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

September 19, 2003

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, September 19, 2003 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, Lois Nannini, Paul Neff, Jerry Parkin, S. J. Smith, Ron Springsteel, Howard Wright. Mary Wright was 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 August 15, 2003 were approved as written.

ADDITIONS TO AGENDA

- Request for Insurance Coverage
- NWPPA National Training Services Facility

SAFETY FIRST VERSE: When safety glasses are needed, neither contact lenses, regular prescription glasses, nor sunglasses provide adequate eye protection.

ACTION ITEMS:

Letter of Engagement **[[#150]]** The board reviewed and discussed the Letter of Engagement sent by auditors, Bolinger, Segar, Gilbert and Moss L. L. P. to conduct the 2003 Annual Audit IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE LETTER OF ENGAGEMENT AS PRESENTED.

Policy 1-6 and 7-2 **[[#150]]** The board reviewed the proposed policies and discussed the interest charged on the accounts. IT ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED

POLICIES 1-6 AND 7-2 WITH THE ADDITION OF **[[#147]]**INTEREST TO BE CHARGED AT 9% ANNUAL RATE.

Following further discussion, IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO AMEND THE PREVIOUS MOTION TO ALSO INCLUDE IN POLICY 1-6 **[[#147]]**UPON RESIGNATION OR REMOVAL OF A DIRECTOR, THE DIRECTOR WILL PAY ANY UNPAID BALANCE IN FULL.

IT WAS ON MOTION BY PAUL NEFF, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE POLICY 1-6 AND POLICY 7-2 AS AMENDED. (Attachment A and B)

Donation Request **[[#150]]** A request from Head Start of Northern Nevada was reviewed and discussed. IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO RECEIVE THE DONATION REQUEST AS INFORMATION.

Request for Insurance Coverage **[[#150]]** Clay reported a request was received from Gary DiGrazia to purchase health insurance coverage from the Wells Rural policy. Gary DiGrazia would agree to pay 100% of the premium. IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO APPROVE ALLOWING ATTORNEY GARY DIGRAZIA TO PURCHASE A MEDICAL, DENTAL, VISION AND PRESCRIPTION DRUG POLICY FROM WELLS RURAL ELECTRIC.

NWPPA National Training Services Facility **[[#150]]** President Dalton explained the different types of training available through NWPPA **[[#146]]**s proposed training facility and their request for Wells Rural Electric **[[#146]]**s support of \$5,000 yearly for ten years. IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO APPROVE SUPPORTING NWPPA **[[#146]]**S REQUEST FOR \$5,000/YEAR FOR A TEN (10) YEAR COMMITMENT.

SAFETY MINUTES: IT WAS ON MOTION BY PAUL NEFF, SECONDED BY GERALD ANDERSON 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 76 NEW MEMBERSHIPS AS REVIEWED: WELLS **[[#150]]** 16; CARLIN **[[#150]]** 21; WENDOVER, NV **[[#150]]** 25 AND WENDOVER, UT **[[#150]]** 14.

POWER SUPPLY REPORT

The power supply report was included in the agenda. Don Angell was also present to update the board on various issues. (40 min)

A break was called at 10:30 am. The meeting resumed at 10:45 am. Director Ron Springsteel excused himself from the meeting.

DEPARTMENT OR OTHER REPORTS

The following reports were included as information in the agenda:

- Finance and Administration
- Long-Term Debt Portfolio AND cfc interest Rates
- Member Services
- Member Business Development
- Accounting
- Marketing
- Information Services/Outage
- Operations

- Diversified Services and Human Resources

A wireless Internet handout was given to the board for review. The graph identified the progress of the Business Plan with projected vs. actual subscribers.

BOARD REPORTS

Directors attending the Region IX Conference reported.

President Dalton reported on the 4-H Livestock Sale he attended during the Elko County Fair.

CEO [[#146]]S REPORT

Clay reported on attending the Region IX Meeting.

Clay informed the board of an incident in Pine Valley between a member and two of WREC [[#146]]s linemen. The linemen were responding to an outage and were riding the line on a 4-wheeler, when a member fired shots towards them. The case has been turned over to the Elko County District Attorney for investigation.

Clay handed out a Director Profile form to the board for their consideration. The information collected would be placed on the website which would introduce the members to their directors. After review and discussion, it was the consensus of the board to complete the profile and return it at the October board meeting.

Clay reminded the board of their Strategic Planning Session that is scheduled with Greg Boudreaux of NRECA October 2nd and 3rd. The session begins at 9:00 am on October 2nd and 8:00 am on October 3rd.

Goshute Valley Processors, L. L. C. [[#150]] Clay informed the board of a meeting held with the Goshute Valley Processors L. L. C. regarding their intentions to construct a facility in the Goshute Valley which would dispose of garbage waste from surrounding areas to produce 40 Mw [[#146]]s of power.

Clay updated the board the Department of Taxation meetings he has recently attended.

West Wendover Football Field Lighting Project [[#150]] Clay reported meeting with people of the lighting project and asked the board to consider donating 5 - 70 [[#146]] poles to the project. IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE DONATING FIVE (5) [[#150]] 70 [[#146]] POLES TO THE WEST WENDOVER LIGHTING PROJECT.

FASB99 [[#150]] Clay reported on the FASB99 issue, dealing with fraud in businesses. NRECA has offered classes, but Bolinger, Segars, Gilbert and Moss L. L. P. have agreed to conduct an in-house training session on November 19th .

Annual Employee/Director Christmas Party [[#150]] Clay presented the board with three options for the Christmas party. Following a discussion , it was agreed to hold this years party at the 4-Way on December 13th.

OTHER BUSINESS:

A director made a request for a donation of a \$100.00 power credit and a \$100.00 membership to ACRE for long time member Eva Perry who recently celebrated her 100th birthday. Eva Perry will be recognized at the business meeting during the Annual Meeting. IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO PRESENT EVA PERRY WITH A \$100.00 POWER CREDIT AND A \$100.00 MEMBERSHIP TO ACRE IN CELEBRATION OF THE 100TH BIRTHDAY.

EXECUTIVE SESSION:

An Executive Session was not held.

As there was no further information to discuss, the meeting was adjourned at 12:15 pm.

D. Vernon Dalton, President Lois Nannini, Secretary/Treasurer

Attachment A

WELLS RURAL ELECTRIC COMPANY

Adopted: March 1976 Revised: September 19, 2003

Reviewed: September 19, 2003

POLICY NO. 1-6

BOARD MEETING ATTENDANCE FEES AND EXPENSES**I. OBJECTIVES**

A. To establish procedure for payment of attendance fees and expenses for directors for their time and expense spent for the betterment of the Company.

B. Board members are invited to attend all board committee meetings and will be compensated the same as a bona fide member of that committee.

II. POLICY PROVISIONS

A. The time in travel to and from a director's place of residence to a regularly scheduled board meeting or a scheduled committee meeting will be considered by WREC as company business.

B. Regular Meetings

1. Directors will receive attendance fees for:

a. board meeting --- \$200.00

b. committee meetings if not held on board meeting day --- \$200.00

2. Directors will be reimbursed for mileage traveled to and from board meetings at the maximum allowable by IRS when using their own vehicle.

C. Other Expenses

1. Directors will receive full reimbursement of out of pocket expenses incurred due to their attendance of meetings upon a presentation of a bona fide receipt of such expenses.
2. The company will pay 100% of premiums for the directors total benefit package.

D. Expense Approvals and Payments

1. At each regular or special board meeting and at committee meetings, an expense voucher of director's expenses will be prepared, signed, and approved by the Director & Chief Executive Officer[[#146]]s Expense Committee for payment within the next thirty (30) day period.
2. Any director who is registered for a meeting or training program is expected to attend. He or she will be responsible for reimbursement of all fees associated with pre-registration should he or she not attend. Any director who cannot attend a meeting or training program will need to cancel with NRECA not later than the last working day prior to the start of the meeting or training program to avoid any associated fees.

E. Board Purchases

1. Directors will be allowed to purchase items, which are common in daily practices (i.e. computers, office equipment, airline tickets) through the Company at cost.
2. Arrangement for payment of such items may be made through deduction from monthly fees.
3. Director Miscellaneous Accounts Receivable balance may not exceed \$3,000.00 at any point in time.
4. Payment amounts will be set at a minimum to collect the balance over a 24-month period.
5. Interest to be charged at 9% annual rate.
6. Upon resigning or removal of a director, the director will pay any unpaid balance in full.

III. RESPONSIBILITY

- A. It will be the responsibility of the Director & Chief Executive Officer[[#146]]s Expense Committee for the enforcement and review of this policy.
- B. The Director & Chief Executive Officer[[#146]]s Expense Committee shall meet each

month to review adherence to this policy and grant exceptions, if necessary.

Attachment B

WELLS RURAL ELECTRIC COMPANY

Adopted: March 1976 Revised: September 19, 2003

Reviewed: September 19, 2003

POLICY NO. 7-2

EMPLOYMENT PRACTICES

I. OBJECTIVE

The board of directors of the Wells Rural Electric Company recognizes that to achieve the objectives and goals of the company, it must maintain a staff of efficient, loyal and well-trained employees, who are aware of and interested in the welfare of the company. With this in mind, it establishes the following employment practices.

- A. To establish clearly defined employment practices, which consider the welfare and security for employees as well as the company.
- B. To provide for the board of directors an understanding and assurance that its employees will be treated fairly and uniformly.
- C. To help the management carry out these intentions by providing a fair, controlled and predetermined basis for the settlement of employee questions and complaints.

II. ORGANIZATION

- A. The board of directors shall retain a chief executive officer, and delegate authority and responsibility to him/her for conducting the operations of the company within the limits of approved policies, programs, budgets and approved controls.
- B. The chief executive officer shall establish departments and groupings of personnel which are consistent with the policy and which will most effectively and efficiently achieve the objectives and goals.
- C. The board of directors delegates to the chief executive officer the authority to employ, discharge, transfer, promote, demote and discipline all employees subject to and not conflicting with other policies or contractual agreements.

III. CONDITIONS OF EMPLOYMENT

A. Pre-employment and Continuing Work Physicals

- 1. Pre-employment physical examination forms must be completed and certified prior to employment. This examination will be conducted at a medical facility authorized by the company and at the company's expense. The company requires that all employees be tested for drug use as part of the pre-employment physical examination.

2. Employees of Wells Rural Electric Company will be required to reside within the Company's certified service territory. Residency is further subject to Operational Practices.
3. This policy shall be reviewed annually by the board of directors to assure the accomplishment of this benefit.

B. Work Period and Working Hours

1. The normal workweek for all employees is designated as 40 hours and the normal workday is 8 hours. All additional hours worked during the week shall be considered overtime. Overtime shall be paid at a rate at 1 ~~[[#189]]~~ times the base pay for all work performed outside of the regularly established work day or week. The previous provisions apply to all personnel who are not classified by the National Labor Relations Board definitions as executive, administrative, supervisory or confidential employees.

The established workweek is from Saturday midnight to Saturday midnight. The normal workweek shall consist of five workdays of eight hours each and shall begin Monday and run through Friday. The normal clerical unit workday shall be from 8:00 a.m. to 5:00 pm, with a one-hour lunch period or 7:00 a.m. to 4:00 p.m. with a one-hour lunch period. Outside employees workday may vary from 6:00 a.m. to 5:00 p.m. with a 30 minute lunch period if desired and agreed upon with their supervisor.

2. Maintenance personnel may be available for trouble calls according to an arranged schedule. If they are called according to an arranged schedule and are not available, the next available personnel according to the arranged schedule will be called.

C. Holidays

1. All regular full-time employees are entitled to ten paid holidays during each calendar year. To be eligible for pay on holidays, a regular full-time employee must work the regularly scheduled workday before and after the holiday or have taken sick leave or vacation on those days. The holidays consist of:

- a. New Year's Day
- b. Memorial Day
- c. Independence Day
- d. Labor Day
- e. Columbus Day
- f. Thanksgiving Day
- g. Friday After Thanksgiving
- h. Christmas Day

The two remaining holidays will be observed by popular vote of the employees during the first month of each New Year; however, floating holidays may not be used consecutively.

2. If any of these holidays fall on a regular workday for regular and probationary

employees, such employees shall be entitled to the day off with pay. If a holiday falls on an employee's non-work day, he shall receive a regular day's pay for such holiday or another day off with pay, as mutually agreed upon between the supervisor and employee involved.

3. If the holiday falls on Sunday, the Monday following shall be observed as the holiday. If the holiday falls on Saturday, the preceding Friday shall be observed as the holiday.

4. When a regular or probationary employee is required to work on a holiday, he/she shall be paid at the rate of one and one-half times (1 ~~[[#189]]~~ x) the regular rate of pay for all hours worked in addition to the regular holiday pay. To be eligible for holiday pay, an employee must have worked his next scheduled day before and his next scheduled day after the holiday, and the holiday if scheduled to work, unless previously excused by the employer.

D. Probation, Termination and Grievances

1. Persons hired by the company are considered probationary employees during the first 120 days trial period. The company reserves the right to dismiss such employees at any time or without cause.

2. Employees past the probationary stage are considered regular employees (unless they, by mutual agreement, are seasonal or temporary). If they should decide to leave their positions with the company, regular employees are expected to give the company two weeks advance notice. Employees laid off shall be given at least two weeks notice.

3. The employer may discharge any employee if his/her work is not satisfactory, but the employee shall have first been given at least one (1) written warning notice with a copy to the Union if the employee is a member of a bargaining unit recognized by the employer in all cases except recklessness, dishonesty, being under the influence of intoxicants or drugs during regular working hours, refusal to perform required work for which he is qualified, or negligence resulting in more than minor damage to employer's property or equipment, or negligence which threatens the safety of himself/herself or others. Warning notices shall be effective for twelve (12) months from date of issue.

4. In addition to the disciplinary action of discharge as set forth herein, the employer may in lieu of discharge, reprimand, demote, and/or suspend an employee with or without pay for such period of time as the employer deems appropriate, provided, however, suspension may not exceed 30 days.

5. In the event an employee believes himself/herself unfairly treated, it shall be his/her duty to take his/her grievance to his/her immediate super-visor. If it is not satisfactorily answered, it shall be his/her duty to request from his/her immediate supervisor a conference with is department head or chief executive officer. Non-union personnel may request a hearing with the Employee Relations Committee as a last resort.

E. General Working Rules

1. The company provides its employees with the proper tools and safety equipment and expects each of them to keep his/her personal tools in first class condition.
2. Safety and protection equipment shall be kept in first class condition and each employee will be required to follow the safety rules of the company. Refusal or failure to comply with such rules shall be a cause for dismissal.
3. The company expects that employees will create their work with confidence and respect, and will execute every job in an efficient manner, exerting all the energy and tact required to complete the job properly.
4. In cases of inclement weather, substitute work shall be provided suitable to the prevailing conditions except in cases of emergency.

F. Vacations

1. Vacations shall be considered as a rest period and employees are encouraged to take their vacations as a break in the yearly routine.
2. The basic vacation period for Wells Rural Electric Company shall be from January through December and not from anniversary date to anniversary date.

Employees will be entitled to accrue vacation time at the beginning of their employment at the rate of one and one-quarter (1 **[[#188]]**) days per month to be taken during the next calendar year. Employees will not be credited with vacation accrued unless he/she successfully meet the specified "probation period".

After 10 continuous years of employment, the employee will be credited with 20 days vacation each December 31 to be taken the next year.

For purposes of vacation accrual, persons coming to work at Wells Rural Electric Company between the 1st and the 15th of any month will be considered employed on the first of the month. Persons coming to work between the 16th and the end of the month will be considered employed on the first of the following month.

3. Vacations not taken for work related reasons might be received in the form of compensation if approved by the chief executive officer and the board of directors or deferred for up to one year if approved by the chief executive officer and board of directors.
4. When an employee leaves the service of the company, he/she is entitled to be paid for any unused vacation time.
5. Vacation hours will be paid at regular straight time.
6. Vacations shall be scheduled according to seniority during the more desirable vacation periods as the requirements of the company will permit and must be scheduled in advance through their supervisor.

G. Pay Periods

There will be two pay periods per month: from the first through the 15th and from the 16th through the last day of each month.

H. Sick Leave

All regular and full-time employees shall be entitled to sick leave with pay and shall be allowed for employee's spouse and dependents living at home.

Sick leave shall be accrued at the rate of 5 1/3 hours per month per calendar year. Sick leave shall be accrued for newly hired employees during their probationary period, but these employees shall not be entitled to use sick leave until they have completed their probationary period.

Absence due to sickness must be reported to the department head or his representative prior to the start of regular work hours, if possible. Persons claiming sick leave may be required to substantiate such claim by a statement of fact and doctor's certificate acceptable to company before sick leave allowance is granted.

Employees who retire under the company's retirement plan shall be paid for all unused sick leave time. The rate of pay for unused sick leave time will be computed by averaging the rate of pay for the employee during the length of time as accumulated.

Beginning on January 1, 1989, all unused sick leave accumulated during the current calendar quarter will be paid to the employee at his/her present rate of pay, provided the employee has accumulated a bank of 120 hours (15 days). The payments for the first, second, third and fourth quarters will be included on the payroll checks for the payroll periods ending on 4/15, 7/15, 10/15, and 12/31, concurrently.

I. Pay While Attending Funerals

1. Employees of the company shall be permitted to attend the funeral of a member of their immediate family and to serve as pallbearers or take part in the burial rites of funerals of others without deduction of pay, upon prior approval by the chief executive officer. The chief executive officer is authorized to grant time under this policy.

2. In no instance shall more than one day with pay be allowed for taking part in funeral rites of one not a member of their immediate family, nor more than three days with pay shall be allowed for attending the funeral of a member of their immediate family.

3. Any other special consideration shall be at the discretion of the chief executive officer.

J. Other Leave with Pay

1. The company grants employees leave with pay if necessary to go to local

polls to vote in any municipal, school, county, state or national election.

2. Whenever election, jury or other mandatory court duties require a regular employee to be absent from work, the company shall pay the employee the difference between the sum received for such duties and his base salary for the period.

3. Employees are encouraged to assume appropriate civic responsibilities and will be granted leave with pay, when necessary, to perform duties related, thereto, when approved by the chief executive officer.

K. Leave Without Pay

1. The supervisor may grant an employee time off without pay. This will be done at the employee's request as long as it does not disrupt company activity and is in the best interest of the employee and the company.

2. An authorized leave of absence may be granted to employees who enter the Armed Forces of the United States, provided, however, that all such leave of absence and the reinstatement of any such employee shall be subject to the terms of any Act of Congress which provides for re-employment.

L. Safety Meetings

The company shall hold safety meetings approximately one per month during regular working hours for giving safety instructions to its employees in the outside facilities unit. Such meetings shall be held more frequently if necessary.

M. Employee Insurance Plan

The company shall pay 80% of the premium for a voluntary group medical plan offered by NRECA with the employee paying 20% if he/she elects to be covered by the medical insurance. The company shall also provide basic life insurance, long-term disability, short-term disability and accident insurance.

Employees who retire under the company's retirement plan shall have 100% of his/her medical insurance paid for by the company.

N. Retirement and Savings Plans

1. The company maintains for its regular full-time employees a NRECA Retirement Plan and 401k Savings Plan which are available after the employee has satisfied the prescribed waiting period of the plan. The Retirement Plan shall be a non-contributory plan for all employees.

2. The Retirement Plan has Uniform Benefit of 1.7% of the Participant's Final Average Salary, which is the average of the five highest effective salaries out of the last ten years of participation.

3. The company shall contribute 1% of the employee's base salary he/she was being paid on November 15th of the previous year to the 401k Savings Plan after the employee has satisfied the prescribed waiting period of the Plan.

4. All employees are urged to consult with the Manager of Finance/ Administration about the retirement and insurance programs available.

O. Physicals

1. The company provides at its expense a voluntary physical examination with related tests (examination for employees and their spouses (participant). If a participant avails him or her-self of this benefit, it shall be pursuant to the terms below.
2. The participant will notify the company of their intent to have an examination. The Company will approve the examination in advance and will arrange direct payment to the provider.
3. An employee is eligible for an examination under this policy every two (2) years. An employee[[#146]]s spouse is eligible for an examination, under this policy every three (3) years.
4. The company will pay only actual costs of the examination, but under no circumstance will the maximum cost paid by the company for this benefit exceed \$600.00 per exam.

P. Retirement Age

1. Employees will be eligible to retire under the company's Retirement Plan at the earlier of completing 30 years of Benefit Service or attainment of age 62.
2. All employees are encouraged to investigate the joint benefits from their retirement and the social security program.

Q. Company Vehicles

1. Transportation while on company business will be in company vehicles whenever possible and practical. The use of personal vehicles is subject to management approval. When such vehicles are used, a standard mileage rate of IRS allowance will be paid by the company based on daily work and mileage reports.
2. There shall be no personal use of the company's motor vehicles except as noted below by either an employee or by an individual whose use would be taxable to the employee such as minimal, incidental personal use during the periods of business use.
3. When motor vehicles in use in the conduct of the company's business, they shall be located in the company's business premises, or where the employee reports for work with the company, unless temporarily located otherwise for maintenance or repair.
4. The company may allow limited personal use for commuting certain key employees, where the chief executive officer shall determine that it is in the best interest and for the convenience of the company for those key employees to have prompt access to a company vehicle. For those key employees who utilize

a company vehicle for limited commuter use, such use shall be considered a taxable fringe benefit. The value of the fringe benefit shall be calculated in accordance with current IRS regulations; the taxable amount will be withheld from the employee's wage and salary compensation on a regular basis, and will be reported to the IRS on the employee's annual W-2 form.

5. In lieu of company provided transportation, a vehicle allowance may be provided. Only certain employees such as the Chief Executive Officer or other key employees approved by the Chief Executive Officer would be eligible for the allowance. The allowance will be set at \$475.00 and will be subject to all taxable requirements. In the best interest of the Company, a lesser amount of vehicle allowance can be offered to key employees. No one is required to take the allowance, but if the Chief Executive Officer accepts the vehicle allowance, the company will not be required to provide future company owned transportation unless approved by the Board of Directors. If a key employee accepts the vehicle allowance, the company will no longer have a responsibility to provide future company owned transportation.

6. Due to the nature of the company's electric service area, and to the limited number of on-call employees, and due to the fact that to fulfill the responsibilities of line crew foreman or lineman, with regard to after normal working hour emergencies, line superintendent, the line crew foreman or lineman as a condition of employment for the convenience of the company, must have access to a company-owned radio-equipped motor vehicle at all times and therefore is not subject to the fringe benefit provision of paragraph 4 above.

7. Each employee shall possess a valid driver's license that will enable him/her to perform duties of his/her respective job as described in the company's position description. Failure of an employee to have or maintain the appropriate valid driver's license may result in the termination of that employee.

8. Employees in the following classifications shall possess a valid CDL (Commercial Drivers License). Failure of a Line Working Foreman, Lineman, Apprentice Lineman, Mechanic and Warehouseman to have or maintain a valid CDL may result in demotion or termination.

a. The company may allow other classifications to obtain a CDL but they will only be required of the above classifications.

b. The company will pay all costs associated with obtaining and maintaining a CDL.

c. If an employee cannot obtain or maintain a valid CDL due to medical reasons specifically identified in applicable federal or state laws, the company will make every effort to relocate the effected employee in a position comparable with their abilities.

R. Miscellaneous

1. Employees will report for the day **[[#146]]**s work at regularly designated

places, which will usually be the company's office, warehouse, or outpost stations. Daily work shall begin and end at these places, and transportation time to jobs in the field will be included in the work time.

2. Transportation while on company business will be in company vehicles whenever possible and practical. The use of personal vehicles is subject to management approval. When the use of personal vehicles has been approved, the employee shall be reimbursed at the highest rate per mile allowed by the Internal Revenue Service.

3. Permission to use company vehicles and equipment for personal needs may be granted to employees in case of emergencies or unusual circumstances. Such permission must be obtained from the chief executive officer.

S. Employee Loans

1. Employees may request to receive a loan from Wells Rural Electric Company under the following conditions.

a. All loans must be approved by the chief executive officer in advance.

b. The amount of the loan will not exceed \$200.00.

c. Each employee will be limited to one loan during each calendar year regardless of the amount.

d. All loan payments will be deducted from the employee's payroll check over a period not to exceed four months. The initial payment will be deducted from the first payroll check subsequent to the date of the loan.

e. Any unpaid balance on a loan will be deducted from the employee's final payroll check if the employee terminates employment for any reason.

T. Working Conditions

1. Smoking shall be prohibited except in designated areas as determined by management.

U. Hiring Practices

All vacancies shall be filled by first making regular full-time employees aware of the vacant position. Wells Rural Electric will endeavor to hire locally when qualified personnel are available and throughout the Region IX area when necessary. At all times, the most qualified applicant, in management's opinion, will be given the opportunity for employment consistent with EEOC (Equal Employment Opportunity Commission) guidelines and other Conditions of Employment under Policy 7-2 III A.

IV. RESPONSIBILITY

It shall be the responsibility of the chief executive officer, together with the department heads, to administer this policy. The chief executive officer is to report annually to the board of directors upon the effectiveness of the policy.

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