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

January 18, 2002

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, January 18, 2002 at 9:00 am. The meeting was presided over by President D. Vernon Dalton.

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

Staff members present were Clay R. Fitch, Chief Executive Officer. Also present was Amanda Moffitt, Executive Secretary.

ACTION ITEMS:

APPROVAL OF MINUTES:

The minutes of the regular meeting of December 21, 2001 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following:

Stateline Chapter 11 Bankruptcy

SAFETY FIRST VERSE: It is important to protect our bodies. When a machine breaks down it can be repaired or replaced. If a body breaks down, you may never be able to work again.

ACTION ITEM REPORT:

Howard Wright came into the meeting at 9:15 am.

Articles of Incorporation **[[#150]]** Mr. Robert Vaughan was present and explained Exhibit A and answered questions of the board. IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE EXHIBIT A AS PRESENTED. (Exhibit A attached)

Stateline Chapter 11 Bankruptcy **[[#150]]** President Dalton and Mr. Vaughan explained "Conflict of Interest" to the board. Mr. Vaughan reported on the Chapter 11 bankruptcy filed on January 10, 2002 by Stateline Casino. The board discussed issues concerning the past due electric bill, which is included in the bankruptcy as well as options to continue serving the Stateline properties with a guarantee that future power bills would be paid. Mr. Vaughan presented a copy of a letter he recommended being sent to Stateline**[[#146]]**s bankruptcy attorney.

Clay informed the board of an offer from Michael Devine, CEO of Stateline. Clay also informed the board that all meters on the bankruptcy were read on January 10th.

Mr. Vaughan read excerpts from the bankruptcy.

Directors Gerald Anderson and Jerry Parkin excused themselves from the discussion.

Following a discussion, IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY SCOTT EGBERT TO APPROVE SENDING THE LETTER FROM MR. VAUGHAN[[#146]]S OFFICE TO STATELINE[[#146]]S ATTORNEY WITH A COPY TO MICHAEL DEVINE. Discussion continued. MARY WRIGHT CALLED FOR QUESTION. MOTION WAS APPROVED UNANIMOUSLY.

Mr. Vaughan informed the board he would fax the letter to the appropriate parties as well as Michael Devine.

The board discussed holding a special meeting to determine what action to take on future power supply issues for Stateline. IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE HOLDING A SPECIAL BOARD MEETING JANUARY 30, 2002 AT 1:00PM IN THE WELLS BOARD ROOM.

Directors Gerald Anderson and Jerry Parkin returned to the board meeting.

2002-2003 Construction Work Plan [[#150]] Mike Cromie answered questions regarding the 2002-2003 Construction Work Plan. IT WAS ON MOTION BY ROBERT HARRIS, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE THE 2002-2003 CONSTRUCTION WORK PLAN AS PRESENTED.

SAFETY MINUTES: IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ROBERT HARRIS AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.

NEW MEMBERSHIPS: IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE 20 NEW MEMBERSHIPS AS REVIEWED: WELLS [[#150]] 1; CARLIN [[#150]] 2 WENDOVER, NV [[#150]] 10 AND WENDOVER, UT [[#150]] 7

The board took a 15-minute recess.

INFORMATIONAL ITEMS:

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Outage
- Finance and Administration
- Member Services
- Operations
- Office Services
- Diversified Services
- Integrated Resources
- Member Information Systems

Mary Wright excused herself from the meeting at 12:35 pm.

POWER SUPPLY - The Power Supply report was included in the agenda.

BOARD REPORTS

Orlin Kidner reported on the meeting between the WREC Scholarship Committee and the Next Dollar Foundation, held January 17th. The Next Dollar Foundation is interested in taking over the scholarship program and will be meeting in February to take action.

CEO[[#146]]S REPORT:

The following reports were included in the agenda:

Key Accounts [[#150]] This report was included in the agenda.

EXECUTIVE SESSION:

An executive session was held.

OTHER BUSINESS

There was no further business discussed.

As there was no further information to discuss, the meeting was adjourned at 1:40 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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