

HTML contains invalid UTF-8 character(s)**THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****MARCH 25, 1994**

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in Wells, Nevada in the board room of the Wells office and called to order March 25, 1994, at 9:00 AM. The meeting was presided over by President D. Vernon Dalton.

Directors present were Gerald Anderson, Larry Bradshaw, Ferris Brough, Ray Crawford, D. Vernon Dalton, Daryl Eriksen, Robert Harris, Lois Nannini, Jerry Parkin, Vernon Scott, S. J. Smith and Mary Wright.

Present from the staff were Daniel L. Kessler, Jr., General Manager; Clay R. Fitch, Manager, Finance/Administration; and Warren Linnell, Manager, Engineering/Operations; and Paul Johnson, Manager of Member Services. Also present were Diane Griswold, Executive Secretary.

APPROVAL OF MINUTES:

After discussion, the minutes of the regular meeting of February 18, 1994 will stand approved as written.

ADDITIONS TO THE AGENDA:

There were no additions. It was noted that Robert Hill, attorney, will address the board on the Wendover land situation. Also, Ron Aoki from Ernst & Young is here to give the financial audit report.

WENDOVER LAND:

Robert Hill, attorney, reported. The State of Utah had initiated a formal proceeding to determine responsible parties. WREC[[#146]]s objectives were to be declared not a responsible party and to not pay for the proceedings since WREC had nothing to do with the contamination in the first place. Due to a new rule in the proceeding, our position was that we wanted and encouraged the State to have a proceeding but did not actually ask for it.

Union Pacific, Shell Oil, and Stateline Hotel all file memoranda telling the State that they ought to dismiss the proceeding until they had evidence of and actual release from those particular tanks. We prepared responsive memoranda to theirs along the lines that the gasoline is in the ground water and there is a good inference that it came from the tanks on the property. It was noted that WREC never was a tank owner. There is enough information there to require the owners of the tanks to do more investigation. The hearing officer in the formal proceeding issued three different opinions. Most important to WREC is a determination and recommendation to the Executive Secretary of the Hazardous Waste Committee that WREC is not a responsible party. Mr. Hill stated that it looks like we have that one. The second determination is that WREC did not request the proceeding. The third decision the hearing officer made was to stay the proceedings, which included the table, whose names have come up in the preliminary proceedings, which included an AMOCO Service Station. AMOCO and AL Park Petroleum were both notified of their inclusion in this proceeding. They have been given time to respond so further proceedings have been stayed for 90 days.

The hearing officer stated that during the 90 day stay and since no one has formally requested this

proceeding, which the State initiated on its own, he suggested that if somebody doesn't come forward with a plan among the potentially responsible parties to take responsibility for the investigation, he may do one of three things: 1) go ahead and make a determination of the responsible parties; 2) he may convert the proceeding back to an informal proceeding, which means the State staff would issue orders unilaterally without hearings; or 3) he may dismiss the proceeding and leave it up to the State to come back at some later time. Mr. Hill does not think the third option is the most likely outcome. He feels what is more likely to happen is that in June no one will have done anything and the hearing officer will have to make the decision whether the State is going to proceed at its expense or whether to convert back to an informal proceeding. Mr. Hill's best guess is that the hearing officer will issue orders directly to those parties.

Mr. Hill figures that there is a co-mingled plume from three different former gas service stations and that could take years of squabbling among the parties. The ultimate clean up will probably not be done within the next year or two.

WREC appears, pending confirmation of the hearing officer, not to be responsible for any liability for clean-up or investigation. We are not responsible for conducting an investigation but are recognized as an interested party.

A contract with Kleinfelder has been signed. Stateline has agreed to pay half of the costs for drilling of the building site, not to exceed \$3,500.00. The drilling took place on March 14 & 15. Mr. Hill reported their findings. They detected no organic vapors in any of the six holes down to the depth of 20 feet. This is probably about an 80 percent assurance that there is no contamination. The lab tests, due back in the next couple weeks, will confirm this. If the lab tests confirm what the on-site testing indicated, it will be safe to go ahead and construct the building. It does not look like the contamination has spread to the shallow solid to the building site.

For any remediation purposes that occurs over the next several years, a couple of monitoring wells may be involved to determine the extent of the plume of contamination, monitor the migration of the plume, and eventually to remove any free product. All of this can be done without interfering with the building.

The engineering consultants noticed some trash buried under the site. Knowing that it is there, it can be removed easily and recompact. These are ordinary kinds of construction problems. This has nothing to do with the environmental remediation. There is nothing to stop building on the site. A vapor barrier under the building was recommended.

A discussion ensued regarding the financing of the building. It was noted that, due to the "stigma" associated with the problem, the property would be hard to sell. Mr. Hill's feeling is that the construction of the building is more of an economical question than an environmental one: WREC has done all that can prudently be done. Following a thorough and lengthy discussion, it was recommended by management that all the information on financing (i.e., REA lien accommodation, legal costs, new heating design, insurance, etc.) and a reassessment of our building needs be brought before the board in April. There were no objections.

AUDITOR'S REPORT:

Ron Aoki of Ernst & Young gave our financial audit report. Three items, not material weaknesses, were addressed: material inventory; prepaids; and work orders. A letter regarding how these items are being corrected will be sent out before the April board meeting.

MEMBER CONTACTS:

Member contacts and follow-ups made were addressed. A consumer had a concern with the postcard billing and multiple accounts. The member was assured that all accounts (each postcard) under one entity will be mailed in one envelope.

MANAGER [REDACTED]'S REPORT:

CFC [REDACTED]'s interest rates, investments made and interest earned was reported.

We are to meet with Interactive Technologies, Inc. (ITI) to investigate the areas of security systems and how these systems can possibly save cooperative members insurance dollars. Dan Reported.

The Legislative Update was placed in the agenda to keep the board abreast of legislation affecting cooperatives.

Dan reported on the Cooperative Coalition and the issues they are concerned with such as BPA transmission voltage charges, transmission upgrades, transfer agreements and new preference customers. A discussion ensued. It was the consensus of the board to support preference principles. Also addressed was BPA [REDACTED]'s restructuring, as well as tiered rates, irrigation discount, and low density discount.

Dan reported on the Wells Planning Commission meeting held to discuss the renovation of Front Street and the downtown area.

Nevada Rural Electric Association is holding an educational workshop for employees on March 31 and April 1, titled "Helping Employees Understand Our Business." It is to be presented by Joe Lane, NRECA consultant.

Copies of the December Form 7 were handed out for review and discussion.

Marjean Kidner, Wells Justice of the Peace, contacted Dan to ask if the board would consider leasing the back of the building on 510 Lake Street to the Justice department. This would be leased in conjunction with the credit union. Mrs. Kidner stated that due to the ADA requirements the Justice department has to relocate from the building they now house. A discussion ensued.

Dan reported on the proposed restructuring of the organizational chart. Management is constantly looking at restructuring to better the efficiencies of the company. It is proposed to split the purchasing department by eliminating the Materials Clerk and the Electrician [REDACTED]'s Clerk positions by combining them into one position of Purchasing Agent. This will result in the same number of employees that currently exist. After discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE RESTRUCTURING OF THE ORGANIZATIONAL CHART AS PROPOSED.

A request from a Wells member, under Policy 2-7, to access information on our new members was received. The information requested is to facilitate a Welcome Wagon to introduce the new member to the business community. WREC already had an agreement between the three communities to exchange this information. There were no objections to this request. It was suggested that this would be an ideal time to receive information regarding the consumer as well.

A letter was received from Wally Beyers, REA Administrator, regarding a letter from Mrs. Barbara Perez of Crescent Valley, Nevada and within SPPCO service territory, requesting service from Wells Rural. Dan reported. The cost to bring electricity to that area of Sierra [REDACTED]'s territory to about 28 residence, according to Ms. Perez, was exorbitant. Warren and Paul met with Ms. Perez and brought back information on the closest transmission facility, etc. A discussion ensued. There were no objection to

Dan contacting SPPCO to see if they are interested in serving this area and asking what we could do to work with them in bringing service to those residences. More information will be obtained.

The Legislative Conference in Washington DC is scheduled for May 1-4. The NREA breakfast is scheduled for Monday, May 2 at 7:00 a.m. Meetings with the legislators will be scheduled for Monday afternoon and Tuesday.

NREA has entered into a two year agreement with Mr. Jim Wadhams to provide full service as a lobbyist. Mr. Wadhams will represent NREA during the legislative sessions, as well as giving advice on state and federal statutes and regulations, the U.S. Constitution, the Constitution of the State of Nevada, any relevant judicial or administrative decisions. There were no objections from the board.

Dan resigned from the Ruralite board. Warren will finish his term. Dan felt he had far too much going on to keep this position. Dan reported. A discussion ensued regarding the committees and their effectiveness under Ruralite[[#146]]s present system.

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

Don Angell of POWER Engineers, Inc. reported on the power supply issue relative to the amendment to the General Transfer Agreement and the Interim Power Agreement between SPPCO and BPA. Mr. Angell addressed the chronological history of both agreements. A handout containing a Summary of Events, Power Rates and Power Shortage Rate Schedule was given to the board for review (EXHIBIT). A thorough discussion was held on current and long-range future power delivery concerns and scenarios. Following this discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE THE INTERIM AGREEMENT. Don was thanked for all the work he has done for WREC.

Several donations were brought before the board for consideration. In December 1993 the board approved a donation to the Wendover High School by participating in level 3 of their Renaissance program. The sponsorship of level three consisted of \$560.00 to buy T-shirts.

Chimney Rock Golf Association asked for a donation to sponsor a T box. They requested we sponsor T box #5 following a discussion, IT WAS ON MOTION BY MARY A. WRIGHT, SECONDED BY JERRY ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE \$200.00 SPONSORSHIP FEE FOR T BOX #5. Following further discussion, the board suggested augmenting the advertising budget for his sponsorship. There were no objections.

A letter was received from the National Endangered Species Act Reform Coalition asking for a renewal of their membership dues for 1994 of \$1000.00. The Coalition is headed by Bob Bergland. Vernon Dalton reported. Following a discussion, IT WAS ON MOTION BY MARY A. WRIGHT, SECONDED BY LARRY BRADSHAW AND PASSED UNANIMOUSLY TO APPROVE THE \$1000.00 MEMBERSHIP DUES.

NENDA has sent a letter requesting WREC to again join NENDA as a member. It was suggested that Debbie Smith attend the April board meeting to bring us up-to-date on NENDA and their accomplishments, etc.

The Utah Public Service Commission has approved our loan with REA. Several documents were presented to the President for signature. The question of UPSC[[#146]]s approval was raised. Dan will look into this further.

Dan reported on the Next Dollar Program. Bob Vaughan has been ill recently so more information with

be forthcoming from Mr. Vaugahn. Mr. Vaughan is also working on the microwave lease with the credit union. Following a discussion, there were no objections to Dan signing the leases with the credit union.

Clark County and Mason PUD has filed a suit to terminate WPPSS Plants 1 & 3. It was requested that Mr. John Lowery of Riddell, Williams, Bullitt & Walkinshaw handle this case. They have represented us in the past with the WPPSS litigation.

Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY JERRY ANDERSON AND PASSED UNANIMOUSLY TO APPROVE MINIMAL INVOLVEMENT FOR JOHN LOWERY TO REPRESENT US WITH THIS LITIGATION.

NEVADA COOPERATIVE CREDIT UNION:

The lease for the building was discussed earlier. The board approved Dan signing the leases.

Vernon Dalton gave an update on the credit union.

BOARD COMMITTEE REPORTS:

Jerry Anderson reported on the behalf of the Policy Committee. The proposed changes to Rule 5 and Rule 6 were presented. (EXHIBIT) Upon recommendation of the Policy Committee, IT WAS ON MOTION BY JERRY ANDERSON, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED CHANGES TO RULES 5 & 6.

Robert Harris reported on behalf of the Financial Advisory Committee regarding the new flex budget. A committee meeting has been scheduled for April 12 at 9:00 a.m.

ADMINISTRATIVE/FINANCIAL SERVICES REPORT:

The final proof of the postcard billing was handed out for review. Clay reported on the billing dates, etc. We will work with people on the first transition period of billing. A number of articles and information has been sent out to the membership.

SAFETY MINUTES:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES.

ENGINEERING/OPERATIONS REPORT:

Approval of the March 1994 Borrower **[#146]**'s Environmental Report (BER) resolution to accompany the 1994/1995 Construction Work Plan was requested. Copies of the BER were handed out to board members. Warren reported. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND APPROVED UNANIMOUSLY TO APPROVE THE BER RESOLUTION.

A comprehensive report of the Electrician Department was given by Warren. A breakdown of costs was reported. Comparisons of fees of other electrician **[#146]**'s around the area were also given. It was noted that, previously, transportation costs had not been figured into our costs. A proposed fee schedule, with transportation costs, was presented for the board **[#146]**'s consideration. Following a thorough discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY JERRY ANDERSON AND APPROVED UNANIMOUSLY TO ADOPT THE PROPOSED FEE SCHEDULE WITH A MONTHLY COMPREHENSIVE FINANCIAL ACCOUNTING. IF THE MONTHLY REPORTS DO

NOT SHOW A FAVORABLE VARIANCE, APPROPRIATE ACTION WILL BE TAKEN AT THAT TIME.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE 24 NEW MEMBERSHIPS: 5-WELLS, NV; 1-CARLIN, NV; 13-WENDOVER, NV; AND 5-WENDOVER, UT.

Reports were given by board members attending the Director[[#146]]s Conference.

As there was no further business to come before the board, the meeting adjourned at 3:55 p.m.

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