

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

NOVEMBER 22, 1988

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order November 22, 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, Lois Nannini, Jerry Parkin, Vernon Scott, Dr. Joe Smith, and Mary Wright.

Present from the staff were Dan Kessler, General Manager; Warren Linnell, Manager of Engineering & Operations; Buddy Welsh, Manager of Administrative Services; Clay Fitch, Manager of Office Services; and Diane Griswold, Confidential Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of October 21, 1988, will stand approved as written.

ADDITIONS TO AGENDA:

There were no additions to the Agenda.

WENDOVER LAND:

The Exchange Agreement document and Warranty Deed is completed and awaiting signatures. The Exchange Agreement calls for the exchange of the A Street property WREC owns, valued at \$150,000.00 (building and land), for the Stateline Property located on Main Street in Wendover, Utah and \$149,775.00 paid upon close of the sale. It was agreed that the occupancy of the WREC building will be rent free until a new building is constructed or June 1991. Petrolane will locate their 20,000 gallon tank at the Airbase property that is currently rented from the City of Wendover. Also the trailers on the purchased property will be left until construction is started. After a thorough discussion, IT WAS ON MOTION BY RAY CRAWFORD TO APPROVE THE EXCHANGE AGREEMENT BETWEEN STATELINE PROPERTIES AND WREC. THE MOTION WAS SECONDED BY JERRY PARKIN. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY. (Exhibit I)

A thorough discussion ensued regarding sending out bids for the new building design and construction. Bob Hope, architect that designed the new Wells office building, and J.D. Long, architect in Elko have contacted WREC. It was the consensus of the Board to contact Mr. Long and request a list of commercial buildings that he has designed. The time frame of construction and land preparation were discussed - looking at completion by summer of 1990.

A Building Committee was formed (Ray Crawford, Wanda Borden, Dr. Joe Smith, and Lois Nannini). All meetings will be noticed.

MEMBER CONTACTS:

Member contacts were reported. A letter of complaint received by the Directors and Management was reviewed and discussed. Member Comments, Office Payments, Thank You's, Please Tell Us How We Did, and Think Service forms were handed out to the Board for review. Also, the Board and Administrator publication was handed out.

CAPITAL CREDIT STUDY UPDATE:

Newmont has been presented with the 27% discounted rate on their capital credits. Word from Newmont has not been received at this time. We are still awaiting word from Ernest & Whinney regarding the tax status changes that would be involved in changing the capital credit policy. Things are progressing very well.

It was the consensus of the Board to cancel the Capital Credit/Policy Committee meeting scheduled for Monday, November 28, at 9:00 a.m. until more information has been received from Bob Vaughan.

A discussion ensued regarding a By-Law change in regards to capital credit.

There is a Board seminar (Strengthening the Role of the Board, 934.2) in Las Vegas on January 18 and 19.

A discussion ensued regarding the possible change of the regular Board Meeting day from Friday to Wednesday. It was noted that a By-Law change would be necessary. No action was taken; the day will stand as is (3rd Friday of each month).

A recess was called at 10:25 a.m.

The meeting was called back to order at 10:40 a.m.

MANAGER'S REPORT:

Bob Vaughan, regarding his opinion on Anti-Trust issues, has requested that a decision be made on what we want to involve ourselves in and he will give us an opinion on that decision.

The Manager's 1989 goals will be discussed at the December Board meeting.

Notice has been received from the state of Nevada stating that we are in compliance with our Geothermal Grant Application. All applicants will be notified January 10, 1989. Mr. Bill Lewis of POWER Engineers, Inc. will attend the January Board Meeting.

BPA will not trigger the Cost Recovery Adjustment Clause which would cause a rate increase in 1989.

Signatures were requested for the annual filing with the Secretary of State. There were no objections.

Dan is to speak at the Nevada Association of Conservation Districts meeting in Elko on December 7, at the Stockmen's. The topic is Energy Outlook for Agriculture - Wells Rural Electric Company's perspective.

A letter was received from Joe Nadal of PNGC regarding service to our loads outside the 75 mile limit for BPA power. Three alternatives for serving loads outside the 75 mile limit were addressed. They are as follows: BPA surplus firm power; arrange a long term power purchase from Idaho Power Company; or rely on PNGC to provide a resource. At this time there are no firm loads requesting power outside the limit. Investigation into the three alternatives will continue.

The NRECA Annual Meeting is scheduled February 13, 14, and 15, in Washington, D.C. The Pre-Annual workshops are scheduled February 9, 10, 11 and 12. A discussion ensued. Those attending are as follows: Vernon Dalton, Daryl Eriksen, Larry Bradshaw, Ray Crawford, Vernon Scott, Ferris

Brough, Mary Wright, Dr. Joe Smith, Jerry Parkin, Dan Kessler, and Warren Linnell.

The Federal Regulatory Commission (FERC) approved the proposed merger of Pacific Power and Light and Utah Power. Stringent conditions have been imposed on the use of the combined utilities' transmission system. A discussion ensued.

The Nevada Rural Electric Association Annual Meeting is scheduled for November 30 and December 1, in Pahrump, Nevada at the Saddle West. The following are attending: Wanda Borden, Mary Wright, Lois Nannini, Daryl Eriksen, Vernon Dalton, Dan Kessler, Clay Fitch, Warren Linnell, Paul Johnson, and Don McDonald. Dan would like to host the 1989 NREA Annual Meeting in Wells.

The 520.2 Course (Effective Board Meeting) is scheduled December 5, 6, in Eugene, Oregon. Also, December 20 and 21, in New Orleans, is the 575.2 Board Course (Understanding Electric Utility Operations).

Approval has been received from REA regarding the lowering of our retail rates.

CFC interest rates and investments made were reviewed.

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

A discussion was heard regarding the effectiveness of WREC's Community and Aware Group Meetings. Also discussed was the request from several members that WREC hire an electrician. The Board Members are to become more involved with the meetings.

A Thanksgiving dinner was prepared by the employees for the Board. A lunch recess was called at 11:40 a.m.

The meeting was called back to order at 12:40 p.m.

Don McDonald, Member Services Representative, gave a slide presentation of the Employee/Director picnic.

Dan reported on the Strategic Planning meetings, key issues, strategic framework, and management action plan. Martin Lowery and Geoff Smith of NRECA will be here on Monday, December 12, from 8:30 a.m. to 4 or 5 p.m. A discussion ensued.

Dan reported on the meeting with Sierra Pacific Resources. Dale Turney and John Saibini met with Dan and Warren November 7, to discuss the Thousand Springs project. A discussion ensued. Also discussed was the service territory boundary between WREC and Raft River.

BOARD COMMITTEE REPORTS:

Vernon Scott reported for the members of the Financial Advisory Committee. The Committee recommended the approval of the 3rd Quarter 1989 Budget. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE 1989 3RD QUARTER BUDGET AS PRESENTED. THE MOTION WAS SECONDED BY WANDA BORDEN. A thorough discussion ensued. THE MOTION PASSED UNANIMOUSLY. Augmentations to the budget were reviewed. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE AUGMENTATIONS TO THE BUDGET AS PRESENTED. THE MOTION WAS SECONDED BY WANDA BORDEN. THE MOTION PASSED UNANIMOUSLY.

Board Committee assignments were given. (Exhibit II) Vernon Dalton requested that each committee assign goals for their committee to attain and state what the function of the committee is. He would

like this information by the January meeting, if possible, no later than the February meeting. Wanda Borden asked Mary Wright to serve in her place as Chairman of the Director Expense Committee until the March meeting.

During the Board Appraisal Session given by John Mashaw on October 19, it was requested that Mr. Mashaw prepare a list of goals that the Board would like to accomplish. The list was reviewed and discussed.

A thorough and lengthy discussion was heard regarding a Board retreat. IT WAS ON MOTION BY DARYL ERIKSEN TO HAVE A RETREAT. THE MOTION WAS SECONDED BY WANDA BORDEN. THE MOTION PASSED UNANIMOUSLY. Further discussion ensued. The retreat (date and place) discussion was tabled until the February Board meeting.

The Safety, Retirement & Insurance, Financial Advisory, and Member Relations Committees scheduled meetings as follows: Wednesday, December 14 - Member Relations - 8:00 a.m.; Retirement & Insurance - 9:00 a.m.; Safety - 9:30 a.m.; and Financial Advisory - 10:00 a.m.

ADMINISTRATIVE SERVICES:

A request for a \$100.00 donation was received from the Wells Chamber of Commerce to help cover the travel expenses for the speaker to attend their annual meeting. IT WAS ON MOTION BY WANDA BORDEN TO APPROVE THE DONATION. THE MOTION WAS SECONDED BY JERRY PARKIN. THE MOTION PASSED UNANIMOUSLY.

COLLECTION REPORT:

The Collection Report was reviewed. Also handed out for review was the 30/60/90 Day Delinquent Report.

OFFICE SERVICES REPORT:

Information on the microwave feasibility will be available at the December meeting.

SAFETY MINUTES:

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

Ruralite Magazine will be going up a penny an issue, as well as safety services \$6.50 a month.

DESIGN & CONSTRUCTION REPORT:

A discussion ensued.

HYDRO REPORT:

The Hydro was on-line November 1.

A discussion was heard regarding the medical insurance for survivors of deceased directors. The only legal requirement WREC has is to offer medical insurance to the survivors for a period of up to 18 months at their expense. IT WAS ON MOTION BY LARRY BRADSHAW TO APPOINT LESLIE SHARP A DIRECTOR EMERITUS. THE MOTION WAS SECONDED BY JERRY PARKIN. THE MOTION PASSED UNANIMOUSLY.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO APPROVE 65 NEW MEMBERSHIPS: 12-WELLS, NEVADA; 14-CARLIN, NEVADA; 19-WENDOVER, NEVADA; 20-WENDOVER, UTAH. THE MOTION WAS SECONDED BY JERRY PARKIN. THE MOTION PASSED UNANIMOUSLY.

IT WAS ON MOTION BY MARY WRIGHT TO PRESENT TO THE EMPLOYEES A RESOLUTION OF APPRECIATION FOR THE THANKSGIVING DINNER PREPARED. THE MOTION WAS SECONDED BY WANDA BORDEN. THE MOTION PASSED UNANIMOUSLY.

As there was no further business to come before the Board, the meeting was adjourned.

D. Vernon Dalton, President

Wanda Borden, Secretary