

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

**October 18, 1985**

The regular meeting of the Board of Directors of Wells Rural Electric Company was held at the Wells office and called to order on September 19, 1985 at 1:00 o'clock p.m., pursuant to resolution of the board of directors. 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, Vernon Scott, Leslie Sharp, Claudia Wines, and Mary Wright.

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

## APPROVAL OF THE MINUTES:

The minutes of the regular meeting held September 19, 1985 and the minutes of the [Special Meeting](#) held September 25, 1985 will stand approved as written.

## ADDITIONS TO THE AGENDA:

Dan Kessler asked that a presentation on the hydro generating facility on Trout Creek be added. Also a short video presentation on the SCADA System.

Claudia Wines stated she would like to go to South Dakota to the 500.2 School the first part of November. As there were no objections she will be attending the required school.

## NEW OFFICE BUILDING:

Dan Kessler reported the new office building is progressing quite well. The concrete for the back parking lot, footings and curbs has been poured. It is expected that in approximately 2 weeks the structural steel will be put up, followed by the precast concrete walls.

Mr. Allen Trevino, President of Kerbs Construction, has requested a change order of \$20,000.00 to cover additional expenses due to the late start. Mr. Bob Hope does not approve of this request but does approve a \$3560.00 change order to provide hot water for the cement. Kerbs Construction was informed, that in the future, any change order requests must be itemized before consideration.

After a thorough discussion VERNON SCOTT MADE THE MOTION TO ISSUE A CHANGE ORDER TO KERBS CONSTRUCTION FOR \$3560.00 TO FURNISH HOT WATER FOR THE CEMENT, TO EXPEDITE ITS FINISHING. RAY CRAWFORD SECONDED. AFTER FURTHER DISCUSSION MOTION FAILED.

## Geothermal Well:

Kessler reported the well is cased at 795 feet. Dale Bugenig, Hydrologist, feels that is deep enough. Ray Reynolds, Driller, has requested a 15 day extension on his contract, due to delays in obtaining materials. There would be no additional cost involved, it would change the finish date to October 31st. Mr. Bugenig approves of the extension.

DARYL ERIKSEN MADE THE MOTION TO GIVE RAY REYNOLDS DRILLING A 15 DAY EXTENSION AS REQUESTED. FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY.

## Samples:

Bob Hope was here on October 9th and brought some carpet, wall covering, and simulated wood samples for the board to examine to decorate the board room and the corridors.

After a thorough discussion FERRIS BROUGH MADE THE MOTION TO LET THE LADIES MAKE THE DECORATING DECISIONS. LESLIE SHARP SECONDED, MOTION FAILED.

It was the consensus of the board that more samples were needed before a decision could be reached. It was suggested that Mr. Hope be contacted, set up a meeting with the Building Committee to exhibit his ideas and recommendations.

## MANAGER'S REPORT:

#### Manager's Appraisal:

Vernon Dalton suggested that the Manager's Appraisal be postponed until the November meeting. This would give the Manager's Appraisal Committee time to compile an evaluation format. It was also suggested that the entire board participate in the evaluation of the Manager.

WANDA BORDEN MADE THE MOTION THAT THE MANAGER'S APPRAISAL COMMITTEE COMPILE A MANAGER'S APPRAISAL EVALUATION FORMAT, IF THE BOARD APPROVES OF THE FORMAT, THEN THE ENTIRE BOARD WILL DO THE EVALUATION OF THE MANAGER. CLAUDIA WINES SECONDED, MOTION PASSED UNANIMOUSLY.

#### Directors Expense:

A letter has been written to REA regarding the increase in Director Expense's which was approved at the last meeting. This is necessary according to our REA/CFC Mortgage, Loan Agreement; Chapter 2, Section 11, which requires their approval of any change in fees.

#### BPA Customer Meeting:

Bonneville Power Administration has scheduled a Customer Meeting on November 1st at the Burley Inn, in Burley, Idaho. They will discuss the latest information on issues and programs effecting utilities in the Northwest and the challenges we face. Dan Kessler informed the board if anyone would like to attend, travel arrangements would be provided.

#### Bonnie Sennoff:

Kessler reported that notification on the Bonnie Sennoff case had been received. We had settled the right-of-way problem with her in May, but she wanted us to pay her attorney fees. Judge McDaniel (Fourth Judicial District Court) issued an Order Denying Motion for Award of Attorney Fees.

#### Energy Assistance Programs:

The State of Nevada and the State of Utah are offering programs aimed at providing assistance to low-income households to help them meet the cost of home energy. We make potential qualifiers (must be at 150% of poverty level) aware of the programs and who to contact. Payments are sent to us monthly by these departments (\$150.00 maximum) to assist in paying qualifiers bills. Utah legislation prohibits shut-offs from November through April of each year, so this gives us an opportunity to collect some money during this period that we might not otherwise be able to.

#### Cash Investments:

Kessler reported that during the month of September we invested \$350,000.00 at 7.75% for 5 days which earned \$371.58. In October investments of \$220,000.00 and \$240,000.00 for a total of \$641.33 earned interest. Total earned interest from investments to date is approximately \$2,000.00.

Ed Spencer, CFC, is sending a copy of an investment policy for consideration. Vernon Dalton suggested NRECA also be contacted for information concerning an investment policy.

#### Capital Credits:

Dan Kessler reported that a decision to pay 1985 capital credits should be made. Approximately \$150,000.00, which is 25% of the 1984 margins, would be the amount to be paid out. This would include approximately 50% of 1967, all of 1968, all of 1969 and approximately 33% of 1970, bringing the rotation cycle up to 15 years.

VERNON SCOTT MADE THE MOTION TO PAY BACK 25% OF THE 1984 MARGINS IN CAPITAL CREDITS FOR 1985. MARY WRIGHT SECONDED, MOTION PASSED UNANIMOUSLY.

Vernon Dalton suggested a study be made by the staff on: A percentage payback method, a first in, first out method, a combination of a portion of capital returned under the first in, first out method, and the remaining portion returned under the percentage method using a 10 and 15 year rotation.

#### L-6 Loan:

A report on available loan funds for construction was distributed. Howard Stanley, REA, recommends that the funds remaining under the transmission purpose and the distribution purpose of our current loan package be transferred to the current two year work plan, rather than apply for a new loan at this time.

It was the consensus of the board to transfer the funds that are available rather than apply for the L-6 Loan.

Marketing Program:

A general outline of a marketing program was distributed describing objectives, goals, plan of action and the implementation of six marketing programs: 1) Member Information; 2) Residential Energy Assistance; 3) Commercial Energy Consultation; 4) Irrigation Efficiency; 5) Water Heater Rebate; 6) Heat Pump.

More information and research will be done on advertising, expenses, savings, etc., and presented to the board at a later date.

ACRE:

Dan Kessler informed the board that it was time for 1986 ACRE enrollment. He stated that payroll deduction would not be available, which may effect employee participation. Each membership must be paid individually to ACRE, payment can not be paid through the company.

Vernon Dalton and Dan Kessler further explained what ACRE represents, both on the National and Statewide basis.

Collections:

Kessler updated the board on collections. 13 door knockers were hung in Wells, and several in Wendover. (Exact number in Wendover was not available) Wells amounted to \$1371.00, all 13 paid - plus a \$20.00 collection fee - no disconnects.

Lynn Brodsho, collections officer, appeared in small claims court last week with 15 affidavits for collection. All but 3 appeared making arrangements to pay a total of \$3,321.00. There were also 12 bad debts, which were written off last year, that have been contacted to appear in court in an attempt to collect an additional \$3,625.00. Kessler complimented Lynn Brodsho for the excellent job she has been doing.

Kessler informed the board that negotiations to collect an approximately \$21,000.00 irrigation bad debt account had been reached. The individual has agreed to pay a certain amount each month, with balloon payments whenever possible. Kessler asked for concurrence from the board on the collection of this account. As there were no objections this account will be handled in the manner stated above.

A short recess was called at 2:40 p.m. Called back to order at 2:50 p.m.

Trout Creek - Hydro:

Don McDonald gave a presentation regarding the possibility of a similar sized hydro generating facility adjacent to the present hydro on Trout Creek. It was asked that more information be acquired into the possibility of us selling the excess power that would be generated. WREC has filed a protest on the water right permit filed on the additional water at Trout Creek. An investigator from the State Engineers Office will be here in December to review the application.

After a thorough discussion IT WAS ON MOTION BY DIRECTOR FERRIS BROUGH THAT APPLICATION BE FILED FOR THE EXTRA 7 CUBIC FEET PER SECOND OF EXCESS WATER ON TROUT CREEK FOR HYDRO GENERATION PURPOSES. WANDA BORDEN SECONDED, MOTION PASSED UNANIMOUSLY.

TELECOMMUNICATIONS:

Kessler reported that Mr. John Hutts, of Southern Engineering called to say that the full study (which they recommend) will now cost between \$6,000.00 - \$8,000.00 instead of the \$3,000.00 originally quoted. Meanwhile we received a letter from Mr. James Vann, Chairman, of the NRECA/CFC National Rural Telecommunications Council. The Council has set goals,

structure, and timetables for work in support of the rural electric's interests in this field. They will complete work on development of priority areas by Mid-October. As packages on organization, member information, marketing, bylaws, accounting systems, etc. are completed they will be available to the member systems. The target date for completion of all projects and a final report of the Council is March 1986.

After a thorough discussion IT WAS ON MOTION BY DARYL ERIKSEN THAT THE \$3,000.00 ALLOCATED, AT THE LAST BOARD MEETING, TO PAY SOUTHERN ENGINEERING FOR A FEASIBILITY STUDY AND RANDOM SURVEY BE RESCINDED. MARY WRIGHT SECONDED, MOTION PASSED UNANIMOUSLY.

WPPSS:

Kessler reported that a letter had been received from Bob Vaughan stating that we are opposing the settlement of WPPSS #3/BPA at

this time. He will continue to update any new information.

#### PINE VALLEY SERVICE:

Kessler informed the board that all the necessary Contract Documents, Resolution, and Certificates had been sent to REA for their approval.

The contractors are mobilizing and have already started to distribute poles. Construction of structures will begin as soon as sufficient materials arrive which anticipated to be the week of October 21st.

Kessler reported that he had met with Mr. Tom Hoy, NRECA, and had taken him on a tour of Pine Valley. He was very impressed and said that several national media coverage organizations would be contacted to promote the project. Hopefully, a Christmas cover story "Last Christmas Without Electricity" or something similar. Dan Kessler will additionally contact all area and state media representatives.

#### Power Line Carrier Phone:

Ken Schlecht reported on a meeting with Ken Holt, CP National. Mr. Holt felt the only feasible phone system for Pine Valley would be the Power Line Carrier System, which would cost approximately \$100,000.00. He stated that CP National did not want to get involved other than selling the materials and help with installation. Consequently, the Pine Valley Phone Association will have to find some way to finance the project.

It was suggested that REA be contacted about a loan for this system, and the Public Service Commission to see if CP National can actually refuse to serve the residents of Pine Valley.

#### POWER SUPPLY:

Dan Kessler reported that a new system peak of 24.9 MW had been reached in September. We had a load factor in Wendover of 80% and a 77% load factor in the Carlin and Wells area.

#### BOARD COMMITTEE REPORTS:

##### Policy Committee:

Mary Wright, chairperson, reported that the policy committee had met to review the Statement of Ideals, Statement of Beliefs, and Policies 1-1 through 1-7.

After a review of each change MARY WRIGHT MADE THE MOTION TO ACCEPT THE CHANGES AS PRESENTED, WITH THE EXCEPTION OF POLICY 1-5. CLAUDIA WINES SECONDED, MOTION PASSED UNANIMOUSLY. ( A copy of the changes are attached to the minutes).

An in depth discussion was held on Policy 1-5, regarding board meetings date, time and location.

CLAUDIA WINES MADE THE MOTION THAT THE DAY BE CHANGED TO THE THIRD THURSDAY OF EACH MONTH. MOTION DIED FOR LACK OF A SECOND.

After full consideration and discussion thereon of the changes in Policy 1-5 and the Amendment to the By-Laws, which would specify the date, time and place of regular meetings of the Board of Directors, IT WAS MOVED BY DIRECTOR MARY WRIGHT, SECONDED BY DIRECTOR VERNON SCOTT, AND PASSED BY A VOTE OF 10 IN FAVOR AND NONE OPPOSED AS FOLLOWS: (Wording provided by Mr. Bob Vaughan, Company Attorney).

RESOLVED: That ARTICLE III, MEMBERS, Section 3. Regular Meetings, be amended to read and provide as follows:

"Section 3. Regular Meetings. A regular meeting of the Board of Directors shall be held, without further notice than this by-law, except as hereinafter provided as to the place, at 9:00 o'clock A.M., Pacific Time, on the third Friday of each month of each year. The meetings shall be held at the company offices at Wells, Nevada; Carlin, Nevada; Wendover, Nevada or Wendover, Utah, depending upon the state in which the offices are located, and the meetings shall be at Wells, Nevada, unless notice of a different place of meeting is mailed to the directors at least five (5) days prior to the date of the meeting. The Board of Directors may also provide, by resolution, the date, time and place, either within or without the State of Nevada or Utah, for the holding of additional regular meetings, without other notice than such resolutions." (Amended 10/18/85).

A short recess was called at 4:50 p.m. Called back to order at 5:00 p.m.

#### SAFETY REPORT:

Claudia Wines reported that she had spoken with Mike Braun, a former WREC employee, he commented on what an outstanding safety program we had.

#### ENGINEERING AND OPERATIONS REPORT:

A short video presentation was given on the Supervisory Control and Data Acquisition (SCADA) equipment installed in our system. The presentation was given by Jack Dunn of Tetragenics, who was here on September 30th to demonstrate the system to the employees. Dan Kessler thanked Ken Schlecht and Lonnie Abbott for getting the presentation on film for the board, as everyone was at the Region IX meeting in Lake Tahoe.

At the present time the Tacoma and Quarry Substations are on line and anticipate West Wendover, West Wells and Carlin to be added to the system by the end of next week.

#### OUTAGE REPORT:

Claudia Wines reported an outage between 1st and 15th of September at approximately 9:30 p.m. until about 3:00 a.m., that was not included in the outage report. Warren Linnell said he would investigate and report back to the board.

#### Average Rate:

A breakdown of the Average Rate of .056 was distributed showing detailed expenses, contributing to the rate.

#### NEW MEMBERSHIPS:

VERNON SCOTT MADE THE MOTION TO ACCEPT 69 NEW MEMBERS: 39 IN WELLS, NEVADA; 6 IN CARLIN, NEVADA; 10 IN WENDOVER, UTAH; AND 14 IN WENDOVER, NEVADA. DARYL ERIKSEN SECONDED, MOTION PASSED UNANIMOUSLY.

MEETING ADJOURNED AT 5:20 P.M.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN SECRETARY