

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

NOVEMBER 24, 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 November 24, 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, Daryl Eriksen, Lois Nannini, Jerry Parkin, Vernon Scott, Leslie Sharp, Mary Wright.

Present from the staff were Dan Kessler, Buddy Welsh, Warren Linnell, Paul Johnson, Clay Fitch and Diane Griswold.

CORRECTION OF THE MINUTES:

The correction of the October 17, 1986 Minutes were noted and stand approved as written.

CORRECTIONS TO THE AGENDA:

Bob Vaughan will not be present at 1:00.

EXECUTIVE SESSION:

An executive session was held in regard to the General Manager's Evaluation.

CITY OF WELLS:

Mayor Mike Nannini and City Manager Dave Martin approached the Board about leasing the entire old Wells Rural Electric building instead of the portion of the building indicated in the contract. A thorough discussion followed. IT WAS ON MOTION BY RAY CRAWFORD TO LEASE THE ENTIRE BUILDING TO THE CITY OF WELLS, WITH THE ONLY CHANGE IN THE CONTRACT TO STATE "ENTIRE" BUILDING. THE MOTION WAS SECONDED BY MARY WRIGHT: MOTION PASSED UNANIMOUSLY.

Mayor Mike Nannini also requested help with the impact studies the City of Wells would like done on the Sierra Pacific Power Plant that could possibly be built in the Wells area. A discussion followed. It was decided that Vernon Dalton would check with NRECA for any information they may have available for impact studies done in similar situations.

A lunch break was called at 1:00 P.M..

Called back to order at 2:00 P.M..

BOARD/STAFF REPORTS ON MEMBER CONTACTS:

A report was given by both board and staff members on member contacts made.

Hand-outs on Member Comments and Member Complaints were passed out to the Board.

MANAGER'S REPORT:

R.H. Merrill account has been paid in full.

A discussion was held on the letter sent from Bob Vaughan on Rates, Rules, and Regulations in regard to the disparity between the Utah Public Service Commission and the Nevada Public Service Commission.

Warren Linnell gave a report on the meter reading study that was done. A discussion followed. Warren also gave an update on the hand-held meter reading devices. A presentation will be given during the December Board Meeting.

Registration for the 1987 NRECA Annual Meeting (February 1-4) and the pre-Annual Meeting programs (January 29-31) in Dallas needs to be in by December 17, 1986.

The pre-Annual Meeting Programs available are: Directors Update, the final offering; Legal Seminar 26; Employee and Labor Relations Update #4, the final offering; Current Issues of Board Concern (510.2 Course); Effective Board Meeting (520.2 Course); The Board's Role in Good Member Relations (531.2 Course) ; Understanding Electric Utility Operations (575.2 Course); Thinking Through People Problems, workshop for directors, managers, and spouses.

NWPPA Oregon Rural Electric Association, Being a Total Board Member (500.2 Course), will be held December 9th and 10th in Eugene, Oregon.

Public Power Council is doing a feature on small utilities (Wells Rural Electric was chosen) at their Annual Meeting this year (December 4).

The CFC variable long-term rate is 7 1/4%.

A report was given by Clay Fitch on the refinancing options of our loans with CFC. IT WAS ON MOTION BY VERNON SCOTT TO PASS A RESOLUTION TO REFINANCE OUR LONG-TERM CFC NOTES IF THE CONDITIONS ARE FAVORABLE AT THE NEXT CFC BOARD MEETING AND AUTHORIZE THE BOARD OFFICERS, WITH CONSOLATION FROM STAFF, TO SIGN SAID RESOLUTION. THE MOTION WAS SECONDED BY FERRIS BROUGH: MOTION PASSED UNANIMOUSLY.

A Broadcast, titled "Basic Distribution System Operations for a Rural Electric Cooperative", will be aired December 2, 1986, 1:00 - 4:30 P.M. EST. The Georgia Electric Membership Cooperation has sponsored this training and development presentation.

IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE THE SIGNING OF THE ANNUAL FILING OF NON-PROFIT CORPORATION FOR THE STATES NEVADA AND UTAH. THE MOTION WAS SECONDED BY WANDA BORDEN: MOTION PASSED UNANIMOUSLY.

Buddy Welsh gave a report on the new billing system. Also discussed was the possibility of leasing a machine to fold, stuff, seal, stamp, etc. the individual monthly bills. A comparative analysis on the cost of the new machine versus manually folding, stuffing, etc. the bills will be presented at the December Board Meeting.

The new CAPS generates an excessive amount of heat, causing a problem in the computer room. By modifying the duct design and changing the thermostat, this problem can be rectified. Parker Heating can change the duct work and thermostat for approximately \$750.00. Due to the serious nature of the problem, this needs to be done as soon as possible. IT WAS ON MOTION BY DARYL ERIKSEN TO CHANGE THE DUCT WORK AND THERMOSTAT. THE MOTION WAS SECONDED BY LOIS NANNINI: MOTION PASSED UNANIMOUSLY.

Permission was granted from the City/State to dump, in emergency situations, geothermal water into

the City's storm drainage system. A three inch pipe needs to be run to the storm drain and put a new valve in pump house. The staff will have prices, etc. at the December Board Meeting.

Basil Majors, auditor for REA, was at Wells Rural Electric. A response has been prepared. It will be presented for approval at the December Board Meeting.

A report was given by Dan Kessler on the union negotiations.

The Verosol type blind bids have been received and were awarded to Van Thiel Interiors.

The board room table is to be in place by the December Board Meeting. The chairs are also to be here.

A report was given by Dan Kessler on the Sierra Pacific territorial filing intervention.

Bob Bergland sent a letter asking the board to consider a donation to the International Programs Division. No action was taken on the donation.

Also a request from EIC (Electric Information Institute) for WREC to join their organization was received. Membership is \$500.00 per year. No action was taken on the request.

A letter has been prepared to Robert Saxvick, Chairman of the Northwest Power Planning Commission stating WREC's disagreement with the fish loss study and Bonneville's budget increase that will be caused by this study.

Bonneville Power will not require that the customer submit residential plans to the Model Conservations Standards by January 1, 1987. The council has undertaken to amend the Model Conservations Standard Portion of its plan including the surcharge recommendation.

Toana Corporation has requested our Membership list to direct mail programs such as newsletter mailings as well as information on West Wendover Highlands to promote land sales for residential and commercial property located in Wendover, Nevada. A discussion followed. DARYL ERIKSEN MADE THE MOTION NOT TO LET THE MEMBERSHIP LIST OUT. THE MOTION WAS SECONDED BY WANDA BORDEN. THE MOTION PASSED UNANIMOUSLY.

The Collection report was given by Dan Kessler and Buddy Welsh. A discussion followed. Vernon Dalton complimented the staff on a job well done.

A break was called at 3:45 P.M..

Called back to order at 4:00 P.M..

BOARD COMMITTEE REPORTS:

Vernon Scott, Chairman of the Financial Advisory Committee, gave a report on the Financial Advisory Committee meeting held November 19, 1986. The 3rd Quarter '87 Budget was reviewed. A thorough discussion followed. IT WAS ON MOTION BY DARYL ERIKSEN THAT THE BOARD ACCEPT THE 3RD QUARTER '87 BUDGET AS PRESENTED. THE MOTION WAS SECONDED BY WANDA BORDEN. A discussion followed with the MOTION PASSING UNANIMOUSLY.

It was discussed that future budget reviews should be discussed by the full board at the Financial Advisory Committee meetings. A date should be set for the meetings by the committee chairman and general manager. After board and staff discussion, it was decided to have the budget mailed out to

the board members prior to the committee meeting.

Mary Wright gave a report on the Policy Committee Meeting held November 21, 1986. A discussion was held on the proposed 4-1 Policy. The following change was made to reiterate and clarify the Board of Directors policy on refunding patronage capital credit on 11., D. Non-Profit Operation, Sentence four, to read: Patronage Capital will be refunded on a fifteen year cycle unless authorized by the Board of Directors. IT WAS ON MOTION BY MARY WRIGHT TO ACCEPT THE PROPOSED POLICY 4-1 WITH THE CHANGES. THE MOTION WAS SECONDED BY VERNON SCOTT: MOTION PASSED UNANIMOUSLY.

The board discussed the return of patronage capital credit checks in accordance with the 15 year rotation policy. IT WAS ON MOTION BY VERNON SCOTT TO PAY THE \$138,626.00 THROUGH 1971 IN PATRONAGE CAPITAL CREDIT CHECKS IN ACCORDANCE WITH THE 15 YEAR ROTATION POLICY. THE MOTION WAS SECONDED BY RAY CRAWFORD: MOTION PASSED UNANIMOUSLY

Vernon Scott gave a report on the Member Relations/Area Development Committee held on November 21, 1986. Youth organizations and job opportunities for youth were discussed. The staff is to contact area businesses to setup summer or full-time employment for youth. Also to be contacted will be the FBLA (Future Business Leaders of America) groups to form their own business associations for youth.

Also discussed were satellite dishes for schools; a report will be presented by staff at the December meeting.

A policy and form were written dealing with the use of the Company's meeting rooms by Wells Rural Electric members. A discussion followed. IT WAS ON MOTION BY DARYL ERIKSEN TO ACCEPT THE REQUEST FOR USE OF COMPANY PREMISES FOR MEETINGS POLICY 2-9. THE MOTION WAS SECONDED BY WANDA BORDEN: MOTION PASSED UNANIMOUSLY.

WPPSS:

Dan Kessler gave an update on WPPSS.

OFFICE SERVICES REPORT:

The first billing will be run November 25.

SAFETY REPORT:

Wells Rural Electric is in the process of completing the requirements for safety accreditation. Jess Urresti of Kootenai has offered help with the process.

PCB REPORT:

A discussion was held on PCB containment etc..

ENGINEERING/OPERATIONS REPORT:

Warren Linnell gave an update on the U.S. Sprint site.

MEMBER SERVICES REPORT:

IHC request that next year that two blood drawings be held; one in Wendover and one in Wells.

ACRE membership drive is going well.

COMPANY VEHICLES:

The staff pays approximately \$250 to \$300 per year out of their paychecks for company vehicles they use. The breakdown is \$3.00 per day plus mileage.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY RAY CRAWFORD TO ACCEPT THE 24 NEW MEMBERSHIPS: SIX FROM WELLS, NEVADA; NINE FROM CARLIN, NEVADA; FIVE FROM WENDOVER, UTAH; AND FOUR FROM WENDOVER, NEVADA. THE MOTION WAS SECONDED BY VERNON SCOTT. THE MOTION PASSED UNANIMOUSLY.

The August Form 7 was passed out to the board. Also passed out was the CFC "Key Ratio and Trend Analysis" forms.

Meeting adjourned at 5:15 P.M..

VERNON DALTON, PRESIDENT

WANDA BORDEN, SECRETARY