

**HTML contains invalid UTF-8 character(s)****MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF  
WELLS RURAL ELECTRIC COMPANY****May 26, 1995**

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 May 26, 1995 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: Gerald Anderson, Ferris T. Brough, D. Vernon Dalton, Robert Harris, Orlin Kidner, Lois Nannini, Vernon Scott, and S. J. Smith. Daryl Eriksen, Jerry Parkin, and Mary Wright were absent.

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 April 21, 1995 will stand approved as written.

**STUDIES UPDATE (PRESENT/FUTURE):**

An update was given on the Integrated Resource Plan. NEOS Corporation and NRECA have a few problems to iron out. Dan has spoke with Matt Hastings of NRECA as well as Martin Lowrey. These problems are expected to be ironed out very soon and an update will be given during the June board meeting.

NRECA is in the process of hiring a "specialist" on water/waste water. More information will be available during the June board meeting.

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

This is the first agenda that is strategic planning oriented.

There is an adjustment from BPA in the irrigation service discount rate. The energy charge is reduced by .471 cents between the months of April through October, an increase from .46 cents. This is an increase in discount and a decrease in rate, compared to last year. Following a discussion, **IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO PUBLISH THE NEW RATE.**

Staff will be reviewing all policy, rules, regulations and rates. Any proposed changes will be brought before the Policy Committee prior to the August board meeting.

Dan was asked to speak in Panaca, Nevada during a town meeting. Panaca would like to cede from the Lincoln County Power District, form their own cooperative, and continue to buy wholesale power from Lincoln County, which is a Silver State power Association member. Dan reported and has not committed to speak.

A monthly recap will be given at each board meeting. Keller Construction is on-site on the Wendover, Nevada property and forming the footings, etc. Electrician plans are on going. A schedule of construction, etc., was given to the board.

WREC entered into an agreement with Dick McDougal to purchase the property adjacent to our substation property in Wendover, Nevada. Escrow found that a small piece of the property, .34 acres (about \$13,000.00), was not included in the property description. Upon further investigation, it was found that Stateline had purchased the small piece of property when they purchased the property adjacent to the piece in question. Stateline does not want to sell the .34 acres. A discussion ensued regarding our options and the refunding. Etc. of the \$13,000.00. Also discussed was the need for future pole storage. There were no objections to inquiries being made about another parcel of property north and adjacent to our substation, which may be for sale, for future pole, etc. storage. (Jerry Anderson came into the meeting at this time). More information will be obtained.

The Utah Public Service Commission sent a letter regarding the refunding of property tax to our Utah consumers due to the lowering of Utah property taxes. A very small amount would be involved, about \$2,500.00 system-wide. A discussion ensued.

Several donation requests were received. The Junior/High School Rodeo committee has requested \$380.00 to purchase a sterling silver bit for first place at the high school rodeo and a sterling silver buckle for the all-around at the Junior Rodeo. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY S.J. SMITH AND PASSED UNANIMOUSLY TO APPROVE THIS DONATION. Northern Nevada Community College has requested support of their summer school program in Wendover. This program is to provide remedial reading, math and English as a second language for K-6<sup>th</sup> grade students. Following a discussion, IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO DONATE \$500.00.

West Wendover Recreational Board asked for the donation of the man-power/equipment to hook up service to the trailers for a non-profit recreational center for the kids in Wendover. Following a discussion, IT WAS ON MOTION BY S.J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE ABOVE DONATION REQUEST. The Chimney Rock Golf Association requested sponsorship of two markers #5 and #14 at the golf course for a total of \$200.00 for 1995/1996. Following a discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY S.J. SMITH AND APPROVED WITH SIX VOTES FOR AND ONE AGAINST (FERRIS BROUGH) TO PURCHASE THE TWO MARKERS FOR THE 1995/1996 YEAR. It was decided that this should be placed into the advertising line of the budget.

It was asked that the board consider auctioning the 1975 Ford bucket truck (unit 14) instead of trading it in. Following a discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE SALE OF UNIT 14 BY AUCTION.

A letter was received from NRECA regarding our past service liability adjustment. A discussion ensued. There were no objections to the General Manager signing the 1/1/78 liability document to update our files with NRECA.

The next business to come before the board concerned the approval of the final settlement documents in the BPA vs. WPPSS cost-sharing litigation. The documents relating to the settlement, including the Settlement Agreement, the Release to Chemical Bank, and the memorandum of Understanding had been explained by memorandum and approved by John D. Lowrey, Esq. Of Riddell, Williams, Bulitt &

Walkinshaw, Seattle, Washington Special Counsel to Wells Rural Electric Company (the "Cooperative") and the Small Utilities Group, and by Robert O. Vaughan, General Counsel of the Cooperative. After due consideration and discussion of the matter, THE FOLLOWING RESOLUTIONS WERE ON MOTION BY ROBERT HARRIS, SECONDED BY VERNON SCOTT AND UNANIMOUSLY APPROVED:

RESOLVED; that the board of directors. Of Wells Rural Electric Company, the Cooperative, hereby approves the cost-sharing case Settlement Agreement, the Release to Chemical Bank, and the Memorandum of Understanding unconditionally and without reservation; and

BE IT FURTHER RESOLVED; that the officers of the Cooperative be, and each of them is authorized in the name and on behalf of the cooperative, to execute all such instruments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolution.

(EXHIBIT)

Mr. Vaughan was commended for all his efforts and excellent work done on the WPPSS litigation.

The agreement between Wells Rural Electric Company and Western Communications was dissolved January 1995 due to non-advertisement of our excess microwave capacity. Since that time, we have experienced some difficulties with our microwave system that might be linked to operations of Western Comm. We are investigating this issue. Following a lengthy discussion, IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO AUGMENT THE OFFICE SERVICES CAPITAL BUDGET \$8,000.00 TO RE-ESTABLISH THE REDUNDANCY OF OUR MICROWAVE SYSTEM INTO WENDOVER AND CARLIN.

#### POWER SUPPLY:

Proposed legislation on the sale of Federal Power Marketing Agencies was discussed.

An update was given on the meeting with the Rural Utilities Service (formerly REA) held in Washington, DC. Addressed was the Consolidated Agreement and Letter of Credit with Newmont Gold Mining Company, General Transfer Agreement between BPA and SPPCo FERC approval and Exhibit L on the GTA, as well as several other issues.

Praxair has asked not to sign a long-term contract, but a yearly contract. It was explained that a yearly contract would entail the WSPP rate not the Preference rate because of the guarantee of transmission reservation with SPPCo. Through BPA. A report was given.

An in-depth power supply report will be given during the June board meeting. Addressed will be the meetings with SPPCo, Idaho Power, BPA, and their proposals for the supply of our long and short-term power needs; an update will be given on proposed and potential transmission systems; and an analysis of Deseret G&T[[#146]]s capacity situation will be given. Mr. Don Angell will be attending the June board meeting.

Due to this industry changing so rapidly, it appears that 20-Year Sale Contracts are in the past, with 5-Year Contracts replacing them.

#### SAFETY MINUTES:

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

## REGULATORY/ENVIRONMENTAL REPORT:

Dan and Vernon Dalton reported on the NRECA Legislative Conference and the meetings with our legislators.

Warren reported on the Ruralite Annual Meeting. He was re-elected to the board of directors. A moratorium was placed on the amount of advertising to be placed in the Ruralite magazine.

## BOARD COMMITTEE REPORTS:

Ferris Brough reported on behalf of the Scholarship Committee. (EXHIBIT) Following a discussion, IT WAS ON MOTION BY FERRIS BROUGH, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE SCHOLARSHIP COMMITTEE REPORT.

The following people were suggested to serve on the Nominating Committee for the upcoming director election in September: Ethel Scott-Carlin; Marie Johnston-Wendover; Marlene Brough-Clover Valley; and Sheila Sallee-Wells, with Viola Troyan-Wendover as 1<sup>st</sup> alternate and Jody Smith-Wells as 2<sup>nd</sup> alternate. IT WAS ON MOTION BY FERRIS BROUGH, SECONDED BY VERNON SCOTT AND PASSED UNANIMOUSLY TO APPROVE THE ABOVE LIST.

The following people were suggested to serve on the Election Committee: Betty Wright-Blover Valley; Mike Nannini-Wells; Viola Troyan-Wendover; and Ruth young-Carlin, with Betty Thorne-Wells as 1<sup>st</sup> alternate and Cherie Aiazzi-Carlin as 2<sup>nd</sup> alternate. IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY FERRIS BROUGH AND PASSED UNANIMOUSLY TO APPROVE THE ABOVE LIST.

Ferris Brough will not be seeking re-election in September.

## MEMBER SERVICES REPORT:

The Employee/Director picnic has been scheduled following the June 16<sup>th</sup> board meeting.

A grant is available for a freenet system with limited access to the internet system. The Next \$ Foundation has agreed to apply for the grant, with the understanding of not committing any funds at this time. This would, through our microwave system, allow our members to access the freenet system. Schools could access many programs such as foreign languages, mathematics, etc., as well as having accessibility to E-mail. There were no objections of sending a letter of support in this project.

## OTHER BUSINESS:

A department team has been assigned to study whether or not it would be feasible for WREC to do their own tree trimming instead of hiring a contractor. An in-depth report will be given in June.

Vernon Dalton reported on the Nevada Cooperative Credit Union. Following a financial audit, the manager, Glade Williams, was terminated. An interim manager will be here for about three or four months at which time another manager will be hired. The credit union board has requested further support from the WREC board. It was unanimously given. It was noted that the credit union board will be expanded to seven from five. A full report will be given during the June board meeting.

## NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE 54 NEW MEMBERSHIPS: 8-WELLS, 17-CARLIN, 16-WENDOVER, NV AND 13[[#150]]WENDOVER, UT.

As there was no further business to come before the board, the meeting adjourned at 1:00 pm.

D. Vernon Dalton, President  
Lois Nannini, Secretary

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