

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

March 22, 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 March 22, 1985 at 10:30 a.m. The meeting was 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, Don McDonald, Buddy Welsh and Terri Seal.

CORRECTION TO THE MINUTES

The minutes of the February 15, 1985 regular meeting will stand approved as written.

NEW OFFICE BUILDING

Mr. Bob Hope, Architect, and Mr. Bill Petty, Geothermal Engineer, attended the meeting.

Mr. Hope brought plans with him explaining the only change was the addition of a sprinkling system. This will save the company approximately half, on the cost of fire insurance. Mr. Hope also informed the board that it would take approximately 3-4 weeks before the plans would be finalized and ready to go to bid.

Mr. Petty explained the mechanics of the heating and cooling system that would be installed in the new building. The building will be heated predominantly with geothermal heating, incorporating the heat exchange abilities of heat pump technology. This type of technology will reduce heating costs approximately 2/3 from a similar sized building not using a geothermal heat source.

WANDA BORDEN MADE THE MOTION THAT THE PLANS FOR THE NEW BUILDING BE FINALIZED AND PUT OUT TO BID. VERNON SCOTT SECONDED, MOTION CARRIED UNANIMOUSLY.

Since the construction for the new building was approved, there was discussion of what to do with the existing building.

RAY CRAWFORD MADE THE MOTION TO HAVE THE EXISTING BUILDING APPRAISED AND PUT ON THE MARKET FOR SALE AT THE HIGHER APPRAISED FIGURE. FERRIS BROUGH SECONDED, MOTION CARRIED UNANIMOUSLY.

Meeting was recessed for lunch at 11:55 a.m.

Meeting was called back to order at 1:00 p.m.

WENDOVER LAND PURCHASE

We received the original recorded deed from Wendover Land Associates, Inc. and a copy of title insurance issued by Frontier Title Company.

The original title policy, and a map prepared by a surveyor have been forwarded to REA for their title approval.

MANAGER'S REPORT

Dan Kessler informed the board that the CFC short term line of credit will soon be up for renewal. After some discussion DIRECTOR JOE RIORDON MADE THE MOTION TO REQUEST A \$2 MILLION DOLLAR LINE OF CREDIT TO BE RENEWED AGAIN IN ONE YEAR. VERNON SCOTT SECONDED, MOTION CARRIED UNANIMOUSLY. (Resolution Follows)

The following is a true and correct excerpts form the minutes of a meeting of the Board of Directors of Wells Rural Electric Company (herein called the " Member") held March 22, 1985, as they appear in the Minutes Book of the Member, said resolutions duly adopted thereat; the meeting was duly and regularly called in accordance with the bylaws of the Member; the Agreement for a line of credit for short-term loans and the Note submitted herewith or to be submitted to CFC are or will be correct copies of these forms as presented to said meeting, the execution of which was authorized by the Board of Directors; and said resolutions have not been modified or rescinded:

The Board of Directors of Wells Rural Electric Company having been advised by its counsel that the Member legally constituted, is in compliance with all applicable statutory and other legal requirement and is in good standing, and that an application to be made to National Rural Utilities Cooperative Finance Corporation (CFC) for a line of credit for short-term loans and its approval by CFC, together with the execution of a Note or Notes as authorized by the Board and delivered for value, in the form of the Agreement and the Note presented at this meeting, will constitute valid and binding obligations of the Member, enforceable by and against the Member, in accordance with the terms of these documents;

RESOLVED, that the Member establish a line of credit and authorize short-term borrowing from the National Rural Utilities Cooperative Finance Corporation (CFC) in amounts which shall not at one time exceed in the aggregate \$2,000,000.00 for a term of not to exceed 12 months and at such interest rate or rates as shall be prescribed in the Note or Notes executed by and on behalf of the Member and delivered to CFC, the proceeds of such loan or loans to be used for proper corporate purposes and consistently with the requirements of outstanding security documents of the Member; and,

RESOLVED, that Daniel L. Kessler, Jr., General Manager of the Member be and is hereby authorized to execute, on behalf of the Member, an Agreement for a line of credit for short-term loans substantially in the form of the Agreement presented to this meeting, copy of which is attached hereto; to execute, in the name of the Member, a Note or Notes within the aggregate amount authorized by the foregoing resolution, substantially in the form of the note presented to this meeting, copy of which is attached hereto; to revise and modify said Agreement and said Note within the amount so authorized; and to supply such further documents as may be needed to comply with CFC requirements; and,

RESOLVED, that Daniel L. Kessler, Jr., General Manager is authorized on behalf of the Member to request and receive funds under such Note or Notes and is directed to deposit such funds in a bank account used for the general funds of the Member; and,

RESOLVED, that CFC is hereby authorized to review and to make copies of any documents, reports, contracts or other material submitted by the Member to the Rural Electrification Administration or any other governmental agency or body.

Kessler updated the board on the Bonnie Senhoff, right-of-way case. It seems we will, in fact, be going to court in this particular case. The court date is set for May 29, 30, and 31. James Copenhaver, Company Attorney, foresees no particular problems in the case.

The next item to come before the board was the 1984 write-offs of delinquent accounts. The amount of write-offs came to approximately 1/2 of 1% of the 1984 revenue. Kessler pointed out that a continuous effort would be made to collect on these bad debts, and a report on the collections will be brought to the board in approximately 6 months.

VERNON SCOTT MADE THE MOTION TO ALLOW THE WRITE-OFFS FOR 1984. RAY CRAWFORD SECONDED,, MOTION CARRIED UNANIMOUSLY.

Kessler reported on the annual audit done by Ernst & Whinney. The auditors had nothing but praise for the way things have been done. Everything seems in accordance with the standards. Jay Smith, auditor, will be here for the April board meeting to give his report to the directors in person.

It was reported that we have received word from REA that both the plans for the new building and the Humboldt land have been approved.

Kessler also reported that the Utah Public Service Commission has increased our allowable rate of return from 7% to 15%.

CARLIN GOLD PROJECT

The Carlin Gold Project is complete, as far as the Eight Mile Creek Substation, the Transmission Line, and The Carlin Substation. The only exception is the installation of the SCADA equipment.

The Quarry Substation is ready to start construction, and we are looking hopefully at a May 17th energization date.

The May Legislative Rally will be held in Washington, D.C., May 6th thru the 10th. Vernon Dalton pointed out the importance of the rally and our representation to it. Tentatively scheduled to attend are Vernon Dalton, Daryl Eriksen, Lois Nannini and Dan Kessler.

BPA IRRIGATION PROGRAM

Dan Kessler reported that the contracts from BPA had not yet arrived. Since the board previously approved the program it was the consensus that the officers of the board sign the contracts when they do arrive.

COMMITTEE REPORTS

The next business to come before the meeting concerned the amendment of Rule No. 9 in several respects to (a) to provide for the classification of street lighting extensions, (b) to provide payment of refunds or credits to applicants who pay the cost of facilities but are not the ultimate consumers, and (c) to make it a clear policy of the company that third parties have the right to build and provide line extensions and facilities. After a full discussion of the matter and upon the advice of counsel, and staff, it was MOVED BY DIRECTOR JOE RIORDAN, SECONDED BY DIRECTOR CLAUDIA WINES AND UNANIMOUSLY PASSED AS FOLLOWS: (Exhibit II)

RESOLVED: That Subparagraph I of Paragraph E of Rule 9 be amended by adding thereto the following: "Extensions and facilities for street lighting shall be classified and provided on the basis of an 'Indeterminate' load."

RESOLVED: That Paragraph A of Rule No. 9 be amended by adding thereto the following subparagraphs:

6. In instances where the applicant for a line extension or other electric facilities (herein "facilities") is not the ultimate consumer or user, (such as a contractor or developer) and to the extent that said applicant pays the costs and expenses of the facilities pursuant to this rule, said applicant shall be entitled to receive any refunds or credits payable, based on use of the facilities by the consumers, to be paid on an annual or a monthly basis, at the option of the Utility.

7. The Utility shall not exercise any exclusive or preferential right or receive any preferential right or benefit in the planning and construction of any line extensions or other electric facilities (herein "facilities") to be used to serve new loads. Third parties shall have the right to plan and construct electric facilities, and the same will be served by the Utility, provided that:

1. The facilities are totally located within the certificated service area of the Utility;
2. The Utility has the opportunity to fully inspect and approve the plans, design and construction of the facilities;
3. The facilities are planned, designed and constructed in accordance with the National Electric Code, the requirements of the Rural Electrification Administration and the requirements of the Utility;
4. Title to the facilities and necessary rights of way are conveyed to the Utility, free and clear of liens or encumbrances; and
5. There is paid in advance to the Utility, an amount to be determined by the Utility, to defray all costs that may be incurred by the Utility, including but not limited to substation charges, engineering costs, inspection costs, legal costs and other expenses relating to the project.

Dan Kessler reported that Mr. Khos Semnani had requested that his substation charge be deferred and taken out of his usage credits.

JOE RIORDAN MOVED TO DENY MR. SEMNANI'S REQUEST. DARYL ERIKSEN SECONDED, MOTION CARRIED UNANIMOUSLY.

Vernon Scott, Financial Advisory Committee Chairman, reported the committee had met and discussed the new computer system, to be installed in the new office building. A cost sheet was passed out to the board for inspection. Buddy Welsh explained the present system and the advantages of having an "in-house" Caps system. After discussion it was MOVED BY DIRECTOR VERNON SCOTT TO APPROVE THE CAPS SYSTEM AS PRESENTED. DARYL ERIKSEN SECONDED, MOTION CARRIED UNANIMOUSLY.

PINE VALLEY

The board was presented a study concerning the concept of minimum bills for the Pine Valley Consumers. After discussion of the options and on recommendation of the Financial Advisory Committee. VERNON SCOTT MOVED TO ESTABLISH A RESIDENTIAL MINIMUM OF \$125.00 PER MONTH AND IRRIGATION MINIMUM OF \$500.00 PER MONTH. WANDA BORDEN SECONDED, MOTION CARRIED UNANIMOUSLY.

The next item to come before the board was a request from the operations department for the addition of \$1,050.00 to the budget for the purchase of an electronic meter programmer. Warren

Linnell explained the capabilities of the programmer and the advantages the electronic meters have over the mechanical meters.

IT WAS ON MOTION DULY MADE BY DIRECTOR DARYL ERIKSEN TO APPROVE THE \$1,050.00 TO THE BUDGET. VERNON SCOTT SECONDED, MOTION CARRIED UNANIMOUSLY.

Linnell also reported that during the budgeting process the original estimate from A.B. Chance, for 138 KV Hot Sticks and equipment, contained some extension errors that were not caught until now. The operations department requested an additional \$3,300.00 to cover this.

VERNON SCOTT MADE THE MOTION TO AUGMENT THE BUDGET FOR \$3,300.00 FOR THE 138 KV HOT STICK EQUIPMENT. LOIS NANNINI SECONDED, MOTION CARRIED UNANIMOUSLY.

Vernon Scott reported the Financial Advisory Committee had discussed furniture and telephone equipment needed for the newly remodeled office in Wendover.

After discussion and on recommendation of the Financial Advisory Committee DIRECTOR VERNON SCOTT MOVED TO ADD AN ADDITIONAL \$4,200.00 TO THE BUDGET FOR WENDOVER OFFICE FURNITURE AND EQUIPMENT. DARYL ERIKSEN SECONDED, MOTION CARRIED UNANIMOUSLY.

Warren Linnell reported that Lonnie Abbott has been chosen as the new Staking Engineer and will take over those duties effective April 1, 1985.

A short recess was called at 2:45 p.m.

Meeting resumed at 2:55 p.m.

Dan Kessler reported that the outages have been cut down considerably. In 1983 we averaged approximately 14 hours per consumer, in 1984 it has been cut down to approximately 6 hours per consumer. Commendation goes to all who have attributed to this improvement.

MEMBER SERVICES REPORT

Don McDonald reported and explained to the board about the "Super Good Cents Program" offered by BPA and SEI. The program is aimed at new homes being built with optimum levels of insulation and should use approximately 1/3 the energy of conventionally built homes.

It was proposed that we sign up for the "Super Good Cents Program" so we could assist builders and consumers construct more energy efficient homes. It would also help keep us in compliance with the conservation standards set by the Power Planning Council.

After much discussion FERRIS BROUGH MADE THE MOTION TO PARTICIPATE IN THE SUPER GOOD CENTS PROGRAM. JOE RIORDAN SECONDED, MOTION CARRIED 9 IN FAVOR AND 1 OPPOSED.

NEW MEMBERSHIPS

DARYL ERIKSEN MOVED TO ACCEPT 78 NEW MEMBERS: 35 IN WENDOVER, UTAH: 26 IN WENDOVER, NEVADA: 11 IN CARLIN, NEVADA: AND 6 IN WELLS, NEVADA. VERNON SCOTT SECONDED, MOTION CARRIED UNANIMOUSLY.

MEETING ADJOURNED AT 3:25 p.m.

D. Vernon Dalton, President

Wanda Borden, Secretary