

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

**FEBRUARY 20, 1987**

The regular meeting of the board of directors of Wells Rural Electric Company was held in the Wells office and called to order February 20, 1987, 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, and Mary Wright. Leslie Sharp was not present.

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

**APPROVAL OF THE MINUTES:**

The minutes of the regular meeting held January 16, 1987, will stand approved as written.

**WAGE AND SALARY REVIEW:**

The additional information requested by the board members from NRECA and Bergman Associates on the Wage and Salary Proposals was received. There were no changes in either one's initial proposal. A thorough discussion was held. IT WAS ON MOTION BY RAY CRAWFORD TO ACCEPT NRECA'S WAGE AND SALARY PROPOSAL. THE MOTION WAS SECONDED BY VERNON SCOTT; MOTION PASSED UNANIMOUSLY.

**BOARD/STAFF REPORTS ON MEMBER CONTACTS:**

Member contacts made this month were reported on by board and staff members. New member hookup cards were handed out to the board and discussed. Also handouts on Member Comments and Office Payments were passed out.

**MANAGER'S REPORT:**

The auditors of Ernst and Whinney were here the week of February 9. The audit went well. It was requested that the General Manager's signature be on file at each bank so that statements and records needed during audits can be accessed. At this time, the Board President and Secretary/Treasurer are the only signatures on file, which can cause a delay in accessing the records and statements if one was not available. IT WAS ON MOTION BY MARY WRIGHT TO ADD THE GENERAL MANAGER'S SIGNATURE AUTHORIZING ACCESS TO RECORDS AT EACH BANK. THE MOTION WAS SECONDED BY VERNON SCOTT. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

The CFC rates are 7 3/8% Long-term Variable and 9 1/2% Fixed Converted. Notification has been received from CFC that the loans to be converted has been done as of January 1. WREC will be billed in March for the conversion fees.

The 1987 Annual Director's Conference is to be held March 30 through April 2, at the Hyatt Regency in Phoenix, Arizona.

NWPPA is offering several workshops for managers and board members. They are as follows:

Human Resource Management Workshop; Communication Effectiveness Workshop; The Effective Board Meeting Workshop; and What Cannot be Delegated Workshop. They are to be held at the Anchorage Hilton, Anchorage, Alaska from March 10 through March 12.

The Legislative Conference will be held April 27 through May 1 at the Hyatt in Washington, D.C. An NREA breakfast is also scheduled.

The CFC short-term line of credit (\$2,000,000) will terminate in June. At this time, the balance is -0-. The application forms need to be sent in if it is to be renewed. A MOTION WAS MADE BY VERNON SCOTT TO RENEW THE \$2,000,000 SHORT-TERM LINE OF CREDIT. THE MOTION WAS SECONDED BY WANDA BORDEN; MOTION PASSED UNANIMOUSLY.

The Collections Report was given. A discussion followed. This report will be sent out with the agenda each month for the board to review.

The Elko Credit Bureau is offering a collections service to area businesses. For \$60.00 per year, the Credit Bureau sends out a monthly bulletin to assist us in collections. In addition, for \$3.50 per account (if over 15 accounts are submitted the price is lower), two letters will be sent to each account (letters shown to board). If the account is paid within 30 days, 100% of the amount paid can be kept by the company; anything collected after 30 days, 50% of the amount paid is paid to the company with the Credit Bureau keeping 50%. The larger delinquent accounts will be turned over to Bob Vaughan. A thorough discussion followed. IT WAS ON MOTION BY VERNON SCOTT TO ACCEPT THE SERVICES OF THE ELKO COUNTY CREDIT BUREAU INCLUDING THE MONTHLY REPORT FOR \$60.00 PER YEAR. THE MOTION WAS SECONDED BY MARY WRIGHT; MOTION PASSED UNANIMOUSLY.

A letter was received from Cathy Igoa, one of the owners of the Chinatown Motel, requesting a four month grace period in which no payments be made allowing time to refinance. This four month grace period could be an approximate \$5,000.00 bill. At this time, the Chinatown Motel owners are on a five month agreement, which if payment of \$690.00 has not been received a disconnect is in order. WREC has done everything within policy to help in this situation. A thorough discussion followed. It was the consensus of the board to adhere to the present policy. Lois Nannini was not present during this discussion.

A break was called at 11:00 A.M. Called back to order 11:15 A.M.

Four donation requests have been received. The Well's Chariot Club asked that WREC sponsor a team at the World Championship Chariot Races to be held in Elko the last two weekends in Elko for \$150.00. IT WAS ON MOTION BY RAY CRAWFORD TO SPONSOR A TEAM FOR \$150.00 FOR THE WELLS CHARIOT CLUB. THE MOTION WAS SECONDED BY DARYL ERIKSEN; MOTION PASSED UNANIMOUSLY. The Silver Wings of the Nevada

Civil Air Patrol requested that WREC buy an ad for \$315.00 for their magazine. A discussion followed. IT WAS ON MOTION BY FERRIS BROUGHT TO DONATE \$150.00 TO THE SILVER WINGS OF THE NEVADA CIVIL AIR PATROL. THE MOTION WAS SECONDED. A discussion followed. THE MOTION PASSED WITH VERNON SCOTT AGAINST. Deanna Anthony of Carlin, 1986/1987 Elko County Cinderella Pageant winner, requested a donation from WREC to help pay expenses to the State Cinderella Pageant. IT WAS ON MOTION BY WANDA BORDEN TO DONATE \$150.00 TO DEANNA ANTHONY OF CARLIN TO PAY EXPENSES TO THE STATE CINDERELLA PAGEANT. THE MOTION WAS SECONDED BY LARRY BRADSHAW; MOTION PASSED UNANIMOUSLY. Bighorns Unlimited has requested WREC donate a prize to be raffled at their 3rd Annual Crab Feed. This club is responsible for the transfer of Bighorn Sheep to Pilot's Peak. It was the decision of the board to

leave the decision of this donation to the General Manager.

A Tort Reform Position paper developed by Bob Vaughan, WREC attorney, was discussed at length. IT WAS ON MOTION BY MARY WRIGHT TO ACCEPT THE TORT REFORM POSITION AS PRESENTED. THE MOTION WAS SECONDED BY FERRIS BROUGH. More discussion followed. THE MOTION WAS PASSED UNANIMOUSLY. It was the consensus of the board that Bob Vaughan did an excellent job in preparing this position paper. A letter was sent to Dean Rhoads and John Carpenter asking them to pay special attention to Tort Reform Legislation this year. (Exhibit I)

Nevada Rural Electric has scheduled a meeting with the State Legislators for mid-March.

A short discussion was held on dictaphone systems. It was decided that a system was not needed.

Federated Insurance sent some brochures (Directors' Guide: Avoiding Potential Liability). The brochures were passed out and reviewed by the board members.

Two potential conflicts regarding board meeting days, April 17, and June 19, were brought to the attention of the board. IT WAS ON MOTION BY DARYL ERIKSEN TO MOVE THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY SCHEDULED FOR APRIL 17, 1987 TO APRIL 23, 1987, AT 9:00 A.M.. THE MOTION WAS SECONDED BY LARRY BRADSHAW; MOTION PASSED UNANIMOUSLY. It was decided to

The RECNET training program schedule was read. A discussion on membership was held and tabled until a later date.

Bob Vaughan has written to 35 statewide regarding pending Anti-Trust cases. Information will be provided to the board members as received.

The REA Prepayment of loans was discussed.

A position paper on Nevada statutes regarding take-overs and sell-outs was received from Jim Copenhaver and discussed. It was decided to have Jim address the board at the next board meeting regarding his position paper.

Part-time foreman (mini-foreman) pay was not provided for in the present union contract. Management asked the board for the authorization to write to the IBEW Local Union 1245 to reinstate part-time foreman (mini-foreman) pay as per the last contract. The pay range would be between Journeyman Foreman and Journeyman Lineman wage. IT WAS ON MOTION BY LESS LESS TO GIVE MANAGEMENT THE AUTHORIZATION TO CONTACT THE IBEW UNION 1245 FOR REINSTATEMENT OF THE PART-TIME (MINI-FOREMAN) PAY. THE MOTION WAS SECONDED BY MARY WRIGHT; MOTION PASSED UNANIMOUSLY.

The Geothermal well was taken off-line due to settling problems which caused cloudy water. This was caused due to the well further developing. The water is not being injected into the City water system at this time.

Kerbs Construction has been notified of the problems of the building. These will be taken care of before final payment has been made.

Hearings on the future of REA are scheduled for March 10 at the Stapleton Plaza Hotel in Denver, Colorado.

A NRECA course recap has been received and is available for any board member interested. All

courses that have been taken are listed.

A discussion was held on the article in the Elko paper submitted by Sierra Pacific regarding a pending suit against Wells Rural Electric by Sierra. A letter was sent from WREC attorney, Bob Vaughan, on the legal ramifications that could be ensued. Mr. Vaughan attended the Preliminary Injunction hearings in Reno on February 17, and 18. He stated that WREC did not belong in the suit. The legal work is being done so that WREC can be dismissed.

A discussion was held on the offer Sierra Pacific made to Newmont Mine regarding the Rain Project.

Due to the disappearance of funds from the cash drawer one weekend, it was requested by Management that authorization be granted for night deposit drops at First Interstate Bank each night. Signatures will be required by the bank.

IT WAS ON MOTION BY RAY CRAWFORD TO GRANT AUTHORIZATION FOR THE NIGHT DEPOSIT AND NECESSARY SIGNATURES REQUIRED BY FIRST INTERSTATE BANK. THE MOTION WAS SECONDED BY LARRY BRADSHAW; MOTION PASSED UNANIMOUSLY.

A lunch break was called at 12:30 P.M. Called back to order at 1:30 P.M.

WPPSS UPDATE:

A short Executive Session was requested by the General Manager.

UTILITY OPERATIONS:

It was requested by the board members to have a detailed report on WREC's entire system (substations, switching stations, feeder lines, single phase & three phase lines, descriptions and general terms, etc.). It was stated that the same report would be good for an employee meeting also.

POWER SUPPLY:

It was noted that a new system peak for December, last billing period, had been reached of 25.9.

BOARD ROOM WINDOW COVERINGS:

It was brought to the board's attention that window coverings are needed for the board room. A discussion followed. IT WAS ON MOTION BY WANDA BORDEN TO OBTAIN BEIGE VEROSOL BLINDS AND, FURTHER, TO HAVE YVONNE STUART PRESENT THE FABRICS AVAILABLE (COLOR, DESIGN ETC.) FOR SIDE DRAPES PRIOR TO A DECISION BY THE BOARD. THE MOTION WAS SECONDED BY LESS LESS; MOTION PASSED UNANIMOUSLY.

BOARD COMMITTEE REPORTS:

Mary Wright, Policy Committee Chairman, gave a report on the policy committee meeting held February 19, 1987. Three policies were discussed during the

committee meeting: Retirement Policy; Director Orientation Policy; and Member Purchases Policy. More information is needed before any recommendations can be made. The date set for the next Policy Committee is March 11, 1987 at 1:00 P.M..

A report also was given by Vernon Scott, Financial Advisory Chairman. The Fourth Quarter 1987 Budget was gone through line by line during the committee meeting. IT WAS ON MOTION BY VERNON SCOTT TO ACCEPT THE FOURTH QUARTER 1987 BUDGET AS PRESENTED. THE

MOTION WAS SECONDED BY WANDA BORDEN; MOTION PASSED UNANIMOUSLY.

The Director's Expense Committee will meet March 11, 1987, at 11:00 A.M..

#### FINANCIAL TRENDING GRAPHS:

Five graphs showing trends in key areas of the company operation were shown and explained. A report showing the figures of the Expense Budget were handed out and explained.

#### PCB REPORT:

A dike has been constructed around the East Wendover substation transformers. These substation transformers contain oil greater than 500 ppm PCB, but can be utilized in the substation. The dike was constructed to contain oil if a spill should occur. Any transformer oil spill is being identified and cleaned up.

#### STAKING/CONSTRUCTION REPORT:

Year ending 1986, there have been 403 construction and retirement workorders.

#### ENGINEERING/OPERATIONS REPORT:

The satellite dishes have been received and will be installed as soon as possible.

A discussion was held on contingencies for feeding the Wells area loads in the absence of capacity on the upper Salmon/Wells 138 KV line.

#### HYDRO REPORT:

The relicensing of the hydro was discussed. One problem area is the Nevada Fish and Game is looking at requiring minimum stream flows to support fish habitat below the spring. Since total flow at times is below our maximum CFS allocation, any requirement of minimum stream flow will impact the electrical output of our generating facility.

#### MEMBER SERVICES REPORT:

The Irrigators' Workshop will be held March 10, 1987, at the Wells Service Center. The school presentations have been going very well.

#### ACRE DUES:

Vernon Dalton congratulated board members that have paid their ACRE dues for 1987.

#### MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO ACCEPT 64 NEW MEMBERSHIPS: 6 IN WELLS; 10 IN CARLIN; 21 IN WENDOVER, UTAH, AND 27 IN WENDOVER, NEVADA. THE MOTION WAS SECONDED BY RAY CRAWFORD; MOTION PASSED UNANIMOUSLY.

There was discussion as to what the net gain in new memberships are for each year, and this information is provided on page 3 of the monthly Form 7.

The meeting was adjourned at 3:00 P.M.

D. Vernon Dalton, President

Wanda Borden, Secretary