

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

MARCH 24, 1989

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in the Wells office and called to order March 24, 1989, at 9:00 AM. The meeting was presided over by President Vernon Dalton.

Directors present were Larry Bradshaw, Ferris Brough, Ray Crawford, Vernon Dalton, Daryl Eriksen, Lois Nannani, Jerry Parkin, Vernon Scott and Mary Wright. Wanda Borden and Dr. Joe Smith were not present.

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

APPROVAL OF MINUTES:

The minutes of the regular meeting of February 17, 1989 will stand approved as written.

ADDITIONS TO AGENDA:

It was requested that the Auditor[**##146**]'s Report be moved to the first agenda item with the Office Services and Collection Report to follow. There were no objections. Bill Petty could not attend the April Board Meeting.

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

A report was given by Jay Smith of Ernst & Whinney on the completed 1988 audit. Mr. Smith handed out to the Board a Financial Statement Comparison, an agenda to the bound report received earlier in the week by the Board, and a letter addressed to Vernon Dalton. (EXHIBIT I) IT WAS ON MOTION BY JERRY PARKIN TO APPROVE THE 1988 AUDIT REPORT. THE MOTION WAS SECONDED BY VERNON SCOTT: THE MOTION PASSED UNANIMOUSLY.

COLLECTION REPORT/OFFICE SERVICES:

The 30/60/90 Day Delinquent report was handed out to the Board for review and discussion.

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

Bob Vaughan, Attorney, sent a letter to each Board member regarding his opinion on a solution to unclaimed capital credits (member could not be found within five years after the capital credit was retired, that it would revert to the cooperative, and thereby not escheat to the state.) Mr. Vaughan[**##146**]'s letter also pointed out several considerations the Board should review further. A discussion ensued. It was the consensus of the Board that more information will be needed before a decision can be made.

A letter sent to the Board and Management from Jim Copenhaver, Attorney, regarding his opinion on

Wells Rural Electric Company imposing a five percent interest charge on delinquent accounts or giving a discount for timely payment of account was discussed. Also discussed was rewarding a customer with a discount for early (on time) payment or charging a penalty for late payment. More information was requested.

REA Field Accountant, Basil Majors, recently completed his loan fund audit at WREC. Handed out to the Board for review was a letter received from Martin Seipel, Director Southwest Area **[[#150]]** Electric, REA, requesting the actions taken by WREC to implement the loan fund audit. Also handed out was the letter sent in response to Mr. Seipel.

A letter was received from POWER Engineers stating their proposal for a long range plan (5 year, 10 year, 20 year.) This would supply the subsequent basis for our future two year plans. The present long range plan (1982-2002) was prepared by POWER in 1983. The proposed plan (1989-2009) will include an analysis of 10 substations, 28 distribution feeders and an estimated 550 man hours to prepare for an estimated cost of \$34,000.00. A short discussion ensued. Further discussion was tabled until later in the meeting.

During approval of the Capital budget in December, an Auto-CAD (Computer Aided Drafting) system (mapping only) was approved. At the time of approval it was cost effective and the GIS (Geographic Information System/Data Base (mapping and data base) was not. Now, the GIS system has become cost effective, offering much more expandability then the Auto **[[#150]]**CAD system. It was recommended by staff that the Board consider replacing the Auto-CAD system, which has not been purchased at this time, with the GIS system. Several governmental agencies (i.e., Forest Service, BLM, Elko County, etc.) and POWER Engineers, etc. are incorporating the GIS System which will greatly improve our accessibility to information through sharing software. Cost break-downs for both systems were reported. A discussion ensued. There were no objections to POWER Engineers giving a presentation of the GIS system at the April Board Meeting.

Clay reported on the Basis Date for three REA loans (H4, G6, and K6 presently on the books. On April 23, 1989, two of the loans will reach their Basis Date. Approval was requested for four resolutions (EXHIBIT II) rescinding funds of the H4 loan for \$138,00.00 with REA, K6 loan for \$666,000.00 with REA, K6 loan for \$338,000.00 with NRUCFC, and the G6 loan for \$120,000.00 with REA. IT WAS ON MOTION BY JERRY PARKIN TO APPROVE THE FOUR RESOLUTIONS. THE MOTION WAS SECONDED BY LOIS NANNINI: THE MOTION PASSED UNANIMOUSLY.

A break was called at 10:45 AM: The meeting was called back to order at 11:00 AM.

Further discussion ensued regarding the long range plan. After discussion, IT WAS ON MOTION BY RAY CRAWFORD TO ACCEPT POWER ENGINEERS **[[#146]]** PROPOSAL. THE MOTION WAS SECONDED BY MARY WRIGHT: THE MOTION PASSED UNANIMOUSLY.

CFC interest rates and investments made were reported.

The May Legislative Rally (two sessions) is scheduled May 1 through May 5. It was the consensus of the Board to attend the second session May 3-5. It will be held at the Hyatt Regency in Washington, D.C.

The nominees list for the General Pacific Board of Directors was handed out for review.

Several donation requests were received:

Freedom to Choose (statewide drug prevention magazine) requesting an 1/8 page ad for \$185.00. A discussion ensued: no action was taken. Mayor George Yan, Wells, requested and open-end

pledge/donation for the proposed new library building for Wells. More information was requested: Tabled until later in the meeting.

Little League of Carlin has requested a donation of materials and labor to place extension cords (for pitching machines) in conduit underground thus eliminating any safety hazards from the cords lying on top of the ground. The materials would amount to about \$200.00 and labor about \$120.00. During discussion it was the consensus of the Board to donate the above the all three areas. IT WAS ON MOTION BY JERRY PARKIN TO DONATE TO ALL THREE AREAS THE MATERIALS AND LABOR NEEDED (ABOUT \$960.00). THE MOTION WAS SECONDED BY LOIS NANNINI: THE MOTION PASSED UNANIMOUSLY.

John Dits for the Rocky Mountain Elk Foundation requested a donation of \$40.00/ticket for the April 8th benefit. No action was taken.

On March 20, 1987, it was passed that the Wells Chamber of Commerce be granted a power credit of \$327.00 total per year for two years and the facility charge be waived on the Wells Museum building. No power had been used during that time period. It was asked if the motion still stood and could the Chamber begin using a power as the conditions state above. There were no objections.

A letter was received from Bob Vaughan regarding a fire in Wendover caused by a wood stove. WREC had previously disconnected the service for safety reasons and pointed out hazards which the owners had to correct before they were reconnected. Due to the professional approach and documentation, the Company will not be included in any litigation.

The Board completed an evaluation of NRECA Annual Meeting.

A lunch recess was called at 12:15 PM.: The meeting was called back to order at 1:15 PM.

MANAGER[[#146]]S REPORT CONTINUED:

A letter was received from Bob Bergland thanking us for contributing to the Pro-Electricity National Marketing Advertising Campaign.

The letter sent to Fred Koska for stopping a wire theft was passed around for the Board to review. Also a \$100.00 power credit was sent to Mr. Koska. It was noted that there was \$31,400.00 loss and that Mr. Koska saved the Company a possible of \$150,000.00. There will be a picture of Mr. Koska and an article in the member newsletter.

BPA had previously stated that there would be no rate increase until October 1991; however, we were recently informed that BPA has decided to study the situation further due to high purchase costs, low sales brought about by the extreme cold weather of the past winter, etc. before formally filing with FERC.

A recap of NRECA Board courses taken by each Director and a list of Board Certification courses were handed out.

NRECA/NWPPA Chairman of the Board Conference will be held in Sun Valley, Idaho June 25-28. Vernon Dalton encouraged as many Board Members that can attend to do so.

A quote was received from Federated Insurance to Increase our coverage for directors[[#146]], officers[[#146]], managers[[#146]] liability insurance from \$5 million to \$10 million which is about \$9,000,00 more annually. Jim Copnehaver recommended doubling the coverage to \$10 million.

Following a discussion, IT WAS ON MOTION BY JERRY PARKIN TO INCREASE THE DIRECTORS[[#146]], OFFICERS[[#146]], MANAGERS[[#146]] LIABILITY INSURANCE FOR \$5 MILLION TO \$10 MILLION. THE MOTION WAS SECONDED BE VERNON SCOTT: THE MOTION PASSED UNANIMOUSLY.

The Ruralite Annual Meeting is scheduled in Portland, Oregon April 20 and 21. Due to the conflict with our Board Meeting, there were no objections to changing the April Board Meeting to Friday, April 28. Also, there were no objections to changing the May Board Meeting to Friday, May 26.

An article published in the Advocate regarding Wells Rural Electric Company was passed out to the Board for review and discussion.

Warren reported on the Barger pump failures. Also reviewed was a letter received from Bob Vaughan regarding the above. A discussion ensued.

Per \$100.00 of revenue 42 cents is used for employee education and 60 cents used for director education.

A letter was received for Joe Gremban, Chairman of the Board of Sierra Pacific Resources/Projects Manager of the Thousand Springs Projects, offering us capacity (20 year term from the first 250 megawatt unit) in the Thousand Springs Generating Company. A copy of the letter was forwarded to Bonneville Power Administration. A discussion ensued.

WREC has been placed under the Boise District of BPA rather than the Idaho Falls District. Tom Blankenship is the new District Manager [[#150]] Bob Laffel had transferred to the Eugene, Oregon office.

A letter has been received from Bonneville Power stating that Newmont has been determined as two seperate facilities (milling and leaching).

A letter from Jim Copenhaver regarding underground storage was reviewed and discussed. Mr. Copenhaver recommended that we get some type of letter from Stateline indicating that it never had any knowledge or any reason to believe that there had been any leakage from the underground gas storage tank. The letter from Stateline was requested and had been received.

WENDOVER LAND:

The blue prints have not been received. A letter was received from Bob Vaughan stating that the land transaction has been completed. Bob Hope, Architect, recommended that the land be prepared and compacted in total instead of just the areas needed as we grow.

MEMBER CONTACTS:

Member contacts made were reported. The member Comments and Office Payment report, Thank You cards, Please Tell Us How We Did cars, Think Service forms and the Board and Administrator publication were handed out to the Board for review.

A discussion was heard regarding the closing of the loop off of the Humboldt Substation.

Dan has been asked to speak at the REMDC (Rural Electric Management Development Council) meeting in Fargo, N.D. on Effective Member Contracts. They have asked Wells Rural Electric Company to host next year [[#146]]s meeting.

WREC was contacted by a consumer asking why we did not have an electrician on staff as yet. A discussion ensued.

AHP has completed their pre-test survey (15 consumers). A copy was handed out to the Board for review and discussion. The formal survey will be starting soon. It was asked if AHP could signify on the survey what rate class the participants are in. It will be checked into.

Photos of the Safety Demonstration Trailer were sent around for viewing.

NWPPA 1988 Directors, Commissioners, and Other Elected Officials Fees and Expenses Survey was handed out for review.

A list recapping 1984, 1985, 1986, 1987, and 1988 with key ratios was handed out for review and discussion.

The revised Form 7 was handed out.

GEOTHERMAL UPDATE:

Bill Petty will be attending the April 28 Board Meeting with a presentaion.

POWER SUPPLY:

A new system peak of 48.8 MW was reached.

BOARD COMMITTEES:

Vernon Scott reported for the Policy Committee members on the meeting on February 23. The Committee recommended that the revised Policy 1-3 (EXHIBIT III) be approved. IT WAS ON MOTION BE VERNON SCOTT TO PASS THE PROPOSED 1-3 POLICY. THE MOTION WAS SECONDED BY DARYL ERKSEN: THE MOTION PASSED UNANIMOUSLY. The Committee recommended that the revised Policy 4-4 (EXHIBIT IV) be approved. IT WAS ON MOTION BE VERNON SCOTT TO APPROVE THE REVISED POLICY 4-4. THE MOTION WAS SECONDED BY DARYL ERIKSEN: THE MOTION PASSED UNANIMOUSLY. The Committee recommended that the Policy 7-10 Anti-discrimination Policy Regarding Acquired Immune Deficiency Syndrome (AIDS) (EXHIBIT V) be approved. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE POLICY 7-10. THE MOTION WAS SECONDED BY RAY CRAWFORD: THE MOTION PASSED UNANIMOUSLY. The revised Policy 5-1 (EXHIBIT VI), Key Performance Areas and Key Indicators, was brought before the Board for the first time during this meeting. A list of key ratios, measures and indicators (formulas and definitions) were handed out to the Board. After review and discussion of Policy 5-1, IT WAS ON MOTION BY DARYL ERIKSEN TO APPROVE THE REVISED POLICY 5-1. THE MOTION WAS SECONDED BY VERNON SCOTT: THE MOTION PASSED UNANIMOUSLY.

Vernon Scott reported for the Financial Advisory Committee members on the meeting of February 23. The augmentation of the 4th Quarter 1989 Budget were reviewed and discussed. Following discussion, IT WAS ON MOTION BY DARYL ERIKSEN TO APPROVE THJE AUGMENTATIONS AS PRESENTED. THE MOTION WAS SECONED BY LOIS NANNINI: THE MOTION PASSED UNANIMOUSLY. IT WAS ON MOTION BY VERNON SCOTT TO APPROVE THE 4TH QUARTER 1989 BUDGET. THE MOTION WAS SECONDED BY DARYL ERIKSEN. A discussion ensued. THE MOTION PASSED UNANIMOUSLY.

Daryl Eriksen reported that the Economic Development Committee is scheduling a meeting with the

Chamber of Commerce, NENDA, etc.

A discussion was heard regarding the proposed Idaho Power transmission line scheduled to go through Wells. Also discussed was the surplus of energy in the United States and that the eastern part of the country is projected to have less than what will be required.

A recess was called at 3:00PM: Meeting called back to order at 3:10 PM.

SAFETY MINUTES:

IT WAS ON MOTION BY LARRY BRADSHAW TO APPROVE THE SAFETY MINUTES. THE MOTION WAS SECONDED BY VERNON SCOTT: THE MOTION PASSED UNANIMOUSLY.

OPERATIONS & ENGINEERING REPORT:

The microwave system should be ready to go by the next Board meeting.

HYDRO:

Warren met with Fish & Wildlife and the Forest Service. The recommendations of the Fish & Wildlife and the Forest Service were discussed.

MEMBER SERVICES:

Vernon Dalton addressed ACRE memberships.

The Scholarship Committee is scheduled to meet Thursday, May 11, at 7:00 AM at the Wells office, to interview the students in Wendover, Wells, and Carlin for the WREC Scholarship.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT TO APPROVE 39 NEW MEMBERSHIPS: 10 **[[#150]]** WELLS, NEVADA; 5- CARLIN, NEVADA; 15 **[[#150]]** WENDOVER, NEVADA; AND 9 **[[#150]]** WENDOVER, UTAH. THE MOTION WAS SECONDED BY RAY CRAWFORD: THE MOTION PASSED UNANIMOUSLY.

Further discussion was heard regarding the Wells Library pledge/donation. IT WAS ON MOTION BY LARRY BRADSHAW TO PLEDGE \$1,000.00 FOR THE CITY OF WELLS LIBRARY BUILDING. THE MOTION WAS SECONDED BY FERRIS BROUGH: THE MOTION PASSED UNANIMOUSLY.

As there was no further business to come before the Board, the meeting adjourned at 3:45 PM.

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