

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

July 19, 1985

The regular meeting Of the Board of Directors of Wells Rural Electric Company was held at the Wells office and called to order July 19, 1985 at 1:15 p.m. The meeting was presided over by President Vernon Dalton.

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

Wanda Borden and Lois Nannini were not present.

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

There were three guests present.

APPROVAL OF THE MINUTES:

The minutes of the Special Meeting held June 18, 1985 will stand approved as written.

ADDITIONS TO THE AGENDA:

Joe Riordan asked that a discussion on the Wilderness Program be added to the agenda.

Vernon Dalton asked that Frank Hooper's offer to purchase the small hydro be added.

Vernon Dalton welcomed the guests to the meeting.

NEW OFFICE BUILDING:

Dan Kessler reported that official confirmation from REA had not been received for the contract approvals on the New Building or the Geothermal Well Drilling. We have received all of our documentation back from REA. They informed us an Environmental Assessment was required. Dennis Rankin informed us only a letter from the Nevada Historic Society, stating there are no artifacts on the land, was required. We will be mailing the information to REA as soon as this letter is received. REA has had some personnel changes in their organization and apologized for the delay.

MANAGER'S REPORT:

SB 490:

A letter was sent to Mr. Bob Laffel regarding SB 490 and the potential electrical generating facility at Thousand Springs. Mr. Laffel appreciated the information and stated the possibility of negotiations when we know more about the project.

Rate Information Meetings:

Dan Kessler reported the staff held community meetings July 15th through July 18th to explain the rate increase and class deficits. Participation from consumers was fair, to poor.

PSC Approval:

The Public Service Commission of Nevada has approved our application to serve Pine Valley. We had to supply them new tariffs showing the service area and a new legal description, we should soon receive the certificate.

Wendover Storage Lease:

Warren Linnell reported that the current store yard in Wendover was too small to properly store all outside materials. He proposed we enter into a year to year lease with the City of Wendover for a 255' x 100' fenced area located on the Wendover Air Base. The cost would be approximately \$190.00 per month.

Linnell also stated that accreditation could not be obtained through the NRECA Accreditation Safety Program because of the

crowded storage.

MANAGER'S REPORT (cont.

After a thorough discussion VERNON SCOTT MADE THE MOTION TO ACCEPT THE PROPOSAL TO ENTER INTO A YEAR TO YEAR LEASE WITH THE CITY OF WENDOVER FOR STORAGE SPACE ON THE WENDOVER AIR BASE FOR APPROXIMATELY \$190.00 A MONTH. LARRY BRADSHAW SECONDED. MOTION CARRIED UNANIMOUSLY.

Table of Organization Chart:

Dan Kessler asked the board to consider a title modification in the Table of Organization. He stated, with the tremendous growth, there may be a need for additional help in the Administrative and Member Services Departments. The change would also be more consistent with the other departments.

MARY WRIGHT MADE THE MOTION TO MODIFY THE TABLE OF ORGANIZATION, CHANGING THE TITLE OF ADMINISTRATIVE ASSISTANT TO MANAGER OF ADMINISTRATIVE SERVICES AND MEMBER SERVICES DIRECTOR TO MANAGER OF MEMBER SERVICES. FERRIS BROUGH SECONDED. MOTION CARRIED UNANIMOUSLY.

REA TIER:

Dan Kessler reported that REA had recently written to us with a concern about our TIER. We had a year-end TIER in 1982 of 5.36, and 4.33 in 1983 but it dropped to 2.61 in 1984. They were concerned that we may have financial problems responsible for the TIER decline. Kessler wrote back to Mr. Alex Cockey, Chief of Operations for Western Area and explained that we deliberately planned to reduce the high level TIER we have had, and that the financial forecast we sent to them in June 1984 showed TIER levels of 3.0 for the next 10 years. Our TIER at March Form 7 has already gone back up to 2.9.

Geothermal Capacity:

Dan Kessler reported a recent discussion with Mr. Bill Petty of Petty and Associates indicating that the peak - heating demand at the new building would be higher than the .156 cfs/70 g.p.m. that was originally applied for and granted. We have submitted application to amend the original amount and the Division of Water Resources said they see no problems with the increase to meet peak demand.

Wind Turbine Generator Sites:

Dan Kessler informed the board that efforts regarding data collection for potential Wind Turbine Generator sites are proving quite successful. There are really only two sites with enough potential in our system: The Pequop Summit site was estimated that 79 turbines could be installed for a total capacity of 19.75 MW, and the Wells West estimated that 65 turbines could be installed for capacity of 16.25 MW. The potential to generate a significant amount of electricity is there, but at this time the costs are prohibitive when compared to the hydro source. This may not always be the case which is why we will continue the wind data collection program.

Sante Fe Railroad Easement:

Warren Linnell reported a letter had been received from Bob Vaughan stating a problem with the right of way easement with Santa Fe Pacific Realty Corporation (SFPRC) for the Pine Valley Project. They are offering the easement on an annual rental of \$1,135.00 which could be terminated on 15 days notice. Bob Vaughan suggested not to consider SFPRC's easement, but offer them an easement of our own and if not accepted file for a right of entry.

After a thorough discussion VERNON SCOTT MADE THE MOTION TO ACCEPT BOB VAUGHAN'S SUGGESTION AND OFFER SFPRC AN EASEMENT OF \$781.501 IF NOT ACCEPTED THEN FILE FOR A RIGHT OF ENTRY. CLAUDIA WINES SECONDED. MOTION CARRIED UNANIMOUSLY.

Telecommunications:

A report was given by both Dan Kessler and Daryl Eriksen on the telecommunications workshops they had attended. It was suggested that a random survey be done pertaining exclusively on telecommunications.

After a thorough discussion CLAUDIA WINES MADE THE MOTION THAT IF THE PRESENT MEMBER SURVEY PROVED FAVORABLE TOWARD TELECOMMUNICATIONS, THAT THE STAFF BE AUTHORIZED TO DO A FEASIBILITY STUDY AND COMPILE A RANDOM SURVEY. DARYL ERIKSEN SECONDED. MOTION CARRIED UNANIMOUSLY.

WPPS UPDATE:

Kessler reported that efforts have increased to reach a settlement in the BPA/WPPS matter. Bob Vaughan recently attended a meeting on this subject and will be sending the board an update.

PINE VALLEY SERVICE:

Dan Kessler reported that official approval of the 2% loan from REA had not been received. As soon as financing is available the project will continue as scheduled.

BOARD COMMITTEE REPORTS:

Policy Committee Report:

The Policy Committee met before the board meeting to discuss proposed policy and rule changes, which are as follows:

Liability Policy No. 1-2:

DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON POLICY NO. 1-2, WHICH PERTAINS TO ENFORCEMENT AND PENALTIES, BE ADOPTED AS A CHANGE IN SAID POLICY. A COPY OF THE RECOMMENDATION OF THE POLICY COMMITTEE ON POLICY NO. 1-21 IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR CLAUDIA WINES AND PASSED UNANIMOUSLY.

Rule Changes:

RULE # 9: DIRECTOR JOE RIORDAN MOVED THAT RULE NO. 9, LINE EXTENSIONS, AS RECOMMENDED BY THE POLICY COMMITTEE, BE ADOPTED IN ITS ENTIRETY. A COPY OF SAID RULE NO. 9 SHALL BE ATTACHED TO THE MINUTES. THE MOTION WAS SECONDED BY DIRECTOR DARYL ERIKSEN AND PASSED UNANIMOUSLY.

RULE # 10: DIRECTOR JOE RIORDAN MOVED THAT RULE NO. 10, PCB ACCIDENT AND SPILL, AS RECOMMENDED BY THE POLICY COMMITTEE BE ADOPTED IN ITS ENTIRETY. A COPY OF SAID RULE NO. 10 SHALL BE ATTACHED TO THE MINUTES. THE MOTION WAS SECONDED BY DIRECTOR VERNON SCOTT AND PASSED UNANIMOUSLY.

RULE # 11: DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 11, WHICH PERTAINS TO INTERRUPTION OF SERVICE, BE ADOPTED AS CHANGES IN SAID RULE. A COPY OF THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 11, IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR CLAUDIA WINES AND PASSED UNANIMOUSLY.

RULE # 16: DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 16, WHICH PERTAINS TO SERVICE CONNECTIONS, METERS AND CUSTOMER'S FACILITIES, BE ADOPTED AS CHANGES IN SAID RULE. A COPY OF THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 16, IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR DARYL ERIKSEN AND PASSED UNANIMOUSLY.

RULE # 17: DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE No. 17, WHICH PERTAINS TO METER TESTS AND ADJUSTMENT OF BILLS FOR METER ERROR, BE ADOPTED AS CHANGES IN SAID RULE. A COPY OF THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO 17, IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR MARY WRIGHT AND PASSED UNANIMOUSLY.

RULE # 20: DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 20, WHICH PERTAINS TO MOBILE HOMES, TRAILER HOUSES AND TRAILER COURTS, BE ADOPTED AS CHANGES IN SAID POLICY. A COPY OF THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 20, IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR CLAUDIA WINES AND PASSED UNANIMOUSLY.

RULE # 21: DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 21, WHICH PERTAINS TO MEMBERSHIPS, BE ADOPTED AS A CHANGE IN SAID RULE. A

COPY OF THE RECOMMENDATION OF THE POLICY COMMITTEE ON RULE NO. 21, IS TO BE ATTACHED TO THE MINUTES OF THE MEETING. THE MOTION WAS SECONDED BY DIRECTOR MARY WRIGHT AND PASSED UNANIMOUSLY.

RULE # 22: DIRECTOR JOE RIORDAN MOVED THAT THE RECOMMENDATIONS OF THE POLICY COMMITTEE ON RULE NO. 22, WHICH PERTAINS TO NONESSENTIAL EXTERIOR LIGHTING BE DELETED AND RESERVED FOR FUTURE USE. THE MOTION WAS SECONDED BY DIRECTOR FERRIS BROUGH AND PASSED UNANIMOUSLY.

Financial Advisory Committee Report:

Vernon Scott reported that the committee had met with Carl Slagowsky and Dominic Peretti from Pine Valley. They proposed that

Wells Rural purchase their telephone system, Pine Valley Telephone Association, for \$100,000.00. This would be the approximate cost to install phone service on the electric lines.

After a thorough discussion VERNON SCOTT MADE THE MOTION TO AUTHORIZE THE STAFF TO RESEARCH THE POSSIBILITY OF GETTING PHONE SERVICE, ON OUR POWER LINES, INTO PINE VALLEY. THE MOTION WAS SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY.

Quarterly Budget:

It was brought to the boards attention that until the Financial Forecast, Cost of Service Study and rate increase were discussed, the quarterly budget would not be complete. Vernon Dalton suggested that a Special Meeting be called to go over the quarterly budget.

After some discussion FERRIS BROUGH MADE THE MOTION THAT A SPECIAL MEETING BE CALLED ON WEDNESDAY, AUGUST 7, 1985 AT 1:00 O'CLOCK P.M. TO DISCUSS THE QUARTERLY BUDGET. THE MOTION WAS SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY.

A short recess was called at 3:05 p.m.

Called back to order at 3:25 p.m.

Financial Forecast:

Clay Fitch presented the 10 year (1984-1994) Financial Forecast. A printout of the forecast was distributed to the board. A detailed explanation of figures, and percentages was given. A thorough discussion followed.

Construction Work Plan:

Warren Linnell presented the two (2) year construction work plan. He explained that approximately 90% of the work would be done by our own construction crews.

Cost of Service Study:

Clay Fitch explained the Cost of Service Study in detail. Based on this study two (2) options for the 27 month rate increase were purposed. Vernon Dalton asked for the staffs recommendation.

After a thorough discussion VERNON SCOTT MADE THE MOTION TO ACCEPT THE RECOMMENDATION OF THE STAFF FOR RATE INCREASES FOR THE NEXT 27 MONTHS, WHICH ARE: RURAL RESIDENTIAL 5.35%; VILLAGE RESIDENTIAL 5.35%; SMALL COMMERCIAL 8.5%; LARGE POWER (50-350 KVA)(IRRIGATION) 9.0%; LARGE POWER (350 KVA AND ABOVE) 12.5%. VERNON DALTON SECONDED, MOTION PASSED WITH A VOTE OF 8 IN FAVOR AND NONE OPPOSED. DARYL ERIKSEN ABSTAINED.

HYDRO REPORT:

Warren Linnell reported that Gene Supp had located the rock that had been blocking the pipe. It has been removed and the hydro is working at full capacity.

MEMBER SERVICES REPORT:

Dan Kessler informed the board that July 30th, 6:00 p.m., had tentatively been set for the Staff, and AWARE group to meet and review the member survey's. Kessler requested that one of the board committees also be present. It was decided the Member Relations Committee would attend.

NEW MEMBERSHIPS:

DARYL ERIKSEN MADE THE MOTION TO ACCEPT 72 NEW MEMBERS: 11 IN WELLS, NEVADA; 19 IN CARLIN, NEVADA; 14 IN WENDOVER, UTAH; AND 28 IN WENDOVER, NEVADA. LARRY BRADSHAW SECONDED, MOTION PASSED UNANIMOUSLY.

WILDERNESS PROGRAM:

Joe Riordan informed the board that some members of Farm Bureau had met to discuss the proposed Wilderness Bill. He explained that each state must have a certain amount of designated wilderness area. Riordan stated that there is a proposal to extend the wilderness at Jarbridge, which would give the state of Nevada enough wilderness area. There has been some discussion to declare the Ruby Mountains as a wilderness area. Riordan proposed Wells Rural endorse the Senate Bill introduced by Senators Chic Hecht and Paul Laxalt, and a similar House Bill introduced by Congressman Barbara Vucanovich.

After a thorough discussion A MOTION WAS MADE BY DIRECTOR JOE RIORDAN THAT THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY DOES ENDORSE THE SENATE BILL ON WILDERNESS INTRODUCED BY SENATORS CHIC HECHT AND PAUL LAXALT; AND THAT A SIMILAR HOUSE BILL (NO. HR1656) INTRODUCED BY CONGRESSMAN BARBARA VUCANOVICH. WE ALSO ASK OUR CONGRESSIONAL DELEGATION TO WARD OFF ANY AND ALL ATTEMPTS TO INCLUDE THE RUBY MOUNTAINS (IN WHOLE OR IN PART) INTO A DESIGNATED WILDERNESS AREA. MOTION SECONDED BY CLAUDIA WINES. THE MOTION PASSED 7 IN FAVOR AND MARY WRIGHT OPPOSED.

HYDRO SALE - FRANK HOOPER:

Vernon Dalton informed the Board that Frank Hooper had asked him to present his proposal to purchase the small hydro located on the U-3 Ranch property. Mr. Hooper would like to buy the hydro for \$100,000.00, then donate it back to us. He owns a hydro and would like to put it on that site to use at his discretion.

After some discussion DARYL ERIKSEN MADE THE MOTION TO DECLINE MR. HOOPER'S OFFER. FERRIS BROUGH SECONDED. MOTION PASSED UNANIMOUSLY.

MEETING ADJOURNED AT 4:55 P.M.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY