

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

February 15, 1985

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, February 15, 1985 at 1:12 p.m. The meeting was held pursuant to the permanent resolution of the Board regarding regular meetings, 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, Claudia Wines and Mary Wright.

Present from the staff were Dan Kessler, Warren Linnell, Clay Fitch, Don McDonald, Buddy Welsh and Terri Seal.

CORRECTION TO THE MINUTES

The minutes of the January 18, 1985 regular meeting will stand approved as written.

ADDITIONS TO THE AGENDA

Vernon Dalton asked the board to discuss having a meeting with Raft River Rural Electric Company, as they had requested such a meeting. As there were no objections this was added to the Agenda.

NEW OFFICE BUILDING

Dan Kessler reported that Bob Hope, architect, had contacted him and he hoped they would have the final plans for the new office building to present to the board at the March board meeting.

We received our application notice on the filing of the geothermal water rights, so it is still in the process.

MANAGER'S REPORT

Dan Kessler reported that the Randolph Young right-of-way dispute had been settled and Power Engineers has agreed to pay all costs over the \$810.00 we paid for the right-of-way. They will pay the settlement with Mr. Young plus all attorney fees.

The REA loan check will be here on February 19, 1985 for our first draw on the G-6 loan that was approved.

The next business to come before the meeting concerned the REA audit, done by Basil Majors. Basically we have complied with their suggestions, and a letter has been sent accordingly.

Kessler asked that a resolution be signed for approval of check numbers 196, 197, 198 and 207 of the Construction Fund having been signed with the check signing device.

VERNON SCOTT MADE THE MOTION TO APPROVE THE RESOLUTION AS PRESENTED. CLAUDIA WINES SECONDED. MOTION CARRIED UNANIMOUSLY.

NOW, THEREFORE, BE IT RESOLVED: That the Board of Directors of Wells Rural Electric Company do ratify the signing of the Construction Fund checks numbered 196, 197, 198, and 207. In the

future, the Company shall adhere to Article II of the loan contract with REA.

Dan Kessler reported that a meeting was held with Reece Barlow, of Power Engineers, on January 28, 1985. The Carlin project, groundwork for the Pine Valley project and the Jiggs-Lee project were discussed. The sectionalizing study that Power Engineers is doing for us is nearly completed.

Kessler informed the board that utility officials have agreed to postpone construction on the White Pine Power project until 1987 or 1988, to keep the plan active until there is sufficient need.

WAPA recently announced a planned inter-tie with the Pacific Northwest. The plan calls for a 815 mile transmission line from Oregon to Hoover Dam* The WPPP is on the agenda to provide this power (Southern Nevada's energy needs) but WAPA's plan is designed to prevent the construction of coal-fired power plants.

The next business to come before the meeting concerned the policy of the company regarding physical examinations for employees. After a discussion of the matter and upon advice of counsel and staff, IT WAS MOVED BY DIRECTOR FERRIS BROUGH, SECONDED BY DIRECTOR CLAUDIA WINES AND PASSED BY A VOTE OF 10 IN FAVOR AND NONE OPPOSED, AS FOLLOWS;

RESOLVED: That Subparagraph A of Paragraph III, "Condition of Employment" of Policy No. 7-2 be amended by adding thereto the following:

2. The company provides at its expense a voluntary physical examination on a bi-annual basis for employees who have been continuously employed. If an employee avails his or herself of this benefit, it shall be pursuant to the terms of subparagraph 3, and the employee by accepting the benefit agrees thereto.
3. Examinations will be conducted at a medical facility authorized by the company at a time to be approved by the company. The company will provide a physical examination form for each employee, to be used by the physician. The physician will make the results of the physical examinations available only to the employee to whom it relates excepting that if the physician determines that the employee taking the physical has a "life-threatening" illness, either to themselves or fellow employees they work with, then the physician will notify the company of the status of the illness. If the "life-threatening" illness allows, the company will make every effort to relocate the effected employee in the "non-life threatening" position within the company.
4. This policy shall be reviewed annually by the Board of Directors to assure the accomplishment of this benefit.

Dan Kessler informed the board that the staff is in the process of organizing a meeting for the member/consumers to inform them on the new building, costs, etc. This meeting will be scheduled near the middle of March.

Kessler reported that he had been approached by the principal of Wells High School. It seems the school is in need of funds to purchase voltage stabilization equipment for their newly purchased computers.

After some discussion DARYL ERIKSEN MADE THE MOTION TO DONATE \$280.00 TO THE SCHOOL. CLAUDIA WINES SECONDED. THE MOTION CARRIED 6 IN FAVOR AND 4 OPPOSED.

The next business to come before the meeting concerned the request of Carlin Gold Company to reduce the amount of the bond required pursuant to the terms of Paragraph 15 of the Agreement dated the 19th day of April, 1983. Since it appeared that the original bond of \$4,200,000.00 was no

longer needed due to the fact that a large portion of the construction costs had been paid by Carlin Gold Company, upon advice of counsel IT WAS MOVED BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR WANDA BORDEN AND UNANIMOUSLY PASSED THAT THE ORIGINAL BOND REQUIRED TO BE POSTED BY CARLIN GOLD COMPANY PURSUANT TO PARAGRAPH 15 OF THE AGREEMENT BETWEEN CARLIN GOLD COMPANY AND WELLS RURAL ELECTRIC COMPANY DATED THE 19th DAY OF APRIL, 1983, MAY BE REDUCED FROM THE ORIGINAL SUM REQUIRED TO THE SUM OF \$1,000,000.00, AND THE OFFICERS OF WELLS RURAL ELECTRIC COMPANY ARE AUTHORIZED TO EXECUTE ANY NECESSARY DOCUMENTS AND AGREEMENTS PROVIDING FOR THE SAME.

Dan Kessler reported that Wasatch Construction Company, who put a transformer in the Carlin Substation, inadvertently dropped a wrench in the transformer. Nothing seems to be wrong with the way it is working. Additionally, Wasatch grounded a step-down transformer at the Eight-Mile Creek Substation incorrectly. It has been corrected and checked out, and is working fine at this time, however Westinghouse has refused to warranty the transformer and we have given Wasatch three alternatives: (1) Buying us a new transformer; (2) Giving us an extended 2 year warranty; or (3) Withholding their payment.

HYDRO UPDATE:

Don McDonald gave a short video presentation on the replacement of the old metal pipe that was installed in 1927. It has been replaced with a 15" plastic pipe. The new pipe is 1950 feet long and runs from the collection box to the reservoir on the hill side above the Hydro Plant.

CARLIN GOLD PROJECT:

Warren Linnell presented a video to the board of the Carlin Gold Project.

The next business to come before the meeting concerned the Carlin Project. It was noted that 5 bids for the Quarry Substation of the Carlin Project had been opened on the 13th day of February, 1985 and that the low bidder was Lamb Engineering and Construction, in the sum of \$458,669.38. The contract documents have been assembled by the engineers. After a review of the contract documents, and a thorough discussion by staff and board members IT WAS ON MOTION DULY MADE BY DIRECTOR DARYL ERIKSEN, SECONDED BY DIRECTOR VERNON SCOTT AND PASSED BY A VOTE OF 10 IN FAVOR AND NONE OPPOSED AS FOLLOWS;

"RESOLVED: That subject to the approval of the Rural Electrification Administration, the bid of Lamb Engineering and Construction in the sum of \$458,669.38 for the project erection and materials of the Quarry Substation of the Carlin Project be and the same is hereby accepted;

BE IT FURTHER RESOLVED: That the Contract documents for the Quarry Substation of the Carlin Project, designated as Project No. 105301 and herebefore described, wherein the contractor is Lamb Engineering and Construction, and the total contract price is \$458,669.38 be and the same are hereby approved; and

BE IT FURTHER RESOLVED: That the president or Vice-President of the Corporation and the Secretary are authorized to execute the Contract documents relating to the Quarry Substation of the Carlin Project and to execute any and all documents relating thereto or appropriate or necessary in the performance thereof."

IT WAS ON MOTION DULY MADE BY DIRECTOR JOE RIORDAN, SECONDED BY FERRIS BROUGH AND PASSED BY A VOTE OF 10 IN FAVOR AND NONE OPPOSED. (Resolution Attached)

Vernon Dalton reported on the Directors Conference to be held in Nashville, Tennessee. This meeting will be presented by NRECA on March 24th thru March 27th.

BPA IRRIGATION PROGRAM:

Dan Kessler informed the board that Bonneville Power Administration is again offering non-firm energy agreements to qualifying customers for irrigation loads, during the spring of 1985. We are eligible for two months of the program, the month of May seems most beneficial to our irrigators.

VERNON SCOTT MADE THE MOTION TO AGAIN OFFER THE IRRIGATION PROGRAM TO THE IRRIGATORS FOR THE MONTH OF MAY. FERRIS BROUGH SECONDED. MOTION CARRIED UNANIMOUSLY.

POWER SUPPLY:

Warren Linnell presented an operations and maintenance agreement of all substation equipment installed at Eight-Mile Creek and Humboldt Substation.

It was proposed that we sign the agreement stating we understand who owns, maintains and operates said equipment between BPA, Sierra Pacific and Wells Rural Electric Company.

LARRY BRADSHAW MADE THE MOTION TO SIGN THE CONTRACT AS PRESENTED. MARY WRIGHT SECONDED. MOTION CARRIED UNANIMOUSLY.

BOARD COMMITTEE REPORTS:

The Director Expense Committee met February 15, 1985. Ray Crawford, chairperson, reported that approximately \$65,000.00 was spent in 1984 and the budget for 1985 will be \$75,000.00.

The Finance Committee also met February 15, 1985. Vernon Scott, chairperson, reported on the S.C.A.D.A. Project. It was noted that six bids for the S.C.A.D.A. System Project had been opened on the 15th day of November 1984 and that the low bidder was The Tetragenics Company, in the sum of \$133,003.00. The contract documents have been assembled by the engineers. After a review of the contract documents, and a thorough discussion by staff and board members IT WAS ON MOTION DULY MADE BY DIRECTOR VERNON SCOTT, SECONDED BY DIRECTOR WANDA BORDEN AND PASSED BY A VOTE OF 10 IN FAVOR AND NONE OPPOSED AS FOLLOWS:

"RESOLVED: That subject to the approval of the Rural Electrification Administration, the bid of The Tetragenics Company in the sum of \$133,003.00 for the project installation and materials of the S.C.A.D.A. System Project be and the same is hereby accepted;

BE IT FURTHER RESOLVED: That the Contract documents for the S.C.A.D.A. System Project, designated as Project No. 105408 and herebefore described, wherein the contractor is the Tetragenics Company, and the total contract price is \$133,033.00 be and the same are hereby approved; and

BE IT FURTHER RESOLVED: That the President or Vice-President of the Corporation and the Secretary are authorized to execute the Contract documents relating to the S.C.A.D.A. System Project and to execute any and all documents relating thereto appropriate or necessary in the performance thereof." (Resolution Attached)

The S.C.A.D.A. System will allow Wells Rural Electric Company's operating personnel to operate and monitor all of its transmission on substation breakers from Wells Headquarters. It will cut down on

outage time and the time it takes to drive to the area having a problem.

PINE VALLEY SERVICE:

After some discussion IT WAS MOVED BY VERNON SCOTT THAT WE APPROVE THE RESOLUTIONS PRESENTED TO SERVE PINE VALLEY AND ACCEPT THE 2% LOAN FROM REA AND ALSO ACCEPT THE CONCURRENT 5% LOAN FOR THE REIMBURSEMENT OF THE CARLIN FACILITIES (70% REA, 30% CFC) WANDA BORDEN SECONDED, THE MOTION CARRIED UNANIMOUSLY. (Resolutions Attached)

A recess was called at 2:55 p.m.

Meeting called back to order at 3:10 p.m.

Vernon Scott commended Bill Parker and Roger Dickinson for volunteering to go down to Portola, California and help Plumas Sierra Coop. rebuild their distribution system. A heavy storm tore down approximately 200 poles, leaving some 4,500 consumers without power.

Warren Linnell reported the hire of three new employees, Bob Richardson as the line working foreman in Wendover, Chad Swett as second lineman in Wendover, and Kenny Schlect as Engineering Supervisor.

MEMBER SERVICES REPORT:

Don McDonald reported that a "Pump Efficiency Class" was going to be presented on Wednesday, February 20, 1985 at the Service Center. It is being offered to all irrigators and a light lunch will be served. The University of Nevada Reno extension service will be presenting the program.

McDonald also reported that a community meeting was held in the Ruby Valley area on February 12, 1985. All staff members attended, approximately 15 member/owners were also in attendance. There will be similar meetings in the Starr Valley and Jiggs-Lee areas the first week in March.

NEW MEMBERSHIPS:

RAY CRAWFORD MOVED TO ACCEPT 30 NEW MEMBERS: 16 IN WENDOVER, UTAH; 7 IN WENDOVER,, NEVADA; 5 IN CARLIN, NEVADA; AND 2 IN WELLS, NEVADA. LARRY BRADSHAW SECONDED. MOTION CARRIED UNANIMOUSLY.

NRECA ANNUAL MEETING:

The NRECA Annual meeting was held in New Orleans, Louisiana February 4th thru 6th. A brief report was given by those who attended. It was the consensus of all that the meetings were both beneficial and informative.

Vernon Dalton informed the board that Golden Gardener of Raft River Rural Electric Company had requested a meeting with their board. After discussion it was decided that Dalton would attend the meeting and report to the Board.

Dan Kessler informed the board of a NREA Meeting to be held at the Ormsby House in Carson City, February 25, 1985, the Legislators will be attending and it looks to be an interesting meeting.

MEETING ADJOURNED AT 4:05 P.M.

D. Vernon Dalton, President

Wanda Borden, Secretary