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

November 1, 1994

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in Wells, Nevada in the boardroom of the Wells office and called to order November 18, 1994 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Ferris T. Brough, D. Vernon Dalton, Daryl Eriksen, Orlin Kidner, Lois Nannini, Jerry Parkin, Vernon Scott, S. J. Smith and Mary Wright. Gerald Anderson, Larry Bradshaw and Robert Harris were not present.

Staff members present were Daniel L. Kessler, Jr., General Manager; Clay R. Fitch, Manager of Finance/Administration and Warren Linnell, Manager of Engineering/Operation. Also present were Don McDonald and Tommi Reynolds, Member Services Representatives; Diane Griswold, Executive Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of October 21, 1994 will stand approved as written.

AGENDA ADDITIONS:

Don Angell, engineering consultant, will attend the meeting to discuss retail wheeling. There were no objections.

RETAIL WHEELING:

Dan introduced Don Angell and gave a brief synopsis of retail wheeling. Mr. Angell handed out a **[[#147]]**Retail Wheeling Overview.**[[#148]]** The areas addressed were; What is Retail Wheeling?; Background; Motivating Force; Legal Issues; Technical Issues; Economic Issues; and Impact on Wells Rural Electric Company. Mr. Angell stated that it appeared to be a state-by-state issue at this time. A lengthy discussion ensued. It was the consensus that service is one of the key factors in retail wheeling.

ASSISTANT SECRETARY:

There were no objections to appointing Orlin Kidner and Lois Nannini as Assistant Secretaries.

Larry Bradshaw is very ill and in the University of Utah Hospital in Salt Lake City.

WENDOVER LAND:

A letter from Steve Perry, Assistant General Manager of the Stateline/Silver Smith Casino in Wendover, Nevada was read. Mr. Perry asked for the reimbursement of \$3,250.00, as their share, for the environmental testing done to determine the extent of the contamination on the Wendover, Utah property. Mr. Perry stated that the money was not used for the purpose it was submitted, whereas the site

is not going to be developed. Dan will bring this issue before our Attorney.

Ron Madsen of Senator Orrin Hatch[[#146]]s office contacted Dan regarding WREC[[#146]]s decision not to build on the property in Wendover, Utah. Dan reported that due to the contamination and not getting a clean slate to future liabilities due to the contamination, it was a business decision, not a political one, not to build on that piece of property. Dan also informed Mr. Madsen that the decision to build on our property in Wendover, Nevada was a prudent business decision following a thorough review and discussion.

Brenda Morgan, Mayor of Wendover, Utah, requested information regarding the decision to build on the Nevada side. A copy of Policy 2-7 [[#147]]Request for Information[[#148]] was sent to her. A response has not been received.

Escrow has closed on the Wendover, Nevada property. Site preparation will be done before spring.

Mr. Hope will be sending out bids for construction as soon as the site preparation is completed.

Several people contacted Dan regarding the sale and/or donation of the Wendover, Utah property. Dan stated to each that it must be presented to the board in writing. The only letter received was from Mr. Richard Dixon proposing to buy the Wendover, Utah parcel of land for \$150,000.00 cash or an installment plan of \$200,000.00 - \$50,000.00 down, \$50,000.00 annually for three years.

Following a thorough and lengthy discussion, IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY MARY WRIGHT AND PASSED WITH A VOTE OF EIGHT FOR AN DO AGAINST TO APPROVE SELLING THE PROPERTY TO MR. DIXON FOR HIS PROPOSED INSTALLMENT PLAN OF \$200,000.00 - \$50,000.00 DOWN, \$50,000.00 ANNUALLY FOR THREE YEARS.

It was noted that REA will need to release the lien against the Wendover, Utah property. This will not be a problem. There were no objections to Dan taking care of this.

MEMBER CONTACTS:

No member contacts were reported.

MANAGER[[#146]]S REPORT:

Dan touched on CFC Briefs, RE Briefs, BPA Briefs, and CoBank Briefs stated in the agenda. CFC interest rates, investments made, and interest earned were reported.

Dan reported on NREA[[#146]]s Annual Meeting held in Mesquite, Nevada November 4 & 5. Vernon Dalton was re-elected as the Nevada representative for the NRECA board. Also Dan was re-elected to serve on the NREA board.

The Next Dollar Foundation will be discussed during the December board meeting.

The Newmont Contract has been signed. Dan reported. He and Clay met with REA representatives in Washington, DC to walk them through the contract. REA requested to see Exhibit L of the contract between the SPPCo and BPA. Dan felt the meeting went very well and foresees no problems with approval.

The Newmont Mill 6 fire was discussed. It was as extensive as reported.

Joel McManus[[#146]] report on Water/Wastewater was discussed.

The Silver Sage Senior Center in Wells requested a \$100.00 donation to support need families in the community. IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE A \$100.00 DONATION.

The National Drug and Safety League has requested a donation to support their efforts. It was received as information.

Dan reported on the meeting with the group from Eureka County regarding leaving Mt. Wheeler Power. Dan let them know that they are well outside our BPA limit and it would not be possible to serve them.

Staff has met to begin their Strategic Planning process. Dan reported.

A lunch recess was called at 12:30 pm. The meeting was called back to order at 1:30 pm. (Mary Wright was not present).

Dan reported on the proposed Integrated Resource Plan. A Scope of Work was handed out for review and discussion. Integrated Resource Planning is required if a cooperative sells over 500kWh, which Wells has reached. This plan will play a major part in the Strategic Planning process. Following a thorough discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO APPROVE THE DEVELOPMENT OF AN INTEGRATED RESOURCE PLAN WITH THE NOT TO EXCEED FIGURE OF \$42,000.00.

The board decided to meet prior to the NRECA Annual Meeting in Orlando, Florida to prepare their Strategic Plan. February 22 & 23 or February 23 & 24 are the target dates.

NEVADA COOPERATIVE CREDIT UNION:

Vernon Dalton reported on the Nevada Cooperative Credit Union. The credit union has met state requirements to open branches in Wendover and Carlin. It looks to open the Wendover branch office in a couple weeks with Carlin following soon thereafter.

BOARD COMMITTEE REPORTS:

POWER SUPPLY REPORTS:

The General Transfer Agreement between Bonneville and Sierra Pacific is ready to be signed. Bonneville Power has decided to hold hostage a point of replacement at Alturas and eliminate any wheeling through Idaho Power Co. Sierra Pacific does not want to grant that point of replacement. Also, additional negotiation is ongoing over the wheeling costs. Dan reported.

Continental Lime has requested 6 megawatts of power. Dan reported.

FINANCIAL/ADMINISTRATIVE SERVICES REPORT:

The 1994 Write-Off list was presented to the board for review and consideration. Dan reported. Following a discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY DARYL ERIKSEN AND PASSED UNANIMOUSLY TO APPROVE THE 1994 WRITE-OFF LIST FOR A TOTAL OF \$26,266.44 (EXHIBIT) It was noted that collection efforts will be continued. There were no objections to sharing the list with the Nevada Cooperative Credit Union.

Financial/Administrative Services will be bringing their GPA budget items before the board after the Wendover building needs are known.

SAFETY MINUTES:

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

ENGINEERING/OPERATIONS REPORT:

Warren gave an update on the line extension request from the UNR Gund Ranch in Grass Valley, Nevada. The McNabb[[#146](#)]s will be moving and no longer need service. A proposal was sent to the Gund Ranch.

ELECTRICIAN REPORT:

Warren reported. For three consecutive months, a margin was made.

MEMBER SERVICES REPORT:

Ferris Brough was thanked for being Santa Claus at the WREC Children[[#146](#)]s Christmas Party.

Christmas Cards, designed by employee Lee Woolsey, were sent out to all consumers and suppliers, etc.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE 16 NEW MEMBERSHIPS: 5-WELLS, 3-CARLIN, 4-WENDOVER, NV AND 4[[#150](#)]WENDOVER, UT.

BOARD STRATEGIC PLAN:

The board retreat to discuss their Strategic Plan is scheduled in Orlando, Florida before the NRECA Annual Meeting on February 23 and 24, 1995.

The meeting was adjourned for lunch at 11:30 am. The meeting was called back to order at 1:15 pm. (Lois Nannini did not attend the afternoon session).

BOB VAUGHAN, ATTORNEY:

Bob gave his opinion that WREC does not have a legal obligation to reimburse Stateline for the shared environmental study. He feels that the information is very important to them for future use.

The board requested that the revisions made to the Articles and Bylaws for the Next Dollar Foundation be sent out to them. During the January board meeting, names will be presented to Mr. Vaughan for possible trustees for the Foundation Board. There will be six districts to be represented.

Mr. Vaughan discussed [[#147](#)]uninsured motorists[[#148](#)] with the board and the importance of making sure we are well covered in that area.

Mr. Vaughan also discussed Vaughan & Hull[[#146](#)]s fee increases.

Insurance carrier bids were brought before the Board for consideration. The following three bids were

received: Federated Insurance - \$102,000.00; DeArrieta - \$154,000.00; and Rollins Hudig Hall - \$145,202.00. Following a discussion, IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE FEDERATED[[#146]]S BID OF \$102,000.00 BID OF \$102,000.00.

As there was no further business to come before the board, the meeting adjourned at 1:45 pm.

D. Vernon Dalton, President Lois Nannini, Secretary

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