right-of-ways. How do you know if you spend this money that B.P.A. will lease that line back from you? You don't have a contract with B.P.A. yet. We have a letter of understanding with B.P.A.. Bob Vaughan

thinks we should have a contract with them if we are going to start spending millions of dollars. Bob said, we could almost force them into a contract, if they said they would do it and you are there and they will lease it. There are a few minor points you may argue about but you could probably force them to.

Procedures for Right-of-ways: To get you authority to go on the grounds within 70 days after we have the parcel descriptions of the names of the people. 1) Route from the engineers. I Would like to have approval on John Carter. We hired an MIA appraiser John Carter to start working to give us all of the appraisals that we would need on land. Carter works for about \$75 an hour and charges \$100 when in court.

2) Engineers are going to give us all of the description of every little parcel that we need. Then we will make up a letter and send to the people explaining that we have to go through your land.

We will file in court if we have to go through with some of these in court. Which we hope we don't have to.

BOB VAUGHAN WOULD LIKE TO ASK SOMEONE IF THEY WOULD MAKE A MOTION TO APPROVE THE HIRING OF JOHN CARTER AND ASSOCIATES AS APPRAISER FOR THE RIGHTS-OF-WAY LAND THE APPRAISED VALUE PLUS 10% FOR AN OUT OF COURT GRANT FOR RIGHT-OF-WAY. MARY WRIGHT MOVED THE MOTION AND CLAUDIA WINES SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Carlin Gold Contract: We have everything except R.E.A. approval before we can make our contract firm. The Environmental Engineer approved the package and it is now on the Administrators desk. Flower Engineers had enough information to give him a borrow's environmental report from which he does his work. As soon as the environmental assessment is done, the package goes back to the general councils office. So it looks like we are looking at a week or ten days now. That is the last contention before we amend our application and go to the commission. The good news I have is I think we have a good chance of getting that area approved without a hearing. They are not going to protest it now.

Board Committee Report: Ray Crawford reported on the medical deal that Lamont Stuart was talking about in Wendover. Ray went to see the president of the board, Glen Beck, and he said that the medical board still holds the Clinic and all that LDS Hospital does is furnish the man power. It is still a non-profit organization that holds the clinic. It hasn't changed at all as far as the lease is concerned. Glen said he went to an LDS deal and Lamont is paid off. Everything should be straightened out.

Construction Report: The power lines on the base are in very bad condition. Ray asked Bob what would we do if some one got hurt on the base. Bob said, we will say we didn't have any responsibility, but we did go to help them and if it doesn't happen as a result of something that we did, we should be alright. We have worked on the lines before. Our biggest problem is knowing that we are feeding power into a dangerous system.

Bob Vaughan will write up a contract and it will be discussed and a motion made at the next meeting.

Member Services Report: Dan reported that the staff, Buddy, Clay & Lee went to Raft River to investigate the possibility of an in-house computer, just to see what they had. They have an IBM 34. We looked over their programs available, things looked good and there was also some things that didn't look so good to us in comparison to what we have now with Central Area. We did get a print-out of what services they offer in-house. We did not make a commitment to them.

Dan went to the Annual Meeting in San Francisco and he stopped at the Central Area booth and talked to Peter Hodge and he gave us a lot of reasons why we should stay with Central Area. We are now revamping with better programing and lots of capabilities in the future. He also told us a few reasons as to why in-house would not work for us. He also stopped by the IBM booth for awhile and liked what they had to offer.

Dan would like to recommend that everyone visits the in-house computer in Bend, Oregon also.

WANDA BORDEN MADE A MOTION THAT THE SAME BOARD MEMBERS THAT GO TO ST. LOUIS GO TO BEND, OREGON AND INCLUDE CLAY AND BUDDY. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

New Memberships: DARYL ERIKSEN MOVED THAT WE APPROVE THE 3 MEMBERSHIPS FROM WELLS, 14 FROM CARLIN, 12 FROM WENDOVER, UTAH AND 8 FROM WENDOVER, NEVADA. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Managers Report: DARYL ERIKSEN MADE A MOTION THAT WE DO NOT SEND THEM THE \$578.62, PNGC. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Bob Vaughan regarding the St. Paul Fire and Marine Insurance, which is your Liability or Managers, Officers and Directors on the WPPSS cases. When you first made claim, they came back saying, you were covered for some of the law-suits mainly the bondholder law-suit, Chemical Bank 111 vs. B.P.A.- WPPSS. When all of those suits are over you bring your bill around and that is when we will be liable to pay it. There are about 16 or 18 co-ops insured and a group of them were threatening to bring a suit for declaratory judgement to the fact that they had to pay as we went along. We have developed an Interim Fee Agreement. This agreement says, we have these lawsuits and we claim that they should pay and they claim that they don't have to pay yet, but to resolve the matter

and reserve all rights against each other. We don't agree with their position, and they don't agree with ours, but in the Interim they will pay the attorney fees.

Bob proposed that someone MAKE A MOTION TO APPROVE THE INTERIM FEE AGREEMENT DATED JANUARY 26, 1984 BETWEEN WELLS RURAL ELECTRIC COMPANY, ST. PAUL FIRE AND MARINE INSURANCE COMPANY AND THE 1976 DIRECTORS. VERNON SCOTT SO MOVED THE MOTION. LARRY BRADSHAW SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The most dangerous case we have up there is B.P.A. vs WPPSS and that is the one that the investor owns are seeking a court order to require an immediate completion of #3. They are also asking that you be billed direct for the construction of it.

MOTION TO APPROVE PARTICIPATION BY RIDDLE, WILLIAMS, BULLITT & WALKINSHAW IN THE COMPUTER DISCOVERY PROGRAM. JOE RIORDAN SO MOVED. CLAUDIA WINES SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

BOB ASKED FOR A MOTION TO APPROVE AN APPLICATION TO THE NEVADA PUBLIC SERVICE COMMISSION BY WELLS RURAL ELECTRIC COMPANY AND SIERRA POWER COMPANY TO TRANSFER CERTAIN CERTIFICATED TERRITORY TO WELLS RURAL ELECTRIC COMPANY TO ENABLE IT TO SERVE THE MOCK AND LONG RESIDENCES AND MAGGIE CREEK RANCH. RAY CRAWFORD SO MOVED ON THE MOTION. FERRIS BROUGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Information to members and matter of people attending Board of Directors Meeting. You can set up some policies, which permits them to gain information and policies on how they go about coming into a board meeting.

Meeting adjourned at 5:31 p.m..

D. Vernon Dalton, President

Wanda Borden, Secretary