

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

October 19, 1984

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order on Friday, October 19, 1984 at 1:00 p.m. The meeting was held pursuant to the permanent resolution of the Board regarding regular meetings, and was presided over by Vice-President Eriksen.

Directors present were Wanda Borden, Larry Bradshaw, Ferris Brough, Ray Crawford, Daryl Eriksen, Lois Nannini, Joe Riordan, Vernon Scott and Claudia Wines. Vernon Dalton was on Company business in Seattle, Washington meeting with attorneys Riddell, Williams, Bullitt & Walkinshaw, and therefore was not in attendance at the regular meeting. Mary Wright was not present.

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

CORRECTIONS TO THE MINUTES

The minutes of the September 21, 1984 regular meeting will stand as written.

ADDITIONS TO THE AGENDA

At the request of Harry Copelan, editor for the Wells Progress, Daryl Eriksen asked that "Wells Progress Request to Review Unapproved Minutes" be an additional agenda topic.

Lee Standley asked that "CP National (Power Line Carrier)" **and** "Frontier Investments (Wendover)" be additional agenda topics.

As there were no objections to these additions they were **included** in the agenda.

WELLS PROGRESS REQUEST TO REVIEW UNAPPROVED MINUTES

Daryl Eriksen and Dan Kessler told the Board that Harry Copelan was requesting copies of Board Meeting Minutes as soon as written, and prior to Board approval. Copelan also requested access to tapes made at the meetings. Kessler and Eriksen reported that Copelan's request was based on his being "too busy on Fridays" to send a reporter to the meetings.

WANDA BORDEN MOVED TO DENY COPELAN'S REQUEST FOR COPIES OF BOARD MEETING MINUTES PRIOR TO THE BOARDS'S APPROVAL OF SAID MINUTES AND TO DENY COPELAN'S REQUEST FOR ACCESS TO BOARD MEETING TAPES. VERNON SCOTT SECONDED THE MOTION AND IT PASSED UNANIMOUSLY.

REA LOAN PACKAGE

Approval by the Utah Public Service Commission has still not been received.

ADDENDUM TO 1984-85 WORK PLAN (PINE VALLEY)

Dan Kessler reported that Pine Valley residents were enthusiastic about the possibility of getting service. All interested residents received contracts at the October 3rd meeting. One contract has

been returned.

Warren Linnell reported that the Buckhorn and Gold Bar Mines have expressed a great deal of interest in receiving power. He also noted that the city of Carlin is pursuing location of a State Honor Camp at the Maintenance Station.

It was noted that there is a very good chance WREC could not provide all power requested and still stay under the 20 MW limitation imposed by Sierra Pacific. Therefore requests for additional power will initiate further negotiations between BPA and Sierra Pacific Power Co. for power above the 20 MW block now available.

WENDOVER TRANSMISSION PROJECT

Warren Linnell reported that the October 17th planned Wendover outage had been underestimated and actually took 3 hours and 11 minutes.

He noted that the contractor is doing an excellent job and is three weeks ahead of schedule. Completion is now scheduled for the first week in December.

CARLIN GOLD PROJECT

Linnell reported that Wasatch Dynalectric Co., contractor for the project, had only twenty people on the job. Power Engineers, managing construction on the project, estimated at least 40 people were required, at this stage, to proceed at the right pace. A firm-up construction schedule has been set up and an additional 20 people will be on the job as of October 20, 1984.

Linnell also noted that, weather permitting, Sierra Pacific has scheduled an outage on October 27th to make the tap at Eightmile Creek.*

The next matter to come before the meeting concerned the matter of the Eightmile Creek Switchstation Site and the Quarry Substation Site, and the problems of securing adequate title to satisfy the Rural Electrification Administration, particularly as the rights of gas, oil and mineral interest owners may have to use of the surface. On advice of counsel, and after a thorough discussion of the matter, IT WAS MOVED BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR RAY CRAWFORD AND UNANIMOUSLY:

RESOLVED: That regarding the Eightmile Creek Switchstation Site consisting of 2.997 acres and the Quarry Substation Site consisting of .689 acres, that the Corporate Officers, and counsel for the Corporation are hereby authorized to proceed, if deemed necessary in the opinion of counsel, to proceed with condemnation as to either or both of said sites, to clear the title to the property to the extent that the same receives approval of the Rural Electrification Administration.

LAND PURCHASE AND NEW OFFICE - WELLS

Lee Standley told the Board that Bob Hope has resigned from C.H. Guernsey Co. and has gone into business for himself. Pat Carroll has taken Hope's old position with Guernsey. Standley had been unable to contact Hope and did not know if Hope was still interested in the Wells office job. It was agreed to continue efforts to reach Hope and to talk to him regarding his desire to pursue the job and to ask for Hope's evaluation of Carroll's work. If neither architect proves satisfactory other firms will be investigated.

Wanda Borden suggested that long term master plan for buildings and associated land acquisition should be put together.

WENDOVER LAND OPTION

Clay Fitch gave each Director a summary of the options discussed with Wendover Associates on September 26, 1984 (See EXHIBIT I) . Dan Kessler reviewed each option with the Board.

Daryl Eriksen told the Board that Vernon Dalton has asked for Board authorization of a meeting between Dalton and Dick McDougal, representative of Wendover Associates. It is Dalton's feeling that such a meeting might result in improvements to the options presented.

Ray Crawford noted that WREC is not limited to purchasing land on the Nevada side of Wendover and suggested pursuing (possibly cheaper) land that might be for sale on the Utah side.

*Notice was received on 10/22/84 that the date for this outage was changed to -10/30/84.

With these in mind VERNON SCOTT MOVED THAT THE BOARD AUTHORIZE A MEETING BETWEEN PRESIDENT VERNON DALTON AND DICK McDOUGAL TO DISCUSS THE WENDOVER LAND OPTIONS, AND TO HAVE THE WREC STAFF RESEARCH AVAILABILITY AND COST OF LAND IN WENDOVER, UTAH. WANDA BORDEN SECONDED THE MOTION AND IT PASSED UNANIMOUSLY.

POWER SUPPLY

The October 11, 1984 visit by BPA representatives convinced them that the growth in WREC's system is real and that the projects under construction would be finished on time and under budget.

Clay Fitch and Dan Kessler will be attending a meeting in Spokane, Washington to discuss, with BPA, the proposed surcharge.

Copies of a final draft of the WREC/Sierra Pacific/BPA "Construction Agreement Contract No. DE-MS79-85BP91885" and the Sierra Pacific/BPA "Lease Agreement, Contract No. DE-MS7-84BP91698" (See EXHIBITS I AND II) were given to each

Director to study prior to action at the next Board Meeting.

K. B. SEMNANI COMPLAINT

Word of a decision has not been received but a favorable judgement is expected.

PROPOSED SALARY ADJUSTMENTS FOR SALARIED PERSONNEL*

Lee Standley, in consultation with Dan Kessler, requested Board authorization to add a \$7200.00 lump sum to the 1985 budget to be used as incentive pay for certain salaried personnel. He noted that Vernon Dalton had suggested authorization of payment be tabled until the November Board Meeting. If payment is not authorized at that time the amount can be deducted from the budget.

It was noted that it has been several years since the current salary table has been updated and that an extensive salary study is to be made to determine if changes should be made.

As there were no objections the \$7200.00 lump sum will be added to the budget and authorization of payment will be discussed at the November Meeting.

BOARD COMMITTEE REPORTS

Appointments to the various Board Committees will be made at a later date.

OPERATIONS REPORT

Bush Hydro

Dan Kessler reported that a meeting with Roy and Mike Bush took place October 5, 1984. Idaho Power Co. is interested in purchasing the KWH output of the planned 250 KW hydro for approximately 5cts per KWH. Kessler went on to explain that because WREC is obtaining its power from BPA for 2.2cts per KWH this is the price WREC would pay for power purchased from other sources. For this reason WREC will provide the wheeling path to the IPC substation in Wells but won't be directly purchasing the power produced.

UX LIVESTOCK EASEMENT

The next business to come before the meeting concerned a request of UX Livestock Co., a consumer, to clear a parcel of its land from the easement of a right-of-way, in an instance where the lands in question were not used and not needed for rights-of-way purposes. An affidavit of Alan S. Boyack, a registered land surveyor, to the effect that no lines existed under the lands for which the request was made was submitted to the Board. After a full discussion of the matter, ON MOTION DULY MADE BY DIRECTOR FERRIS BROUGH, SECONDED BY DIRECTOR LARRY BRADSHAW, IT WAS VOTED BY A VOTE OF EIGHT IN FAVOR AND NONE OPPOSED:**

*Warren Linnell and Clay Fitch absented themselves from the meeting for this discussion.

**Claudia Wines abstained from this vote as she is related to members of the UX Co.

RESOLVED: That the Company relinquish its right to a right-of-way over the SW1/4 NW1/4 of Section 28 Township 31 North, Range 59 East, MDB&M to the landowner, UX Livestock Co., by quitclaim deed, reserving to the corporation all other rights-of-way heretofore acquired by that certain electric line right-of-way easement, recorded January 14, 1975 in Book 206 of official Records at Page 509, Elko County, Nevada.

BE IT FURTHER RESOLVED: That the officers of the Corporation are authorized to execute a quitclaim deed and any other documents necessary to release the specific parcel of land from the previously acquired right-of-way.

FRONTIER INVESTMENTS EASEMENT

The next business to come before the meeting concerned a request of Frontier Investments, a Nevada limited partnership, a consumer, for release of a portion of a right-of-way, in an instance where the right-of-way in question exceeded that used and needed by the Corporation for rights-of-way purposes. Company staff has determined that the retained portion of the right-of-way meets all standards and is adequate. After a full discussion of the matter, ON MOTION DULY MADE BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR JOE RIORDAN, IT WAS UNANIMOUSLY:

RESOLVED: That the Company relinquish 30 feet of its right-of-way over a portion of the SE1/4 NW1/4 of Section 16 Township 33 North, Range 70 East, MDB&M to the landowner, Frontier Investments, a Nevada limited partnership, by quitclaim deed, reserving to the Corporation all of the remaining right-of-way heretofore acquired by that certain transmission line right-of-way easement, granted pursuant to the Act of March 4, 1911, 36 Stat.

BE IT FURTHER RESOLVED: That officers of the Corporation are authorized to execute a quitclaim deed and any other documents necessary to release the interest of the Corporation in the portion of the right-of-way not needed by the corporation.

REPORT ON REGION IX MEETING

Wanda Borden, Larry Bradshaw, Ferris Brough, Dan Kessler, and Buddy Welsh attended the Region IX Meeting and the annual Nevada Rural Electric Association Meeting held afterward. Kessler reported that NREA had adopted a new dues formula; elected to sponsor the Youth Camp again; and was taking steps to insure that rural electric interests and needs are presented to State and National legislators.

CPN (POWER LINE CARRIER)

Lee Standley told the Board that the contract with CP National relating to the establishment of a power line carrier system in Ruby Valley had been changed to require a mini-mum of one year's notice by either party to terminate the contract. This was changed from a 90 day minimum notice. Standley went on to say that the contract, in its changed form, has been signed by CP National and is ready for WREC's signatures. CLAUDIA WINES MOVED TO APPROVE THE CHANGE, LARRY BRADSHAW SECONDED THE MOTION AND IT PASSED UNANIMOUSLY.

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 FERRIS BROUGH, AND PASSED BY A VOTE OF 9 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 executed by CP National dated October 19, 1984, and presented to the Board, be and the same is hereby approved.

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.

Warren Linnell reported that five miles of phone cable must be plowed in from Elko to the Eightmile Creek Switchstation. CPN has said this will take five months. This cable is used to transmit data and for supervising control of the switchstation. The data would go to Elko over this cable then over existing telephone circuits to Sierra Pacific's control center. The switchstation is to be in service by the end of the year so five months is not acceptable for getting the cable installed.

For this reason the Board authorized the WREC staff to hold the signed Agreement for Joint Use and to suggest to CPN that it could be released more readily if the five month cable work time could be reduced to a matter of weeks.

AMERICAN EXPRESS CARD

Lee Standley turned the Company American Express card back to the Board for disposal. RAY CRAWFORD MOVED TO CONTACT AMERICAN EXPRESS TO AUTHORIZE DAN KESSLER'S SIGNATURE ON THE COMPANY CARD AND TO NO LONGER AUTHORIZE LEE STANDLEY'S SIGNATURE. WANDA BORDEN SECONDED THE MOTION AND IT PASSED UNANIMOUSLY.

REA CERTIFICATION OF AUTHORITY

The next matter to come before the meeting concerned REA certification of Dan Kessler as new General Manager and as such his authority to sign REA forms (See Exhibit IV). After a full discussion of the matter, ON MOTION DULY MADE BY DIRECTOR FERRIS BROUGH, SECONDED BY WANDA BORDEN, IT WAS UNANIMOUSLY:

RESOLVED: That the Board of Directors does appoint Daniel L. Kessler Jr. as General Manager of

Wells Rural Electric Company effective November 1st, 1984 with a starting salary of \$38,064.00 per year.

NEW MEMBERSHIPS

VERNON SCOTT MOVED TO ACCEPT 13 NEW MEMBERS FROM WELLS; 8 FROM CARLIN; 14 FROM WENDOVER, UTAH; AND 10 FROM WENDOVER, NEVADA. RAY CRAWFORD SECONDED THE MOTION AND IT PASSED UNANIMOUSLY.

OTHER

Dan Kessler asked the Board to consider giving Pioneer awards at the Annual Meeting.

Kessler also announced that Don McDonald has been chosen as the New Member Services Director.

Lee Standley reminded the Board that this was his last Board Meeting before retiring as General Manager. He expressed his past pleasure in working with the Board and for the Company. Standley was commended for his many accomplishments as General Manager and previously as Operations Manager.

The regular meeting adjourned at 3:40 p.m.

D. Vernon Dalton, President

Wanda Borden, Secretary