

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

AUGUST 21, 1987

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order August 21, 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, Leslie Sharp, and Mary Wright.

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

APPROVAL OF THE MINUTES:

The minutes of the regular meeting held July 17, 1987, will stand approved as written.

ADDITIONS TO THE AGENDA:

Mark Stanton of Petty & Associates, due to lacking some information for the feasibility study, will not be attending this Board meeting. It was requested that Mr. Stanton be added to the September agenda. No objections.

It was requested that the City of Wells, Youth Energy Seminar participants, and a membership request from A.C. Anderson be added to this agenda. There were no objections to these additions.

OLD WREC OFFICE BUILDING:

A lengthy discussion was heard regarding the old building and whether or not to place the building on the market for sale. IT WAS ON MOTION BY DARYL ERIKSEN TO PLACE THE OLD WREC BUILDING ON THE MARKET FOR SALE FOR THE SUGGESTED LISTING PRICE OF \$225,000.00. THE MOTION WAS SECONDED BY LOIS NANNINI. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

A letter is to be prepared by management to the City of Wells giving notice of the intent to sell.

Several suggestions were heard on the procedure to be taken as to advertising the sale of the building. It was decided to advertise locally, as well as in Elko, Twin Falls, Reno, and Las Vegas. Also, Sierra Pacific and BLM, Forest Service, etc. should be contacted.

OLD/NEW WENDOVER OFFICE BUILDING:

When approval was granted to build the new WREC office in Wells by the Utah Public Service Commission, it was recommended that a new office building be built in Wendover area within 5 years. A lengthy discussion was heard on the existing yard and facility in Wendover. Due to growth in that area, more land is needed for storage area, as well as office space. Several possibilities were discussed. IT WAS ON MOTION BY WANDA BORDEN TO GRANT THE AUTHORITY TO THE GENERAL MANAGER TO CONTACT THE ELKO COUNTY PLANNING COMMISSION, UTAH PUBLIC SERVICE COMMISSION, AND HAVE AN APPRAISAL DONE BEFORE PURSUING THE ABOVE STATED MATTER FURTHER. THE MOTION WAS SECONDED BY VERNON SCOTT. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

MEMBER CONTACTS:

Member contacts made this month were reported. The Office Payment record and Question/Comments sheet were passed out to the board for their review.

YOUTH ENERGY PARTICIPANTS:

Students participating in the Nevada Rural Electric Association and Utah Rural Electric Association's Youth Energy Seminars addressed the Board regarding their experiences at the two camps this year. The students representing the Nevada Rural Electric Association's Youth Energy Seminar in Boreal Ridge, California were Tausha Branning (General Manager), Jane Lindberg, Brenda Ankrum (Secretary, Board of Directors), and Jennifer Uhlig (Talent Show Committee Chairperson). Michele Jackson represented the Utah Rural Electric Association's Youth Energy Seminar in Cedar City, Utah. Also, several letters, sent by students unable to attend the Board meeting, were reviewed.

A recess was called at 10:00 A.M. The meeting was called back to order at 10:15 A.M.

MANAGER'S REPORT:

An election ballot was passed out to the Board for their review. It was noted that the Member Newsletter contained voting instructions also.

Gene Supp has officially retired August 15, 1987. He has been with the Company for a total of 29 years. A retirement party is planned in September.

Chad Swett has been hired as Meter Technician. Tim Anderson was hired to replace Tina Loveridge as Meter Reader/Laborer in Carlin.

The Wells Utility Golf Tournament held August 15, was very well received and attended. The winning team was Vernon Dalton, Daryl Eriksen, Candy Welsh and Lynn Brodsho.

Tony Glauser, REA Field Representative, will attend the September Board Meeting to address the Board regarding a Board Assessment program.

The NRECA Member Survey was reviewed.

A letter was received from Glen Chrisler of CP National in regard to the phone service in Clover Valley. The letter will be forwarded to the Clover Valley residents signing the petition of April 10, 1987.

Approval was requested by management to add a money drawer for the drive-up window, shelving and cabinet doors for the front office, and a table built for the folding, stuffing, sorting, stamping machine for the bills, for approximately \$4,000.00. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE ABOVE EXPENDITURES, NOT TO EXCEED \$4,000.00. THE MOTION WAS SECONDED BY RAY CRAWFORD. A discussion followed. THE MOTION PASSED UNANIMOUSLY.

Dan Kessler reported on the BPA Rate Increase of 5.8% to become effective October 1987. A discussion followed.

A Special Board Meeting was requested September 9, 1987, to discuss the following topics; Financial Forecast, Power Requirements Study, Construction Work Plan, Sierra Pacific Company's Wheeling Agreements, and Radio/Phone System Costs. There were no objections to scheduling a

Special Board Meeting for September 9, 1987, at 9:00 A.M..

CFC interest rates were reported.

A discussion was heard on the upcoming Region IX Meeting to be held September 22-24, with a pre-workshop scheduled September 21, in Spokane, Washington.

Also, delegates for the NRECA and CFC business meetings were appointed. IT WAS ON MOTION BY MARY WRIGHT TO APPOINT RAY CRAWFORD AS THE NRECA VOTING DELEGATE.

THE MOTION WAS SECONDED BY LARRY BRADSHAW. MOTION PASSED UNANIMOUSLY.

IT WAS ON MOTION BY LARRY BRADSHAW TO APPOINT VERNON SCOTT AS THE NRECA VOTING DELEGATE ALTERNATE. THE MOTION WAS SECONDED BY JERRY PARKIN. MOTION PASSED UNANIMOUSLY.

IT WAS ON MOTION BY DARYL ERIKSEN TO APPOINT LARRY BRADSHAW AS THE CFC VOTING DELEGATE. THE MOTION WAS SECONDED BY RAY CRAWFORD. MOTION PASSED UNANIMOUSLY.

IT WAS ON MOTION BY DARYL ERIKSEN TO APPOINT HIMSELF AS CFC VOTING DELEGATE ALTERNATE. THE MOTION WAS SECONDED BY LARRY BRADSHAW. MOTION PASSED UNANIMOUSLY.

IT WAS ON MOTION BY MARY WRIGHT TO APPOINT FERRIS BROUGH AS THE VOTING DELEGATE FROM WREC TO ELECT THE NRECA DIRECTOR AT THE REGIONAL MEETING. THE MOTION WAS SECONDED BY LESLIE SHARP. MOTION PASSED UNANIMOUSLY.

Management recommended joining RECNET due to the excellent training and informational programs for employees and directors available through satellite. The membership fee is \$2,000.00 annually. A list of programs available for viewing through 1987 and 1988 were given. A discussion followed. IT WAS ON THE MOTION BY DARYL ERIKSEN TO JOIN RECNET. THE MOTION WAS SECONDED BY LARRY BRADSHAW. THE MOTION PASSED UNANIMOUSLY.

A discussion was heard on the NRECA Rural Health Initiative Program.

Wells Progress Corporation contacted WREC in regard to dissolving the corporation. It was requested that an affidavit be signed by the Board President recording the vote to dissolve the corporation. A discussion followed. It was suggested that the vote to dissolve be retroactive to January 16, 1987, the day the debt was paid (\$2,800.00) to the Wells Progress Corporation, rendering all shareholders debt free. IT WAS ON MOTION BY WANDA BORDEN TO SHOW THE VOTE TO DISSOLVE THE WELLS PROGRESS CORPORATION RETROACTIVE TO JANUARY 16, 1987, AT WHICH TIME \$2,800.00 WAS PAID TO THE CORPORATION BY WELLS RURAL ELECTRIC COMPANY FOR SHARES HELD BY WELLS RURAL ELECTRIC COMPANY RENDERING WELLS RURAL ELECTRIC COMPANY DEBT FREE. THE MOTION PASSED WAS SECONDED BY JERRY PARKIN. MOTION PASSED UNANIMOUSLY.

A report was given by Dan Kessler on the NRECA Manager's Conference.

A letter was received from CP National requesting that Wells Rural become the payment agency for CP National. At the present time, CP National customers make their payments at the First Interstate Bank. CP National will pay WREC \$45.00/month for this service. A discussion followed. It was the consensus of the Board not to act as a collection agency for CP National.

NRECA adopted a new logo. It was asked if WREC would be interested in adopting the new logo to replace the one WREC is presently using on their letterhead. No action was taken at this time.

BPA's Joint Committee on the 50th Anniversary Celebration recognized Vernon Dalton for his contributions to rural electrification as a Public Power Pioneer.

Wells Rural Electric has been contacted by a number of irrigators in Diamond Valley requesting service. It is in Mt. Wheeler's service territory and WREC cannot serve them.

An article appearing on the back of Mt. Wheeler's Member Newsletter was discussed.

Pacific Power and Light/Pacific Corp. has merged with Utah Power and Light. BPA is being sued by Pacific Corp. Pacific Corp. is contending that WREC and Surprise Valley are serving outside of the 75 mile radius from the southern most point of the Columbia River drainage system. A discussion followed. Bob Vaughan, WREC attorney, is in contact with Pacific Corp. lawyers and has requested the authority to intervene if deemed necessary. IT WAS ON MOTION BY VERNON SCOTT TO GRANT BOB VAUGHAN THE AUTHORITY TO INTERVENE IN THIS SUIT IF IT IS DEEMED NECESSARY. THE MOTION WAS SECONDED BY JERRY PARKIN. A discussion followed. MOTION PASSED UNANIMOUSLY.

A discussion was heard on purchasing surplus power from Bonneville Power.

The Colorado Public Service Company is aggressively trying to buy out the Union Rural Electric Cooperative in Brighton, Colorado. A report was given by Dan Kessler. A lengthy discussion was heard on preventative measures that cooperatives could actively take to ward off such actions by investor-owned companies.

A lunch recess was called at 12:00 P.M.

The meeting was called back to order at 1:00 P.M..

MANAGER'S REPORT CONTINUED:

The Form 7 was handed out to the Board for review.

Investments made this month were reported. Investments can be made with Shearson/Lehman American Express. Authorizing signatures of the Board President and Secretary were requested and granted to invest with Shearson/Lehman American Express.

The Board Retreat in Sun Valley scheduled for August 7, and 8, was canceled due to not enough board members able to participate. The Retreat will be rescheduled at a later date.

POWER SUPPLY:

It was noted that the system peak for June was 25.9 MW, which equals the system peak set in December 1986.

WPPSS:

An executive session was requested by management and granted.

BOARD COMMITTEE REPORTS:

A report on the 2nd Quarter 1988 Budget was given by Vernon Scott, Chairman of the Financial

Advisory Committee. A discussion followed. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE 2ND QUARTER 1988 BUDGET WITH THE \$47,000.00 TO \$63,000.00 TRANSMISSION/DISTRIBUTION EXPENSE AUGMENTATION. THE MOTION WAS SECONDED BY RAY CRAWFORD. MOTION PASSED UNANIMOUSLY.

Policy 1-3 and 1-6 Changes:

Policy 1-3 change, as per By-Law change approved April 23, 1987, to be as follows: Section V, B. 3, paragraph (f) To remain eligible to continue to serve as a director, and subject to payment by the corporation of his or her reasonable travel expenses, each newly elected or appointed director, who has not previously served on the board of directors of this corporation, shall attend a directors orientation workshop to be prepared and presented by the corporation and designed and planned to orientate the newly elected or appointed director as to the operations of the corporation and as to matters a director should be informed relating to a director's duties and responsibilities. The directors orientation workshop will be presented within three months from the date of the directors election or appointment. Should a newly elected or appointed director fail to attend the directors orientation workshop, said director's term of office shall thereby terminate, creating's vacancy in the office, which shall be filled pursuant to the provisions of the By-Laws of the corporation.

IT WAS ON MOTION BY WANDA BORDEN TO APPROVE THE POLICY 1-3 CHANGE AS STATED ABOVE. THE MOTION WAS SECONDED BY LARRY BRADSHAW. MOTION PASSED UNANIMOUSLY.

The proposed change to Policy 1-6, Section II, C. 5, is as follows: All Board members are invited to attend all Board Committee meetings and will be compensated as indicated above.

IT WAS ON MOTION BY FERRIS BROUGH TO APPROVE THE ABOVE STATED CHANGE TO POLICY 1-6. THE MOTION WAS SECONDED BY LESLIE SHARP. MOTION PASSED UNANIMOUSLY.

Daryl Eriksen, Chairperson for the Area Development Committee, thanked the Board on behalf of the North East Nevada Development Authority for the recent donation made. Daryl also suggested forming a REACT Committee to put a package together to promote the community of Wells. A discussion followed. Daryl requested that Dan and himself attend the National Alliance Community Development Authority Conference held in Las Vegas October 3, 4. There were no objections.

ADMINISTRATIVE SERVICES REPORT:

The 401k Plan will be in effect September 1, 1987. An Addendum to the Adoption Agreement on the retirement plan reducing the employee contribution to 0% has been received. Signatures of the Board were requested and granted.

CITY OF WELLS:

Linda Beller, City of Wells Police Commissioner, and Hal Dunn, City of Wells Chief of Police, addressed the Board requesting permission to build a shadow fence from the southeast corner of the old WREC building to the southeastern property line and approximately one half the distance from the southeastern property line to the northern property line. This is to help screen the prisoners from public view as they are brought into the building. The Board informed Mrs. Beller and Mr. Dunn that the old building will be placed on the market for sale. The Board excused Mrs. Beller and Mr. Dunn to take the request into consideration. After a lengthy discussion, IT WAS ON MOTION BY MARY WRIGHT TO APPROVE THE CITY OF WELLS BUILDING A SHADOW FENCE FROM THE SOUTHEAST CORNER OF THE OLD WREC BUILDING, ACROSS THE PARKING LOT ENTRANCE

WITH A GATE, AND ALONG THE EASTERN PROPERTY LINE TO THE NORTHERN PROPERTY LINE. THE QUALITY OF MATERIALS AND SPECIFIC LOCATION MUST HAVE PRIOR APPROVAL OF WARREN LINNELL. THE MOTION WAS SECONDED BY WANDA BORDEN. MOTION PASSED UNANIMOUSLY.

COLLECTION REPORT:

A report was given by Clay Fitch. All irrigators are current with one being on an agreement. A discussion followed with the Board complimenting staff on a job well done.

OFFICE SERVICES:

All routes are now being read with the hand held meter reading devices.

SAFETY MINUTES:

WREC has achieved their Safety Accreditation goal. The Board commended staff and employees who have worked to achieve this goal.

IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE SAFETY MINUTES. THE MOTION WAS SECONDED BY MARY WRIGHT. MOTION PASSED UNANIMOUSLY.

WREC will have a safety display at the Elko County Fair, September 4-7.

It was suggested that WREC contact Ruralite in regard to several pamphlets they have published regarding, safety etc. for review.

OUTAGE REPORT:

A discussion was heard on the excellent outage record this year and our excellent safety record (9 years - no lost time.).

HYDRO:

The exciter was rewound, but is not functional. Warren Linnell has contacted Westinghouse and they sent an engineer who is presently working on the problem.

MEMBERSHIP REQUEST; A.C. ANDERSON:

A Letter was received from A.C. Anderson, Fort Ruby, Ruby Valley, requesting service. A discussion was heard. It was decided to research the possibility further. Management is to contact BPA in regard to non-firm power.

4H REQUEST:

It was requested that WREC support their auction at the Elko County Fair this year, as we have done in past years. IT WAS ON MOTION BY VERNON SCOTT TO SUPPORT THE 4H AUCTION AT THE ELKO COUNTY FAIR THIS YEAR. THE MOTION WAS SECONDED BY FERRIS BROUGH. MOTION PASSED UNANIMOUSLY.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE 107 NEW MEMBERSHIPS: 16 IN WELLS; 43 IN CARLIN; 26 IN WENDOVER, NEVADA; AND 22 IN WENDOVER, UTAH. THE MOTION WAS

SECONDED BY LARRY BRADSHAW. MOTION PASSED UNANIMOUSLY.

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

D. Vernon Dalton, President

Mary A. Wright, Acting Secretary