

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

JUNE 7, 1988

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order June 7, 1988 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, Jerry Parkin, Vernon Scott, Leslie Sharp, and Mary Wright. Lois Nannini was not present.

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

APPROVAL OF MINUTES:

An error was noted on the vote count for the motion regarding the CFC loans and the conversion of the same from a fixed interest rate (May 20 Minutes, page 3, paragraph 3). The vote count was changed to read: THE FOLLOWING RESOLUTIONS WERE ADOPTED BY A VOTE OF 10 IN FAVOR AND 0 AGAINST. The minutes of the regular meeting of May 20, 1988 will stand approved as corrected.

ADDITIONS TO AGENDA:

Ken Conley, Manager of the University of Nevada Reno ranch south of Pine Valley, requested to be added to the agenda. There were no objections.

WENDOVER LAND:

Discussion on the Wendover Land was postponed until later in the meeting.

MEMBER CONTACTS:

Reports on Member Contacts made were given. Handouts on Customer Payments and Member Comments were given to the Board for review.

MANAGER'S REPORT:

Dan reported on the status of the pending amendment to the Newmont Agreement. A draft copy had been sent to Newmont's management. At this time Newmont has not responded to the amendment proposal.

The April Form 7 will be mailed out with the minutes.

Those selected to serve on the Nominating Committee have agreed to do so. The Committee will meet Wednesday, June 8, at the Wells office.

The amended agreement for the US Sprint Wheeling Agreement was brought before the Board for review and approval. Following a discussion, IT WAS ON MOTION BY DARYL ERIKSEN TO AMEND THE US SPRINT WHEELING AGREEMENT AS PRESENTED. THE MOTION WAS SECONDED BY WANDA BORDEN; THE MOTION PASSED UNANIMOUSLY.

Jerry Parkin arrived at this time.

CFC interest rates were reported.

Several donation requests were brought before the Board.

The Wells PRCA Rodeo requested a \$250.00 donation for the upcoming rodeo.

Following a discussion, IT WAS ON MOTION BY VERNON SCOTT TO DONATE \$250.00 TO THE WELLS PRCA RODEO. THE MOTION WAS SECONDED BY LESLIE SHARP. Further discussion ensued. A financial recap of the rodeo funds were requested by the Board. THE MOTION PASSED UNANIMOUSLY.

National Rural Electric Women's Association (NREWA), Nevada Chapter, requested a \$300.00 donation to send a Nevada student from the Youth Energy Seminar to the Washington D.C. Youth Tour sponsored by the Nevada Rural Electric Association. It was noted that the other Nevada cooperatives would also be asked to donate the same. Following a discussion, IT WAS ON MOTION BY DARYL ERIKSEN TO DONATE \$300.00 (FOR THIS YEAR) TO SEND A NEVADA STUDENT FROM THE NREA YOUTH ENERGY SEMINAR ON THE WASHINGTON D.C. YOUTH TOUR SPONSORED BY NREA. THE MOTION WAS SECONDED BY JERRY PARKIN. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY.

Bill Petty requested a donation, in memory of Dave Scolari, to the Dave Scolari Quest For Excellence Scholarship. Dave Scolari was killed in a plane accident. Mr. Scolari was Geothermal Engineer for Petty & Associates and designed our geothermal system. The scholarship is for Elko County Seniors wanting to pursue the field of Mechanical Engineering.

IT WAS ON MOTION BY MARY WRIGHT TO DONATE \$100.00 TO THE DAVE SCOLARI QUEST FOR EXCELLENCE SCHOLARSHIP. THE MOTION WAS SECONDED BY RAY CRAWFORD; MOTION PASSED UNANIMOUSLY.

A discussion ensued regarding the BPA 75 mile limit in which we can serve firm power. Pacific Northwest Generating Company has been contacted regarding their ability to serve to us firm power outside of the BPA 75 mile boundary. PNGC is interested in working with us. A list of options will be available at the July Board Meeting. Further discussion ensued regarding two small ranching loads outside the 75 mile BPA boundary (southern most end of our service territory south of Carlin) in Grass Valley who have requested service. During the discussion it was noted that service could be provided by Sierra Pacific Power Company due to a proposed 60kV line through this portion of our service territory. It was the consensus of the Board that Bob Vaughan negotiate with Sierra Pacific Power to exchange approximately 12 sections of service territory in the area of these two ranches for approximately 12 sections of Sierra's service territory near Carlin that currently has our Pine Valley feeder line running through it. Additionally, Bob Vaughan is to negotiate for future consideration of a 60kV delivery point from Sierra in lower Pine Valley. There were no objections to negotiating the above.

Due to the tremendous growth in the Carlin area, a manpower assessment was presented to the Board for their review. It was recommended that an Apprentice Lineman position be added to the Table of Organization for Carlin. A discussion ensued. IT WAS ON MOTION BY WANDA BORDEN TO AMEND THE TABLE OF ORGANIZATION, THUS TAKING THE APPRENTICE LINEMAN POSITION FROM WELLS AND ADDING THE POSITION TO CARLIN. THE MOTION WAS SECONDED BY JERRY PARKIN. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY.

A letter was received from Harry Reid thanking those attending the Legislative Conference in Washington, D.C..

Dan has been recommended as an alternate to the Public Power Counsel Board of Directors.

The annual recap of WREC's Wage and Salary Study will be available for Board review and action at the July meeting. A list of those participating in NRECA's Region IX Wage and Salary Survey was requested by the Board.

A 3.45% fee increase was requested by Vaughan, Hull, and Copenhaver, Ltd. There were no objections.

A short recess was called at 10:30 A.M. The meeting was called back to order at 10:45 A.M..

MOTOROLA UPDATE:

An update on the proposal by Motorola regarding the voice and data communication system was given by Warren Linnell and Clay Fitch. Due to frequency and path problems between Wells and Carlin, the Motorola Engineers recommended we consider installing microwave for the backbone of the system. In addition it was noted that microwave is expandable and will fill our needs far into the future, as well as provide for the possibility of leasing microwave channels to other parties. A thorough discussion ensued. IT WAS ON MOTION BY DARYL ERIKSEN TO APPROVE THE STARPOINT/DARCOM COMMUNICATION SYSTEM AS PRESENTED. THE MOTION WAS SECONDED BY RAY CRAWFORD. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY.

WENDOVER LAND:

Dan spoke to Steve Perry of Stateline regarding the Board's proposal. Stateline's counter offer was that they would purchase our property for \$150,000.00 instead of the appraised price. In addition they stated that WREC, not Stateline, would negotiate with Petrolane on the existing lease. A discussion ensued. The Board approved Dan and Daryl meeting with Petrolane to discuss the alternatives to their existing lease with Stateline.

COLLECTION REPORT:

The Collection Report was reviewed by the Board.

OFFICE SERVICES REPORT:

At this time we invest with Shearson-Lehman and CFC, approval to invest in government securities as well was requested. A discussion ensued. IT WAS ON MOTION BY LARRY BRADSHAW TO GRANT APPROVAL AND SIGNATURE AUTHORIZATION AUTHORIZING TRADING IN SECURITIES AND COMMODITIES AND PERMITTING MARGIN TRANSACTION AND SHORT SALES. THE MOTION WAS SECONDED BY RAY CRAWFORD; MOTION CARRIED UNANIMOUSLY.

SAFETY MINUTES:

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

HYDRO REPORT:

An update was given by Warren on the current operating and licensing status of the Hydro. A complete analysis will be accomplished by the next Board meeting which will address the recent and projected maintenance and operating costs.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO APPROVE 40 NEW MEMBERSHIPS: 9 IN WELLS, NEVADA; 15 IN WENDOVER, NEVADA; AND 16 IN WENDOVER, UTAH. THE MOTION WAS SECONDED BY JERRY PARKIN. THE MOTION PASSED UNANIMOUSLY.

A recess for lunch was called at 12:00 P.M. The meeting was called back to order at 1:00 P.M.

KEN CONLEY:

Ken Conley, Manager of the University of Nevada Reno ranch, addressed the Board encouraging them to do all that is possible to see that the ranch receives service whether it be from WREC or Sierra Pacific.

COST OF SERVICE STUDY:

The Cost of Service Study was presented to the Board for review and discussed. It was suggested that someone outside of the Company review our Cost of Service Study, as well as perform a rate study. Dan suggested that Dave Hedburg of CFC review the Cost of Service Study and make recommendations in regard to a rate study. Further discussion ensued. There were no objections to sending our Cost of Service Study to Mr. Hedburg and await his recommendations before further action is taken.

As there was no further business to come before the Board, the meeting was adjourned at 2:00 P.M..

D. Vernon Dalton, President

Wanda Borden, Secretary