

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

**December 20, 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 December 20, 1985 at 9:00 A.M. The meeting was presided over by President Vernon Dalton.

Directors present were Larry Bradshaw, Ferris Brough, Ray Crawford, Vernon Dalton, Daryl Eriksen, Lois Nannini, Vernon Scott, Leslie Sharp, Claudia Wines, and Mary Wright. Wanda Borden was not present.

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

### CORRECTION TO THE MINUTES:

It was suggested that the actual by-law concerning utility take-overs be written into the minutes. As there were no objections that correction will be made in the November 22, 1985 minutes.

### Introduction:

Dan Kessler introduced Paul Johnson as the new Manager of Administrative/Member Services.

### NEW OFFICE BUILDING - WELLS:

Kessler reported on the progress of the new building, pre-cast concrete is going up and the roof should be put on in the next 3 weeks.

Mr. Bob Hope and Mr. Bill Petty will both be in attendance at the January 17 meeting to discuss the heating system, the additional pump equipment etc. in proving our geothermal well.

Mr. Jim Copenhaver has reviewed the Architectural Services Contract and has informed the board that Mr. Hope may be liable for any costs over and above the actual estimate on the additional pumping equipment costs.

### MANAGER'S REPORT:

#### REA Approval:

REA has finalized approval of the lien accommodation on the variable interest (long term) loan we have pending with CFC. Loan documents should arrive after the first of the year.

#### Construction Crew:

Warren Linnell gave a cost analysis study concerning our construction crew vs contractor. It was reported that the Wells construction crew is cost effective if they stay within a 30 to 35 mile radius. Contractor work would be used on jobs that are outside the 30 to 35 mile radius.

#### Telecommunications:

The NRECA/CFC National Rural Telecommunications Council will have all the information concerning telecommunications available at the NRECA Annual Meeting in March 1986.

#### Capital Credit Checks:

It was reported that Capital credit checks will be out the first part of January 1986.

### MANAGER'S REPORT (cont.)

#### Maintenance Agreement:

BPA has sent a maintenance agreement for the Eight Mile Creek Switchstation between Sierra Pacific, Bonneville Power, and Wells Rural Electric that needs to be signed and sent back to BPA.

Decorating New Building:

Dan Kessler reported that Yvonne Stuart had inquired on the interior decoration of the new building. She was interested in doing the work, however Mr. Bob Hope, architect, is taking care of the interior design and she was informed to contact Mr. Hope on the matter.

Pine Valley Documents:

Dan Kessler informed the board that the Pine Valley Documents have been approved by PSC and have been sent to REA for their approval. As soon as they are approved advance funds will be available for the Pine Valley Project.

Surety Life Case:

Several months ago a foreclosure procedure that erroneously took place regarding a deed of trust lien that we were involved in on a right-of-way was filed. The case has been settled and we have been relieved of any liability in this matter.

WPPSS UPDATE:

Plant #2, the only operating plant of the WPPSS system, has supplied the region with over 1.8 billion kilowatt hours of electricity. In its first year of operation it has produced 5.2 billion kilowatt hours of electricity for the region.

Kessler informed the board that a Mr. Hodges, a bondholder, has brought suit against us and it has been turned over to our insurance carrier.

We are still in opposition to WPPSS and the IOU settlement of plant #3 and suit has been filed in the 9th district court.

PINE VALLEY SERVICE:

Kessler reported that the Pine Valley Project is progressing nicely. 61% of the poles have been installed, 51% of the conductor is strung, and 82% of miscellaneous hardware.

NRECA had a film crew here, they interviewed many of the Pine Valley residents. They filmed all aspects of construction and interviewed Dan Kessler about the project, it's history, etc. They will have this presentation ready for the NRECA Annual Meeting in Las Vegas.

Energization of the Pine Valley Project should be approximately the first of February.

A short break was called at 10:20 A.M.

Called back to order at 10:30 A.M.

NEW BUILDING - WELLS:

Dan Kessler reported that a list of furniture requirements will be ready in February with a new phone system presentation ready for the January meeting.

BOARD COMMITTEE REPORTS:

Policy Committee Report:

Mary Wright reported that the Policy Committee had met on December 9th. Each board member was given a list of the recommended changes (Attached as exhibit I).

MARY WRIGHT MOVED TO ADOPT THE RECOMMENDED CHANGES IN POLICY 7-4 AS PER ATTACHED EXHIBIT A. VERNON SCOTT SECONDED, MOTION PASSED UNANIMOUSLY.

MARY WRIGHT MOVED TO ADOPT THE RECOMMENDED CHANGES IN POLICY 9-1 AS PER ATTACHED EXHIBIT A. VERNON SCOTT SECONDED MOTION PASSED UNANIMOUSLY.

MARY WRIGHT MOVED TO ADOPT THE RECOMMENDED CHANGES IN POLICY 1-6 AS PER ATTACHED EXHIBIT A. DARYL ERIKSEN SECONDED, MOTION PASSED UNANIMOUSLY.

Financial Advisory Committee Report:

Vernon Scott reported that the Financial Advisory Committee had met on December 9th to discuss the General Plant Acquisition

Budget for 1986. The 1986 budget is down approximately 42% from 1985.

After a thorough discussion and explanation of each departments budget for 1986 IT WAS MOVED BY DARYL ERIKSEN TO ACCEPT THE MEMBER SERVICES CAPITAL BUDGET FOR 1986 AS PRESENTED. LOIS NANNINI SECONDED, MOTION PASSED UNANIMOUSLY.

VERNON SCOTT MOVED TO ACCEPT THE MAINTENANCE OF BUILDING, GROUNDS, EQUIPMENT, AND SIDEWALKS BUDGET FOR 1986. RAY CRAWFORD SECONDED, MOTION PASSED UNANIMOUSLY.

VERNON SCOTT MOVED TO ACCEPT THE ENGINEERING BUDGET FOR 1986. DARYL ERIKSEN SECONDED, MOTION PASSED UNANIMOUSLY.

VERNON SCOTT MOVED TO ACCEPT THE LINE DEPARTMENT BUDGET FOR 1986. MARY WRIGHT SECONDED, MOTION PASSED UNANIMOUSLY.

VERNON SCOTT MOVED TO ACCEPT THE OFFICE BUDGET FOR 1986. FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY.

Recess was called at 12:00 o'clock for lunch.

Called back to order at 1:00 p.m.

#### Safety Committee Report:

Claudia Wines reported the Safety Committee had met on December 9th. Checks have been received from NIC in Nevada for \$4,430.00, NIC in Utah for \$925.00, and Federated Insurance Company for \$6,345.00 for a total dividend of \$11,700.92 for the excellent safety record. It was suggested that safety awards be given to the employees eligible for the amount of \$70.00

CLAUDIA WINES MOVED TO ACCEPT \$70.00 SAFETY AWARDS TO BE GIVEN TO THE 28 ELIGIBLE EMPLOYEES FOR THEIR SAFETY RECORD. FERRIS BROUGH SECONDED MOTION PASSED UNANIMOUSLY.

Two bids have been received for coverage. Federated Insurance bid \$42,283.00 for a \$10 Million dollar umbrella coverage. Insurance Management bid \$93,741 for a \$8 Million dollar umbrella coverage for a difference of \$51,501.00.

After a thorough discussion CLAUDIA WINES MOVED TO ACCEPT FEDERATED INSURANCE AS CARRIER FOR 1986. LESLIE SHARP SECONDED, MOTION PASSED UNANIMOUSLY.

#### MEMBER SERVICES REPORT:

Dan Kessler reported that the school program had been presented in all area schools. A total of 869 students grades 1-6 attended the program. It was suggested that the program be reevaluated and updated.

#### NEW MEMBERSHIPS:

VERNON SCOTT MADE THE MOTION TO ACCEPT 21 NEW MEMBERS: 8 IN WELLS, NEVADA; 6 IN CARLIN, NEVADA; 6 IN WENDOVER, UTAH; 1 IN WENDOVER, NEVADA. RAY CRAWFORD SECONDED, MOTION PASSED UNANIMOUSLY.

It was suggested that inquiries be made to find someone to lease or purchase the building. There is still the possibility that the building will be used for Telecommunications Subsidiary if it is feasible. There was also discussion of entering into appliance service and sales.

#### City of Wells:

It was suggested that a service could be provided to the City Council by helping them to organize their program. The Member Relations and Area Development Committee will contact the City Council and offer their services.

MEETING ADJOURNED AT 2:15 P.M.

Vernon Dalton, President

Wanda Borden, Secretary