

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

**February 21, 1986**

The regular meeting of the board of directors of Wells Rural Electric Company was held in the Wells office and called to order on February 21, 1986 at 9:00 A.M. The meeting was presided over by President Vernon Dalton.

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

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

**APPROVAL OF THE MINUTES:**

The minutes of the regular meeting held January 17, 1986 will stand approved as written.

**ADDITIONS TO THE AGENDA:**

Dan Kessler asked that Clay Fitch, POWER Engineers, be added to discuss the Transmission Exchange Program. As there were no objections he was added.

**REPORTS ON MEMBER CONTACTS:**

Board members and staff reported on the contacts they had made with members.

A list of the comments made were written on the board to show both the negative and positive side. Solutions to some of the comments were discussed. It was agreed that member/owner contacts were both beneficial and informative and should be a regular agenda item.

**REA FORM 7:**

Because of the auditors being here during the past week it was not possible to discuss REA Form 7. It will be postponed until the March board meeting, but sent out to each director prior to the board meeting.

**QUARTERLY BUDGET ANALYSIS:**

The fourth quarter proposed budget for 1986 along with the year end 1985 budget and actuals were presented to the board. The staff explained a line by line breakdown in each department.

A short break was called at 10:50 a.m.

Called back to order at 11:05 a.m.

Further discussion of the 1986 proposed fourth quarter budget continued.

Lunch break was called at 12:10 p.m.

Called back to order at 1:15 p.m.

After a thorough discussion IT WAS ON MOTION BY DIRECTOR VERNON SCOTT, SECONDED BY

DIRECTOR WANDA BORDEN AND PASSED UNANIMOUSLY TO ACCEPT THE FOURTH QUARTER 1986 BUDGET AS PRESENTED AND AUGMENTED.

Preliminary Average System Cost Analysis:

Clay Fitch, POWER Engineers, made a presentation on the Preliminary Average System Cost Analysis Study.

After a thorough discussion MARY WRIGHT MADE THE MOTION THAT THE PRELIMINARY AVERAGE SYSTEM COST-STUDY BE FINALIZED AND TO PROCEED WITH A LOSS STUDY. FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY.

A decision will be made after the Loss Study is examined whether or not to enter the Transmission Exchange Agreement with Bonneville Power Administration.

NEW OFFICE BUILDING:

Dan Kessler reported that the new headquarters facility is progressing very well.

Bids for the furniture were sent out to seven different distributors, five returned their bid. The lowest bid was from Interior by Van Thiel at \$36,009.17, the highest bid was \$46,247.92.

IT WAS ON MOTION BY MARY WRIGHT TO ACCEPT THE BID FROM INTERIOR BY VAN THIEL FOR \$36,009.17. LOIS NANNINI SECONDED, MOTION PASSED UNANIMOUSLY.

MANAGER'S REPORT:

Wendover Meeting:

Dan Kessler reported on the Wendover Meeting held on February 12th. A petition was read from Wendover residents complaining about a 39 day billing period in a high usage period, plus the rate increase. They asked that a policy be made not to exceed a 31 day billing period. A new billing and meter reading schedule has been prepared for the Wendover area. A new policy would not be feasible at this time. Kessler stated that this occurrence will not be repeated.

Approximately 150 - 175 consumers attended the meeting. Kessler stated that the meeting was very educational and steps are being taken to satisfy the complaints that were made. He also stated that someone from the Member Services Department would be in the Wendover office every Monday. A follow-up meeting will be held on March 12th. It was also decided that the March 21st board meeting will be held in Wendover at the Stateline at 9:00 a.m. MST.

Billing:

It was suggested that the billing process be looked into. This could be used as a very good communication tool. The staff will research the possibilities and come back with suggestions. The CAPS system, in the new building, will have the capability of implementing a new billing format.

PNGC:

A request has been received from the Pacific Northwest Generating Company asking if WREC would be interested in joining their organization for a \$1,000.00 fee. It was the consensus of the board not to join.

Stock Water:

Dan Kessler reported that we had been approached by some consumers concerning the stock water pump policy. The engineering department researched line extensions for stock water pumps, the different options were discussed. It was decided that no change should be made at this time.

It was suggested that the staff research the possibility of WREC or perhaps someone else financing line extensions to rural areas where having to front the money by the consumer would create a hardship.

Write Offs:

Dan Kessler commended Lynn Brodsho on the excellent job she has been doing since she has been handling collections. Last years write offs amounted to approximately \$24,000.00. This years write offs amount to \$18,887.82. A list of the write offs was passed around and the board was asked to inform the staff if they knew of the location of anyone on the list. Kessler stated that there will be a continued effort to collect this money.

VERNON SCOTT MADE THE MOTION TO ALLOW THE WRITE-OFFS FOR \$18,887.82. LARRY BRADSHAW SECONDED, MOTION PASSED UNANIMOUSLY.

PSC Approval:

A letter from the Utah PSC staff has been received recommending approval of the loan agreement for the new headquarter facility with CFC.

A short break was called at 3:20 p.m.

MANAGER'S REPORT (Cont.)

Sale Of The Power Marketing Administrations:

The next matter to come before the meeting concerned the sale of the Power Marketing Administration. After a thorough discussion IT WAS MOVED BY DIRECTOR WANDA BORDEN, SECONDED BY DIRECTOR FERRIS BROUGH, AND PASSED BY A VOTE OF 9 IN FAVOR AND NONE OPPOSED AS FOLLOWS:

WHEREAS, energy generated at federal hydroelectric facilities is purchased by more than 1,000 consumer-owned utility systems that serve homes, farms, businesses and industry in 34 states, and

WHEREAS, the federal investment in hydropower is being systematically repaid to the U.S. Treasury, with interest, by federal power customers and power revenues also contribute a significant amount of revenue to assist the repayment of irrigation costs, salinity control and certain fish and wildlife mitigation programs, and

WHEREAS, some 275,000 manufacturing, wholesale, retail and service companies nationwide, which employ more than 3,000,000 people and contribute nearly \$240 billion to the national economy, are served by consumer-owned utilities that rely on federal power purchases for all or part of their bulk power supply, and

WHEREAS, the sale, transfer or other disposal of the power marketing administrations or the federal powerplants and related facilities could:

.. threaten consumer-owned utilities and their customers with uncertainty of supply and significantly higher power rates,

- .. undermine the ability of consumer-owned utilities to provide reliable electric service at competitive rates and thereby increase monopoly in the electric utility industry,
- .. renege on existing repayment agreements between the United States and federal power users, and
- .. eliminate a reliable, long term source of revenues for the U.S. Treasury;

NOW, THEREFORE, BE IT RESOLVED: that Wells Rural Electric Company opposes the sale, transfer, exchange, lease or other disposition of the federal power marketing administrations and powerplants and related facilities for the production and transmission of electricity.

#### Model Energy Code:

Dan Kessler reported on a meeting he attended in Elko on the Model Energy Code. There will be training sessions regarding the minimum Model Energy Code standards and its implementation in April. Incentives are being offered to builders who construct energy efficient homes.

#### Wendover Toana Corporation:

Kessler reported that the Wendover Toana Corporation had approached WREC to give them the same consideration given the City of Wells with their Babe Ruth Baseball Diamond. That was to sell them the poles at cost and the line crew volunteer their time using our equipment, to assist them in setting the poles.

CLAUDIA WINES MADE THE MOTION TO SELL WENDOVER TOANA CORPORATION THE POLES AT COST, AUTHORIZE THE LINE CREW TO USE WREC EQUIPMENT IF THEY WERE WILLING TO VOLUNTEER THEIR OWN TIME TO ASSIST IN SETTING THE POLES FOR THE BASEBALL DIAMOND IN WENDOVER. RAY CRAWFORD SECONDED, MOTION PASSED UNANIMOUSLY.

#### Legal Seminar:

Authorization was given Jim Copenhaver to attend a legal seminar last year in Kentucky, but he was unable to. Mt. Wheeler has agreed to send him this year to the legal seminar in Las Vegas, would WREC consider paying half of his expenses?

VERNON SCOTT MADE THE MOTION TO PAY HALF OF JIM COPENHAVER'S EXPENSES TO ATTEND THE LEGAL SEMINAR IN LAS VEGAS. WANDA BORDEN SECONDED, MOTION PASSED UNANIMOUSLY.

#### MANAGER'S REPORT (Cont.):

##### Seminar List from NRECA:

A copy of the master list from NRECA on courses attended by the directors and employees was given each board member.

##### Carlin High School Booster Club:

The Carlin Booster Club has requested a \$500.00 donation to defray the cost of a \$2,500.00 trophy case for the Carlin High School.

LOIS NANNINI MADE THE MOTION TO DONATE \$500.00 TO THE CARLIN BOOSTER CLUB TO HELP PURCHASE A TROPHY CASE FOR THE CARLIN HIGH SCHOOL. CLAUDIA WINES SECONDED, MOTION PASSED UNANIMOUSLY.

#### Telecommunications:

A thorough presentation will be given by the Rural Telecommunications Council at the NRECA Annual Meeting in Las Vegas, all the information available will be compiled and reported to the board.

#### Contributions:

Dan Kessler asked for some assistance regarding donations to organized team sports within the company. After a thorough discussion IT WAS ON MOTION BY VERNON SCOTT TO APPROPRIATE \$500.00 EACH YEAR FOR THE USE OF INTERCOMPANY SPORTS TO BE DISTRIBUTED AS APPROVED BY THE MANAGER. RAY CRAWFORD SECONDED, MOTION PASSED UNANIMOUSLY

#### NRECA Annual Meeting:

Dan Kessler distributed confirmations for hotel reservations, NRECA Pre Annual Meeting Seminars, tickets for the NREWA luncheon, and tickets that a supplier sent for use at the exhibition of supplies.

#### Wendover Medical Clinic Agreement:

Dan Kessler reported that the Agreement between WREC and the Wendover Medical Board had been received from Bob Vaughan. They have been signed by the Medical Board and now needs to be signed by us. (A copy of the Agreement is attached to the January 17, 1986 minutes.)

#### Capital Credits:

Dan Kessler reported that the auditors are going to send an opinion on capital credits, it seems that the percentage method may not be as good as it appeared initially. More information will be acquired and recommendations from the staff will be brought before the board concerning capital credits.

#### Toana Corporation:

A letter of irrevocable credit, issued by Security Bank of Nevada, has been received in the amount of \$39,300.00. This is for the cost to pump station one and associated costs to the Golf Course in Wendover. It is the opinion of Jim Copenhaver, attorney, that WREC is adequately protected since these are sight drafts which are basically unconditional.

RAY CRAWFORD MADE THE MOTION TO ACCEPT THE LETTER OF CREDIT AND PROCEED WITH ORDERING THE NECESSARY MATERIALS FOR THE PROJECT. LARRY BRADSHAW SECONDED, MOTION PASSED UNANIMOUSLY.

#### John Neff:

Leslie Sharp presented a proposal from John Neff that the building of his Feed Mill be treated the same as a permanent irrigation pump, on a three year basis. He has asked that he be allowed to address the board either at the March or April board meeting.

#### WPPSS UPDATE:

The Judge has ruled out the underwriters claim against the participants.

Bonneville Power Administration has also been dismissed. Bob Vaughan sent a letter with further WPPSS update.

#### PINE VALLEY SERVICE:

Dan Kessler reported that the phone system is operating, there is still noise on the line. Power Engineers has something called a "hummer zapper" that can be attached to eliminate the noise, as soon as the information is available it will be shown to the Pine Valley Phone Association.

KUTV sent an unedited version of their filming in the valley approximately 45 minutes long that will be shown at a later date.

#### POWER SUPPLY:

System Peak last billing period was 25.06. This is a new System Peak for WREC as well as very stable load factors.

#### BOARD COMMITTEE REPORTS:

Dan Kessler reported that more information was needed on capital credits before the proposed Policy No. 4-1 would be complete.

It was asked that the areas concerning vacation and sick leave be reviewed in Policy 7-2. The recommended changes will be mailed out to the board members to study and a copy to Bob Vaughan for his review, a decision on the changes will be made at a later date.

A short break was called at 4:45 p.m.

Called back to order at 4:55 p.m.

#### Director Expense Forms:

Buddy Welsh explained the new director expense forms.

#### SAFETY REPORT:

Dan Kessler commended the line crew for the excellent job they did working in the adverse conditions during the wind storm last week.

#### OUTAGE REPORT:

Leslie Sharp asked about an approximate 3 hour outage in the Ruby Valley area around December 30th that did not appear on the outage report. Warren Linnell said he would check into the matter and let him know.

#### MEMBER SERVICES REPORT:

Paul Johnson reported that the Northwest Irrigation Utilities Organization wants WREC to join their organization. Their annual membership is based on the size of the members irrigation load with \$500.00 minimum and a maximum of 15% of their NIU budget. Our membership would be \$507.00 per year according to this years load. They have approximately 93% of the BPA irrigation load as members.

After a thorough discussion VERNON SCOTT MADE THE MOTION TO JOIN THE NORTHWEST IRRIGATION UTILITIES ORGANIZATION FOR \$507.00 THIS YEAR. LESLIE SHARP SECONDED, MOTION PASSED UNANIMOUSLY.

Appliance Usage Chart:

A chart on appliance usage has been prepared by the Member Services Department, a copy will be sent to each board member.

NEW MEMBERSHIPS:

RAY CRAWFORD MADE THE MOTION TO ACCEPT 60 NEW MEMBERS: 20 IN WENDOVER, UTAH; 19 IN WENDOVER, NEVADA; 10 IN CARLIN, NEVADA AND 11 IN WELLS, NEVADA. LARRY BRADSHAW SECONDED, MOTION PASSED UNANIMOUSLY.

MEETING ADJOURNED AT 5:10 P.M.

D. VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY