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

July 19, 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, July 19, 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, Orlin Kidner, Paul Neff, Jerry Parkin, S. J. Smith, Howard Wright and Mary Wright. Robert Harris and Lois Nannini were absent.

Staff member present was 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 June 21, 2002 were approved as written.

ADDITIONS TO AGENDA:

There were no objections to add the following:

- Section 10 of Article 3 of the Bylaws

SAFETY FIRST VERSE: Sunscreen helps prevent sunburn, choose a sunscreen with a high spf for better protection. Wear light clothing that covers your skin to help ward off the damaging rays.

ACTION ITEMS:

- A. Election Committee Report **[[#150]]** IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO ACCEPT THE ELECTION COMMITTEE REPORT AS PRESENTED. (Attachment A)
- B. Section 10 of Article 3 of Bylaws **[[#150]]** A discussion was held regarding changing Section 10 of Article 3 to have all election nominations sent to the company attorney**[[#146]]**s office. It was determined 2/3rds of the board was not present to vote, therefore discussion and action was postponed.
- C. Voting Delegates for Region IX **[[#150]]** IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY MARY WRIGHT AND PASSED UNANIMOUSLY TO APPROVE THE FOLLOWING AS VOTING DELEGATES AND ALTERNATES FOR THE REGION IX MEETING:

CFC **[[#150]]** HOWARD WRIGHT WITH CLAY FITCH AS ALTERNATE

NRTC **[[#150]]** CLAY FITCH, WITH VERNON DALTON AS 1ST ALTERNATE AND

PAUL NEFF AS 2ND ALTERNATE

NRECA **[[#150]]** ORLIN KIDNER, WITH HOWARD WRIGHT AS ALTERNATE

FEDERATED **[[#150]]** S. J. SMITH, WITH CLAY FITCH AS ALTERNATE

- D. September Board Meeting **[[#150]]** IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE CHANGING THE REGULARLY SCHEDULED BOARD MEETING FROM SEPTEMBER, 20TH TO WEDNESDAY, SEPTEMBER 11TH.
- E. PPC Assessment for Special Salmon Project **[[#150]]** IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE PARTICIPATION IN THE PPC PROJECT ON SALMON. The Assessment for Special Salmon Project is \$818.00.
- F. Rule 9 **[[#150]]** Information was presented to the board on costs per mile for line extensions. A discussion was held, with the request that staff will continue to research possible grants and loans that may be available.
- G. Policy 1-8, Statement of Functions for Company Attorney **[[#150]]** IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY HOWARD WRIGHT AND PASSED UNANIMOUSLY TO APPROVE POLICY 1-8 AS PRESENTED. (Attachment B)
- H. Policy 1-4, Board of Directors and CEO Relationship **[[#150]]** This matter was asked to be placed on the August agenda.
- I. Request to Amend the 2-Year Construction Work plan **[[#150]]** IT WAS ON MOTION BY PAUL NEFF, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE AMENDING THE 2-YEAR CONSTRUCTION WORK PLAN AS PRESENTED. The additional funds requested were for \$32,580.00, which will replace approximately 6,000 feet of line at Emigrant Pass.
- J. ECEDA Board - A discussion was held on whether or not holding a seat on the ECEDA board would be a benefit to Wells Rural. It was determined it would not and WAS ON MOTION BY GERALD ANDERSON, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE INFORMING ECEDA THAT WELLS RURAL ELECTRIC IS NOT INTERESTED IN JOINING ECEDA.

A recess was called at 10:35am. Scott Egbert arrived at the meeting.

The Next \$ Foundation Meeting of the Members was called to order at 11:15am.

A vacancy to Seat 8, District 4 was reported.

IT WAS ON MOTION BY JERRY PARKIN, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE ELECTING KERRY SUPANICH TO REPLACE DENNIS SWEAT ON SEAT 8, DISTRICT 4.

The meeting of the members of the Next \$ Foundation was adjourned at 11:17am.

The Wells Rural Electric board meeting was called back to order at 11:17 am.

The next matter to come before the meeting related to changes in Section 10, of ARTICLE III of the Bylaws, which relates to the nomination and election of Directors. It was noted that during the current election, a great deal of the corporation **[[#146]]**s personnel had to be involved and spend a great deal of time and concern over the determination if a nominee **[[#146]]**s nomination had been timely filed. The fact that a recent amendment of the Bylaws permitting the person to file nominations and biographies in any of the three (3) offices, and a possible misunderstanding of the time for filing created a concern. To provide more certainty, it was suggested

that one (1) definite time and one (1) location should be established for making nominations. General Counsel has provided a suggestion for amendment as hereinafter set out. IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO ADOPT THE FOLLOWING RESOLUTIONS.

RESOLVED that Section 10 of ARTICLE III of the Bylaws of the Corporation be amended in part, as follows:

Subsection 3, Subparagraph (e) to read as follows:

[[#147]](e) That unless otherwise directed by the Board, the nominations and related materials shall be mailed or hand delivered to the Corporation[[#146]]s General Counsel who is Robert O. Vaughan, 530 Idaho Street, P.O. Box 1420, Elko, Nevada 89803;[[#148]] and

Subsection 3, Subparagraph (f) to read as follows:

[[#147]](f) That unless otherwise directed by the Board, nominations and related materials must be in the office or mail box of the General Counsel of the Corporation no later than 5:00 o[[#146]]clock p.m., Pacific Time, on the 10th day of July, or on the next day if the 10th is a Sunday. Late nominations will not be placed on the ballot. When the time for making nominations has past, all nominations and related materials shall be turned over to staff who shall meet with the Election committee to carry out the duties pursuant to subparagraph 6. [[#148]]

Subsection 6 to read as follows:

[[#147]]6. The Election Committee, with the help of staff, shall have the duty prior to the July meeting of the Board, to ascertain and report to the Board that all persons nominated are willing to serve as Directors and are eligible to serve as Directors. In the event any nominee is unwilling to serve or determined to be ineligible, his or her name shall be removed from nominations with such action subject to the approval of the Board, at the July meeting. [[#148]]

Subsection 11 to read as follows:

[[#147]]11. To be counted the ballots must be mailed or delivered to be in the post office box or the office of the address or location where ballots are to be returned by 12:00 o[[#146]]clock noon, Pacific Time, on the second Friday of September. [[#148]]

PRESENTATIONS:

- A. Strategy 2, Cost Effectiveness and Efficiencies [[#150]] Mike Cromie and Buddy Welsh presented the board with an in-depth report on Strategy 2.
- B. Monthly Service Charge [[#150]] A handout was given to the board on [[#147]]Scope of Work Ratemaking Software[[#148]]. A discussion was held and power bills from SPPCo and IDP were reviewed.

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

NEW MEMBERSHIPS: IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE 42 NEW MEMBERSHIPS AS REVIEWED: WELLS [[#150]] 6; CARLIN [[#150]] 9; WENDOVER, NV [[#150]] 18 AND WENDOVER, UT [[#150]] 9.

INFORMATIONAL ITEMS:

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

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

POWER SUPPLY REPORT

This report was handed out at the meeting. A discussion was held.

BOARD REPORTS

A NWPPA report was given.

CEO[[#146]]S REPORT

The CEO Appraisal was handed out to the board for their completion. Directors were given envelopes addressed to President Dalton and asked to return the appraisal by August 16th.

Clay reported receiving the cancelled contract refund from ECO.

A pamphlet was handed out on the Campaign Academy co-sponsored by NREA and NRECA.

The board discussed banking options for net metering. It was determined by the board that banking options would not be beneficial to all of WREC[[#146]]s members, therefore staff was directed to draft a policy which does not allow for banking.

Clay reported the Grassroots Program has 145 members who have agreed to participate in the program and 239 who have been contacted and said they would consider participating and would notify WREC.

OTHER BUSINESS:

The board was invited to the Safety Meeting in the Wells office on Wednesday, July 24th at 8:30am.

EXECUTIVE SESSION:

An executive session was not held.

As there was no further information to discuss, the meeting was adjourned at 3:19 pm.

D. Vernon Dalton, President

Lois Nannini, Secretary/Treasurer

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