

HTML contains invalid UTF-8 character(s)**MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF
WELLS RURAL ELECTRIC COMPANY****October 20, 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 October 20, 1995 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

Directors present were: D. Vernon Dalton, Daryl Eriksen, Robert Harris, Orlin Kidner, Lois Nannini, S. J. Smith, Vernon Scott And Mary Wright. Daryl Eriksen was not present. Gerald Anderson, Paul Neff and Jerry Parkin 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 was Diane Griswold, Executive Secretary.

APPROVAL OF MINUTES:

The minutes of the regular meeting of September 15, 1995 will stand approved as written.

ADDITIONS TO THE AGENDA:

There were no additions to the agenda.

MANAGER[[#146]]S EVALUATION:

The manager[[#146]]s evaluation was completed October 10, 1995. IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY VERNON SCOTT AND APPROVED UNANIMOUSLY TO APPROVE THE GENERAL MANAGERS EVALUATION AND COMPENSATION PACKAGE AS DISCUSSED.

BOARD PER DIEM/RETREAT:

An executive session was called. No changes were made in the board[[#146]]s per diem this year. The board retreat was set for January 16th and one half day the 17th at the new Wendover office building. The January meeting was moved to the afternoon of January 17th at 1:00pm.

A discussion was held regarding the Board/Employee Christmas Party. It was decided to hold the Christmas party on December 15, 1995, the same day as the scheduled board meeting.

STUDIES UPDATE:

A summary of the Integrated Resource Study was given by Tommi Reynolds, Member Services Representative. A handout of the summary was given to the board. A lengthy discussion ensued.

A request for proposal for a cost of service study was brought before the board. Three firms were chosen to send the proposal to : RW Beck; Southern Engineering; Grunsey & Company. Following a thorough discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND

PASSED UNANIMOUSLY TO APPROVE THE REQUEST FOR PROPOSAL FOR THE COST OF SERVICE STUDY.

Ernst & Young sent a proposal to freeze their audit fee for three years. Dan reported. A thorough discussion ensued. IT WAS ON MOTION BY S. J. SMITH, SECONDED BY VERNON DALTON AND FAILED TO APPROVE THE THREE YEAR CONTRACT PROPOSAL. Following more discussion, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE ERNST & YOUNG AS OUR AUDIT FIRM FOR 1996.

A member survey was sent out in 1989 and 1993. It was recommended that another survey be completed to validate the planning assumptions made due to the two previous studies and update the information. Following a discussion, there were no objections to contacting Mr. Dennis Heines of NRECA for a proposal. Staff will determine the scope of work.

MANAGER[[#146]]S REPORT:

The Annual list for filing with the Secretary of State was given to Mr. Dalton for signature.

An update was given on the Beowawe/Crescent Valley feasibility of central station power being brought into this area. This area is within SPPCo[[#146]]s territory, but costly for them to bring service to this area at this time. WREC is working closely with Sierra to bring power into this area.

Investments made, interest earned and CFC interest rates were reported.

The WREC annual meeting went very well this year. Attendance was down some. We are looking at ways of increasing participation and improving the meeting overall. A discussion ensued.

October 11, 1995, NRECA board members met to discuss their retail wheeling position which will be brought before the Nevada legislative conference on November 7. A discussion ensued. Retail wheeling in some form will be in place in the near future. It is Wreck[[#146]]s position to take a positive approach, look at this issue as an opportunity, and research all options to the fullest in order to take the best advantage we can for the member/owners.

Mike Cosgrove, City of Wells Manager, is on vacation. A meeting will be scheduled as soon as possible regarding the City[[#146]]s water/waste water management program and their interest in WREC[[#146]]s involvement. The City of Wendover is interested in a remote metering reading system for their water meters. Dan reported.

The telecommunications study will be completed by the end of this month. A report will be brought before the board during the November board meeting.

Several meetings are scheduled to study security systems in several cooperatives. A full report will be given during the November board meeting.

Updating the staff[[#146]]s strategic plan is ongoing. Diversification is very high on the list. A planning session is scheduled with the board in November.

Reports were given by those attending the Region IX Meeting.

POWER SUPPLY:

Written approval from FERC was received on the SPPCo/BOA General Transfer Agreement. Dan

reported. Do not see any problems with immediate approval by RUS of Newmont contract.

A line extension agreement for UNR/McNabb was given to Mr. Dalton for signature. Warren gave an update on bringing power into this area. WREC has requested one square mile of uncertificated area in order to serve them. Mr. Robert Vaughan is in contact with the Nevada public Service Commission regarding WREC[[#146]]s request. Sierra Pacific has no problem with our filing for this one square mile parcel.

SAFETY MINUTES:

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

REGULATORY/ENVIRONMENTAL REPORT:

Nothing was added to what was in the agenda.

BOARD COMMITTEE REPORTS:

Robert Harris reported on behalf of the Financial Advisory Committee. Upon the committee[[#146]]s recommendation, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE THE 1ST HALF OF 1996 BUDGET AS PRESENTED. Staff was commended for the excellent format and presentation of the budget.

Dan reported on behalf of the Scholarship Committee. Changes to the scholarship policy such as raising the scholarship amounts and recipient guidelines, etc. was discussed. The proposed changes will be brought before the board during their November meeting.

The Safety and Insurance Committees will discuss employee safety awards and insurance bids during the November board meeting.

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE 73 NEW MEMBERSHIPS: 12-WELLS, 2-CARLIN, 26-WENDOVER, NV AND 13[[#150]]WENDOVER, UT.

OTHER BUSINESS:

Vernon Dalton reported on the proposed merger between the Nevada Cooperative Credit Union and Nevada Community Federal Credit Union in Carson City, Nevada.

Warren handed out and reported on the electrician services department.

Clay handed out and gave a financial report which concentrated on the management on long-term debt. Also covered was WREC[[#146]]s long-range plan and key objects. Since inception of this plan, we have lowered rates and absorbed wholesale rate increases; developed a combination method of retirement of capital credits; stabilized our equity with the planned range and redeveloped our line extension policy.

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

D. Vernon Dalton, President Mary A. Wright, Secretary

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