

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

**OCTOBER 16, 1987**

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office, pursuant to a written Waiver of Notice of the meeting signed by all of the directors which is attached hereto, and called to order October 16, 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, Paul Johnson, Clay Fitch and Diane Griswold.

**APPROVAL OF MINUTES:**

The minutes of the regular meeting held September 18, 1987, will stand approved as written.

**ADDITIONS TO THE AGENDA:**

It was requested that the NREA Director/Manager Retreat to be held in Ely, Nevada be added to the agenda. There were no objections.

**EVALUATION OF GENERAL MANAGER:**

An executive session was called for the Board's evaluation of the General Manager. Following the closed session, IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE AN INCREASE OF 10% ABOVE THE CURRENT GENERAL MANAGER'S SALARY AS PER THE WAGE AND SALARY STUDY. MOTION WAS SECONDED BY VERNON SCOTT; MOTION PASSED UNANIMOUSLY.

**GEOHERMAL FEASIBILITY STUDY:**

Bill Petty of Petty and Associates gave a presentation to the Board on the findings of the feasibility study completed. A report completed by Petty and Associates was handed out to the Board for their review. A discussion with a question and answer period followed. The Geothermal Feasibility Study will be on next month's agenda for further discussion.

**OLD WREC OFFICE BUILDING:**

The ads advertising the old WREC building for sale have been extended. It was the consensus of the Board to let the ads expire at this time.

It was also noted that the Police Department has vacated the old building.

**WENDOVER OFFICE BUILDING:**

An appraisal by Carter and Associates will be received by the November Board meeting.

Staff attended an Elko County Planning Commission meeting September 23, 1987 and presented tentative plans for a new building in Wendover. No problems were foreseen by the Commission.

**MEMBER CONTACTS:**

Member contacts made this month were reported. Member comments were handed out for Board review, as well as the Office Payment Report.

#### MANAGER'S REPORT:

The August Form 7 was reviewed.

CFC interest rates were reviewed.

The NREA Director/Manager Retreat was discussed. It is scheduled to be held Friday, November 13, in Ely, Nevada. Vernon Dalton was asked to chair the meeting.

A discussion was held regarding BPA's non-firm power availability outside the 75 mile limit. A letter will be sent to WREC from Bob Laffel of BPA in regard to non-firm power. Mr. Laffel stated that there is little chance that the non-firm power would be interrupted, but that members should be informed of the possibility and plan for an alternative.

Dan reported on the load capacity increase requested by Newmont Gold. The total capacity increase will be approximately 30MW by May of 1988. A discussion followed.

Also discussed was a letter received from Sierra Pacific Co. in which they requested buying the 120KV line to Carlin. In general, the letter discussed alternatives for increasing the wheeling capacity to WREC from SPPCO..

It was brought to the Board's attention that Board Committees need to be selected. It was suggested that the committees remain as they stand. There were no objections.

NWPPA/PPC/NRECA is offering a workshop on takeovers and sellouts December 2, in Portland, Oregon. A Directors Update Conference will be held at the Marriott City Center in Minneapolis. A Board Leadership seminar is also being offered November 9-13, Plaza Hotel, DuPont Circle, Washington, D.C..

It was noted that Vernon Dalton was unanimously re-elected as NRECA Board of Director Delegate representing Nevada at the Region IX Meeting.

Dan, Bob Vaughan and Jim Copenhaver will be attending Legal Mix, a seminar designed for managers and attorneys. It will be held in New Orleans, October 26-28. Mt. Wheeler voted to pay one half of the expenses for Bob Vaughan and Jim Copenhaver to attend this meeting. IT WAS ON MOTION BY FERRIS BROUGHT TO PAY ONE HALF OF THE EXPENSES FOR BOB VAUGHAN AND JIM COPENHAVER TO ATTEND. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY.

Nevada Contractors Board revoked WREC's contractors license (wiring meter loops, etc. on consumer owned premises) due to not having a qualified employee. Ray Bleak is scheduled to take the test to become qualified. At that time, WREC will reapply for the license. A discussion followed.

The Board President's signature is needed for the Annual List to the Secretary of State along with the \$15.00 filing fee. Also the Utah Department of Business Regulation \$2.00 filing fee was requested for approval. There were no objections.

A discussion was held on the White Pine Power Project. WREC entered into the White Pine Power Project for a 1% interest in the preliminary stages of the project which was a 1500MW coal-fired unit in Steptoe Valley. Authorization was given to the committee by the participants to borrow \$20

million dollars, which payment for our portion is due the end of this year (approximately \$238,000.00). If the project continues WREC can take 1% of the power generated and also pay a percentage of the cost as a participant. We have our voting rights back from Sierra Pacific. LA Water and Power has offered to buy 1/2 of WREC's 1% interest for WREC's voting rights (WREC's portion due would be reduced to approximately \$119,000.00). WREC chose to sell the voting rights.

A BPA Customer Meeting will be held in Burley, Idaho November 17, at 9:00 A.M.. Vernon Dalton will attend.

It was suggested that the agenda state the date, time, and place of the regular Board meetings thus becoming the legal notice of the meeting. IT WAS ON MOTION BY WANDA BORDEN THAT THE MAILING OF THE AGENDA STATING THE DATE, TIME AND PLACE OF THE REGULAR BOARD MEETING SHALL CONSTITUTE LEGAL NOTICE THEREOF. THE MOTION WAS SECONDED BY LARRY BRADSHAW; MOTION PASSED UNANIMOUSLY. It was noted that the November Board Meeting is scheduled to be held in Wendover.

Dan reported on an article in the PPC Update regarding rate stability in the Northwest. A tax proposal was introduced which would cause BPA's rates increase by one half the difference between the agencies current rate level and the average cost of power from other regional sources. PPC is organizing a letter writing campaign protesting the proposal.

A thank you note was received from Julie Smith of Ruby Valley thanking WREC for purchasing her 4-H steer.

#### POWER SUPPLY:

It was noted that another system peak has been set (27.3MW).

#### WPPSS UPDATE:

Bob Vaughan, WREC attorney, will be attending a meeting in Seattle October 30, 1987. Mr. Vaughan will attend the November Board Meeting to give an update.

#### BOARD COMMITTEE REPORTS:

Daryl Eriksen reported on the NENDA Meeting. NENDA is sponsoring a seminar for the area business employees regarding customer service, etc.. Dr. Dunning will be conducting the seminar.

#### PCB REPORT:

Due to Federal Register requirements, Rule 10 was changed in order to comply. IT WAS ON MOTION BY MARY WRIGHT TO ADOPT THE CHANGES TO RULE 10. THE MOTION WAS SECONDED BY VERNON SCOTT; MOTION PASSED UNANIMOUSLY. \* Exhibit I

#### COLLECTION REPORT:

The Collection Report was reviewed by the Board.

#### SAFETY MINUTES:

IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE SAFETY MINUTES. THE MOTION WAS SECONDED BY WANDA BORDEN; MOTION PASSED UNANIMOUSLY.

#### ENGINEERING & OPERATIONS REPORT:

The Line Extension Contract to construct facilities at Newmont to serve the Crusher Project was sent out for bid. IT WAS ON MOTION BY WANDA BORDEN TO ACCEPT CARIBOU CONSTRUCTION'S BID. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY.

The second Quarry Substation 20MVA transformer needs to be ordered without the normal bidding process due to Newmont's project build-out schedule which requires a transformer be shipped no later than March 1988. Since Newmont is funding the purchase of the transformer, they have authorized us to negotiate directly with the supplier who supplied the original 20MVA transformer for Quarry. In negotiating with the original supplier they have guaranteed delivery by the specified date and at a cost approved by Newmont. IT WAS ON MOTION BY DARYL ERIKSEN TO APPROVE PURCHASING THE TRANSFORMER. THE MOTION WAS SECONDED BY LESLIE SHARP; MOTION PASSED UNANIMOUSLY.

Continental Lime Inc. has contacted WREC about serving a mine site 12 miles west of Wendover near the railroad tracks. This load would require the construction of two substations near the Pilot Valley interchange. The customer would be required to front construction funds as defined by Rule 9. Due to the conversions of Wells and Carlin, WREC has the necessary substation equipment in the yards.

#### NEW MEMBERSHIPS:

IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE 63 NEW MEMBERSHIPS; 6 IN WELLS; 17 IN CARLIN, 18 IN WENDOVER, NEVADA, AND 22 IN WENDOVER, UTAH. THE MOTION WAS SECONDED BY JERRY PARKIN; MOTION PASSED UNANIMOUSLY.

#### JANITORIAL SERVICES:

It was suggested that janitorial services for the Wendover office be looked into.

#### BOARD ASSESSMENT:

The Board Assessment needs to be completed and mailed back to Tony Glauser, REA Field Representative.

The meeting adjourned at 3:00 P.M.

D. Vernon Dalton, President

Wanda Borden, Secretary