

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****JANUARY 26, 1989**

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order January 26, 1989, at 9:00 am. 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, 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; Paul Johnson, Manager of Member Services; Clay Fitch, Manager of Office Services; and Diane Griswold, Confidential Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of December 16, 1988, will stand approved as written.

WENDOVER LAND:

Bob Hope, architect, will make a preliminary trip to Wendover to look over the site, etc. on February 20th.

A letter was received from the Wendover Ambulance Company. They are interested in purchasing some of the land adjacent to the Wendover substation, approximately 2/5 of an acre. (A map, indicating the land they are interested in, was passed out to the Board for their review. EXHIBIT I) A thorough discussion ensued. (Dr. Joe Smith joined the meeting at this time). The 1987 appraisal for 2.06 acres of land, excluding the substation ground, was \$243,000.00 which breaks down to \$114,210.00 per acre. Following the discussion, IT WAS ON MOTION BY DARYL ERIKSEN TO OFFER THAT SECTION OF LAND FOR APPRAISED VALUE LESS 30 FEET FOR RIGHT-OF-WAY. THE MOTION WAS SECONDED BE VERNON SCOTT. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY.

MEMBER CONTACTS:

Reports from Board and staff on member contacts made this month were given. Handouts of the Member Comments and Office Payments report, Thank You cards, Please Tell Us How We Did cards, THINK SERVICE forms and Board and Administrator publication were given to the Board for their review.

A discussion was heard regarding the feasibility of having an electrician at WREC for writing and appliance repair. (Mary Wright joined the meeting at this time). It was the consensus of the Board that they would like to see an electrician at WREC. A Consumer Marketing Study will be conducted.

MANAGER[#146**]'S REPORT:**

Copies of the NRECA Annual Meeting Agenda were passed out to the Board.

Recommended changes to Policy 1-6 and 4-4 regarding transportation to meetings, etc. were discussed. The changes are as follows: Policy 1-6 (page 24), BOARD MEMBER PER DIEM AND EXPENSES, II. C. 1. **[[#150]]** Institutes, meetings with other organizations, annual and regional meetings shall be considered Company business for which Directors shall receive: compensation; per diem; reasonable travel expenses (when driving their own vehicle, reimbursement shall be at the maximum allowable rate by IRS); and lodging expenses for attendance. Board members are encouraged to use the most efficient means of transportation whenever possible. Compensation for attendance for these meetings shall be in accordance with II. B. above. Policy 4-4 (page 59), PER DIEM AND EXPENSES FOR BOARD MEMBERS AND EMPLOYEES, II.C. 1. - Reasonable air, bus, or train transportation will be paid at cost. Private transportation by car will be reimbursed at the maximum IRS allowable rate. Directors and employees are encouraged to use the most efficient means of transportation whenever possible. After discussion, IT WAS ON MOTION BY WANDA BORDEN TO APPROVE THE ABOVE CHANGES. THE MOTION WAS SECONDED BY RAY CRAWFORD. TH MOTION PASSED UNANIMOUSLY.

It was asked that Buddy review Policy 4-4, II. D. Advance for Expenses for wording and Policy 1-3 VI. C. Meetings of NRECA and submit recommended changes to the Policy Committee for review.

The Wendover Medical Clinic (Jim Morris) was contacted regarding their donation request. \$1,000.00 donation was requested. A thorough and lengthy discussion ensued regarding WREC members supporting health care services within our service areas (such as placing on the bills a box check if the members would like to donate a \$1.00 to health care services). Dr. Smith felt that supporting health care services is getting into the area of diversification, that due caution should be taken, and that it should be thoroughly researched. Following further discussion, IT WAS ON MOTION BY RAY CRAWFORD TO DONATE \$1,000.00 TO WENDOVER CLINIC AND THAT THE FUNDS BE TURNED OVER TO THE WENDOVER MEDICAL CLINIC COMMITTEE FOR DISPERSAL. THE MOTION WAS SECONDED BE JERRY PARKIN. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY.

November Form 7 was reviewed.

The auditors from Ernst & Whinney will be here the week of February 6-10.

The voting delegates for the NRECA Annual Meeting are: NRECA, Ray Crawford **[[#150]]** delegate and Vernon Scott **[[#150]]** alternate; CFC, Daryl Eriksen **[[#150]]** delegate and Dr. Joe Smith **[[#150]]** alternate. The voting credentials were signed by President Vernon Dalton and Secretary/Treasurer Wanda Borden. The voting delegates selected for the NRTC **[[#146]]**'s Annual Meeting were Larry Bradshaw **[[#150]]** delegate and Ray Crawford **[[#150]]** alternate.

A full report of the Agency Account with First Interstate Bank will be given at the February Board meeting. A request from Jerry DiGrazia was received asking if the BPW could purchase a \$25.00 power credit to raffle off for the Senior Citizens. A discussion ensued. The Board gave their approval to allow members to purchase power credits. A coupon will be designed.

A donation request from Dru Thiercof for the Northern Nevada Community College Mardi Gras dinner and dance February 4th, was received. IT WAS ON MOTION BY LARRY BRADSHAW TO PURCHASE 10 TICKETS TO THE NNCC MARDI GRAS. THE MOTION WAS SECONDED BY LOIS NANNINI. THE MOTION PASSED WITH WANDA BORDEN OPPOSING.

A donation request was received from the LDS Cutting. At this time they are on the standard donation list. Also a donation request was received from the Wells Chariot Club for \$100.00 onation. After discussion, IT WAS ON MOTION BY DARYL ERIKSEN TO REMOVE THE LDS CUTTING FROM

THE STANDARD DONATION LIST AND APPROVE A \$100.00 DONATION TO EACH THE LDS CUTTING AND THE WELLS CHARIOT CLUB. THE MOTION WAS SECONDED BY FERRIS BROUGH. THE MOTION PASSED UNANIMOUSLY.

WREC applied for the Geothermal Heating Grant and was rejected by the state of Nevada. Dan reported.

A discussion ensued regarding the Geothermal feasibility study and WREC pursuing the possibility of using geothermal heat as a secondary heating source. Also discussed was leasing geothermal rights. It was the consensus of the Board to have Bill Petty review the study with the Board and make recommendations. It was also recommended that different geothermal grants should be sought.

A recess was called at 11:00 am. The meeting was called back to order at 11:15 am.

MANAGER[[#146]]S REPORT CONTINUED:

The Pacific Northwest Generating Company (PNGC) affiliate membership is due (\$1,000.00). A discussion ensued in regards to renewing the membership automatically annually. IT WAS ON MOTION BY MARY WRIGHT TO APPROVE RENEWING THE MEMBERSHIP ANNUALLY AND APPOINT DAN KESSLER AS THE REPRESENTATIVE. THE MOTION WAS SECONDED BY RAY CRAWFORD. THE MOTION PASSED UNANIMOUSLY.

Raft River required that the WREC Board appoint someone to vote for their directors at their annual meeting. IT WAS ON MOTION BY DR. JOE SMITH TO DESIGNATE VERNON DALTON. THE MOTION WAS SECONDED BY JERRY PARKIN. THE MOTION PASSED UNANIMOUSLY..

Dan invited the Board to a tour of our computer system sometime in March.

Dan gave an in-depth report on the 4 part study regarding the resale opportunities of our microwave system. A not to exceed \$15,000.00 quote was received for the study from POWER Engineers, Inc. A discussion ensued. The study also addresses data and voice transfer in regard to tariff laws an usurping CP National[[#146]]s and other telephone companies[[#146]] territorial protection. IT WAS ON MOTION BY MARY WRIGHT TO PROCEED WITH THE STUDY. THE MOTION WAS SECONDED BY DR. JOE SMITH. THE MOTION PASSED UNANIMOUSLY.

Utah Rural Electric is holding a Director[[#146]]s Workshop on February 23rd and 24th, in Sandy, Utah at the Deseret G&T/Utah rural Electric Association building.

A letter was received from Bob Bergland in regards to NRECA[[#146]]s Pro-Electric ads. It is NRECA goal to reach \$1 million for a nationwide marketing and advertising pro-electricity campaign. A request for 10 cents for each meter served was asked of each NRECA member system. WREC has 4,030.00 active accounts which would be a \$403.00 donation. IT WAS ON MOTION BY DARYL ERIKSEN TO APPROVE \$403.00 TO SUPPORT THE CAMPAIGN. THE MOTION WAS SECONDED BY DR. JOE SMITH. Further discussion ensued. THE MOTION PASSED UNANIMOUSLY.

Dan reported on the meeting with BPA, Newmont Mine Company and POWER, Engineers, Inc. in Portland, Oregon January 20th, regarding the Newmont contract. The possibility of triggering the new large single load resource rate signed into law as part of the Pacific Northwest Generating and Conservation Act in late 1980 was addressed. This law reads that you cannot bring on any new load that exceeds 87,600,000 Kwh in any twelve month period. Newmont could possibly exceed this limit unless the load could be qualified as two separate facilities for processing (milling and leaching). Wells Rural Electric had offered Newmont two separate contracts, but for convenience on contract was agreed upon.

BPA has requested further documentation and information in regards to the two separate processes and contract negotiations between Newmont and WREC. A discussion ensued regarding load management and alternatives to meeting the load for Newmont.

Payment to REA for our long-term debt was paid in October, November and December 1988 through wire transfer at First Interstate Bank in Reno. REA received October and December payments but did not receive the November payment. The wire department in Reno had wired the funds to USDA BPA. Interest was lot and penalties assessed. We are tracking this error and have not heard for FIB as yet. Interest and penalties will be paid by those causing the error.

Dan gave an update of the NREA Legislation. (Dr Smith left the meeting at this time). Two bills were introduced to Nevada Legislature: Unclaimed Capital Credits 8.540 regarding takeovers and sellouts **[[#150]]** corporations formed pursuant to changed to include those consolidated pursuant to (this change affects Valley Electric).

Each Board member received a letter from Federated Insurance regarding some grammatical changes **[[#150]]** Wells Rural Electric Cooperative to Wells Rural Electric Company. Approval was asked of the Board to call Federated and make the above change. There were no objections **[[#150]]** approval granted. Further study regarding Federated Insurance will be done and a report given to the Policy Committee in February for review.

Raft River has been contacted regarding WREC serving the water wells that are just outside our service territory boundary near the proposed 1000 Springs generating station. Raft River was receptive to WREC serving those wells as they do not have any facilities nearby to serve those loads.

A lunch recess was called at 12:30 pm. The meeting was called back to order at 1:30 pm.

BOARD COMMITTEE REPORTS:

Daryl Eriksen and Dan Kessler reported on the meeting with County Commissioners and the Economic Development Committee on January 10th. They support the 1000 Springs project in Wells. It was suggested that Humboldt and Lander Counties be contacted due to the similarities between Valmy and the proposed project here, the rural area of Wells and Battle Mountain, lack of living facilities, etc.

A Policy Committee meeting to discuss the implementation of NRECA **[[#146]]**s Aids policy and a Financial ratios, 5-1 Policy, financial ratios on page 3 of the Form 7, trends and financial statistics was scheduled for Thursday, February 23rd, at 9:00 am. If the agenda cannot be covered in one day, another meeting will be scheduled at that time.

Due to the conflict of schedules, the March Board meeting was changed from the 17th to the 24th. There were no objections to the change.

A discussion ensued.

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