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

November 19, 1999

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 Friday, November 19, 1999 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

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

Staff members present were Daniel L. Kessler, Jr., Chief Executive Officer; Clay Fitch, Chief Financial Officer and Jim Su[[#146]]euga, Manager, Marketing and Customer Services. Also present were Tommi Reynolds, Staff Assistant, Robert Vaughan, Attorney and Don Angell, Engineering Consultant.

Waiver of Notice is attached.

ACTION ITEMS:

APPROVAL OF MINUTES:

The minutes of the regular meeting of October 15, 1999 were approved with one correction.

ADDITIONS TO AGENDA:

Dan asked for a discussion of the Wage and Salary Survey. It was agreed to add this as an agenda item.

Per Bob Vaughan[[#146]]s request, finalization of the RUS loan prepayment and Next Dollar Foundation trustee nominations were also added to the agenda as the first two items for discussion.

Next Dollar Trustees Appointment - The meeting of the board of directors of Wells Rural Electric Company was recessed at 9:08am and a meeting of the Next Dollar Charitable Foundation members was called to order immediately following.

Bob Vaughan told the members that Chris Mellville and John Kirkwood had been nominated to fill two vacancies, in District 3 (West Wendover) and in District 2 (Carlin) respectively. A letter requesting approval of the nominations had been sent by board of trustees[[#146]] president, Audrey Spratling, to Vernon Dalton. IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPOINT JOHN KIRKWOOD AND CHRIS MELVILLE TO THE NEXT DOLLAR CHARITABLE FOUNDATION BOARD OF TRUSTEES.

The foundation was commended for the excellent work it does within WREC[[#146]]s service territory.

The meeting of the members of the Next Dollar Charitable Foundation was adjourned at 9:15am and the meeting of the board of directors of Wells Rural Electric Company was immediately reconvened.

Finalization of RUS loan prepayment **[[#150]]** The next matter to come before the meeting related to final prepayment of the loan from the Rural Utilities Service.

After discussion of the matter and due consideration, IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO AUTHORIZE PREPAYMENT as resolved in the attachment prepared by Bob Vaughan.

Bob Vaughan left the meeting following discussion of the previous items.

SAFETY FIRST VERSE:

If you are "safety minded" encourage others to be "safety minded". This results in lower insurance costs and fewer accidents.

EXECUTIVE SESSION:

Dan requested that a discussion of the results of union negotiations be discussed during an executive session. An executive session was called at 9:30 am. Dan and Clay Fitch remained in the meeting. The meeting was called back to order at 9:45am.

CEO[[#146]]S REPORT:

Union Proposal - Brought before the board for consideration was a proposed three-year IBEW Union Agreement. A thorough discussion ensued. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE UNION CONTRACT AS PRESENTED.

Gas Update **[[#150]]** Daryl Erkisen left the meeting for the gas update that began at 9:48am. He returned to the meeting following the discussion, at 11:00am.

Vernon noted that he had received a letter from Ruby Valley resident, Paul Smith, commending the company **[[#146]]**s planning and community involvement, and the effort put forth by its employees.

A thorough discussion ensued. The meeting recessed at 10:35 and was called back to order at 11:00am.

C. Strategic Plan **[[#150]]** Department heads reviewed with the board the critical issues and visions identified by their departments, the strategies and workplans they have developed and changes from last year **[[#146]]**s plan. The final draft will reference "no *additional* budget implications" instead of "no budget implications." Every department will include a strategy to "ensure a competent and qualified work force by monitoring and evaluating departmental and individual training and education requirements to maintain the Cooperative **[[#146]]**s ability to compete."

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE STRATEGIC PLAN WITH CHANGES AS DISCUSSED.

D. United Way **[[#150]]** Dan reminded the board that he is the Wells Rural Electric Chairman of the United Way. He reported that the employees of Wells have donated \$3,710.00 to the United Way and said he would speak privately with any directors who

would also like to make a donation. Dan asked the board to consider approving a matching donation from WREC/GNCU for the final amount collected from WREC[[#146]]s employees and directors.

After a thorough discussion, IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY PAUL NEFF AND UNANIMOUSLY APPROVED TO AUTHORIZE WREC/GNCU TO MATCH THE UNITED WAY DONATIONS COLLECTED DURING THE 1999 DRIVE FROM WREC EMPLOYEES AND DIRECTORS FOR EACH OF THE COMMUNITIES OF WELLS, CARLIN AND WENDOVER/ W. WENDOVER.

Insurance Report [[#150]] Three proposals were received to provide selected property and casualty insurance coverage for WREC and Quantum Resources. The least cost proposal was from Federated Rural Electric Insurance Corp. in the amount of \$98,683 per year. The proposal made provision for a two-year policy option with no premium increase. After a thorough discussion, IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY MARY WRIGHT AND UNANIMOUSLY APPROVED TO ACCEPT THE PROPOSAL FROM FEDERATED FOR A TWO YEAR TERM, WITH NO GENERAL LIABILITY PROPERTY DAMAGE DEDUCTIBLES AND NO EMF COVERAGE.

Next Dollar Funding - Dan reported that it has been the practice of Wells Rural Electric Company to donate any capital credit checks that are unclaimed for three years, and prior to being escheated to the State, to the Next Dollar Foundation. To date, a total of \$26,764.87 as been given to the Next Dollar from this source. He asked for board approval to donate the amount of \$33,805.91 which is currently available to be dispersed in 1999. During the discussion it was noted that the Next Dollar Foundation returns donations to the communities from which they are collected and that unclaimed capital credits are the main source of Next Dollar funding. IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY JERRY PARKIN AND UNANIMOUSLY APPROVED TO DONATE UNCLAIMED CAPITAL CREDITS IN THE AMOUNT OF \$33,805.91 TO THE NEXT DOLLAR CHARITABLE FOUNDATION.

December Board Meeting [[#150]] The date of the December board meeting was discussed. IT WAS UNANIMOUSLY AGREED, ON MOTION BY PAUL NEFF AND SECONDED BY JOE SMITH TO CHANGE THE NEXT REGULARLY SCHEDULED BOARD MEETING FROM FRIDAY, DECEMBER 17, 1999 TO WEDNESDAY, DECEMBER 15, 1999.

Wage and Salary [[#150]] The updated Wage and Salary survey results were brought before the board for consideration. Following a thorough discussion, IT WAS ON MOTION BY DARYL ERIKSEN, SECONDED BY VERNON SCOTT, AND PASSED UNANIMOUSLY TO APPROVE AN INCREASE IN THE MANAGERIAL, PROFESSIONAL AND TECHNICAL TABLE OF 4.53% AND AN INCREASE IN THE CLERICAL TABLE OF 5.37%.

SAFETY MINUTES:

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

NEW MEMBERSHIPS:

IT WAS ON MOTION BY VERNON SCOTT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE 46 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 1; CARLIN **[[#150]]** 15; WENDOVER, NV **[[#150]]** 23; AND WENDOVER, UT **[[#150]]** 7.

A lunch recess was called at 12:05pm. The meeting resumed at 1:15pm. Jerry Anderson did not return to the meeting following the lunch recess.

INFORMATIONAL ITEMS:

STUDIES UPDATE

Strategic Plan **[[#150]]** Reviewed under action items.

Integrated Resource Plan **[[#150]]** This information was mailed with the agenda and in the future will be provided with Cost of Service Updates.

Outage Report **[[#150]]** This information was mailed with the agenda.

Engineering Report **[[#150]]** Mike Cromie, Manager of Electric Operations presented the bi-annual Operations/Engineering update. His power point presentation outlined the construction and maintenance that has taken place throughout the service territory during the last six months.

CEO**[[#146]]**S REPORT

KRTA **[[#150]]** A power point presentation on the most current Key Ratio Trend Analysis (KRTA) will be made at the December board meeting.

Bylaws **[[#150]]** Dan has discussed the board**[[#146]]**s proposed bylaw changes with Bob Vaughan and expects to have a draft available for the December board meeting.

ConNEXTions/Dispersed Generation **[[#150]]** Don Angell, Clay and Dan discussed their recent visit to Flint Energies and ConNEXTions. A power point presentation outlining the ConNEXTion philosophy, membership, products and services was given. Dispersed generation is an area of particular interest. After thorough discussion IT WAS ON MOTION BY JOE SMITH, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO BECOME A ConNEXTions MEMBER.

Safety Report **[[#150]]** Don McDonald, Supervisor of Job Training and Safety, reported that WREC employees have worked over one million hours with no lost-time accidents and over two million hours with only one lost-time accident. Employees are very proud of their safety record and are dedicated to maintaining it.

Employee Stability **[[#150]]** Dan updated the board. 55% of WREC**[[#146]]**s full-time employees have been employed by WREC for 10 years or more, including four employees who have been employed by WREC for 20 or more years.

Ruralite Report **[[#150]]** Don McDonald; Jim Su**[[#146]]**euga, a Ruralite board member; and Mike Cromie, Operations Manager, reported that they expected to be able to provide better, more economical safety training by using sources outside of Ruralite. Jim stated that the Ruralite magazine is strong and there will be no changes to it.

Director Certification **[[#150]]** NWPPA/NRECA have jointly hosted a Credentialed Cooperative Director "Fast Track" which is a condensed version of NRECA**[[#146]]**s five CCD courses. The feedback has

been that it offers too much information in too little time. A single two-week course or two one-week sessions would be more useful.

Cost of Service **[[#150]]** An update will be provided at the December board meeting.

Y2K **[[#150]]** All preparations are on track.

ACRE **[[#150]]** Because 75% of WREC**[[#146]]**s employees enrolled as ACRE members each of those employees was eligible to participate in a drawing for an all-expense paid trip for two to NRECA**[[#146]]**s 2000 Annual Meeting in Orlando, Florida. WREC employees, Bill Simpkins and Jerry McNabb were among the 10 winners.

Capital Expense Budget **[[#150]]** An update will be provided at the December board meeting.

Two-Year Workplan **[[#150]]** The latest plan will be ready for review at the January board meeting.

POWER SUPPLY:

Don Angell reported on the BPA Subscription/Rate Case and BPA**[[#146]]**s participation in formation of a Regional Transmission Organization; Wendover Power Factor; Transmission/FERC Issues; Newmont Issues; Nevada and Federal Restructuring; and

Dispersed Generation.

QUANTUM RESOURCES, INC.

There was nothing to report at this time.

OTHER BUSINESS

CFA **[[#150]]** Vernon told the board that he has been a member of the national Consumer**[[#146]]**s Federation of America for several years. He has been asked to continue on the board for another three-year term. He asked the board to discuss whether his representation on the board benefited Wells Rural and if so would they be willing to pay his expenses that would include travel to three meetings in Washington D.C. Vernon left the meeting during the discussion and voting. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO PAY DALTON**[[#146]]**S TRAVEL EXPENSES AND COMPENSATION WHILE ATTENDING CFA MEETINGS, AND ITS ANNUAL MEETING, DURING HIS NEXT TERM.

Vernon returned to the meeting following the vote. As there was no further business to come before the board, the meeting was adjourned at 3:40 pm.

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

MINUTES OF THE REGULAR BOARD MEETING OF THE BOARD OF DIRECTORS OF QUANTUM RESOURCES, INC.

November 19, 1999

The regular meeting of the Board of Directors of Quantum Resources, Inc. was held in Wells, Nevada in

the Boardroom of the Wells office and called to order Friday, November 19, 1999 at 3:41 pm. The meeting was presided over by President D. Vernon Dalton.

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

Staff members present were Daniel L. Kessler, Jr., Chief Executive Officer and Clay Fitch, Chief Operations Officer. Also present was Tommi Reynolds, WREC Staff Assistant.

ACTION ITEMS:

Vernon read a letter of thanks from Lynn Lottspeich for Quantum[[#146]]s purchase of her market lamb.

Approval of Minutes - The minutes of the regular meeting of October 22, 1999 were approved as written.

ADDITIONS TO AGENDA:

There were no additions to the agenda.

EXECUTIVE SESSION

An executive session was not held.

FINANCIAL REPORT

Dan and Clay presented the third quarter financial information. Discussion followed.

OTHER BUSINESS:

As there was no further business to come before the board, the meeting was adjourned at 4:20 pm.

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

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