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

June 2, 2004

The regular meeting of the Board of Directors of Wells Rural Electric Company was held in Wendover, Nevada in the Boardroom of the Wells office and called to order Wednesday, June 2, 2004 at 9:00 a.m. 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, S. J. Smith, Ron Springsteel, Howard Wright and Mary Wright. Jerry Parkin was absent.

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

**ADDITIONS TO AGENDA:**

There were no additions to the agenda.

**APPROVAL OF MINUTES:**

The minutes of the regular meeting of May 12, 2004 were approved as written.

**SAFETY FIRST VERSE:** Drive cautiously! Summer is approaching and kids will be out of school soon.

**ACTION ITEMS:**

Strategy 6, Communication, Member Education and Demographics **[[#150]]** A verbal update on the Energy Efficiency Program was given and reported as being very successful. Following a discussion, **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE STRATEGY SIX AS PRESENTED.**

Wild Blue **[[#150]]** Clay reported the data information requested from Wild Blue had not been received. A preliminary look at our entire communication system supports Wild Blue being capable of replacing a significant amount of plant and new investment. However, Clay pointed out that at this point, without the data information, the information given was based on assumptions. A discussion ensued. **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY SCOTT EGBERT TO JOIN WILD BLUE.**

Discussion continued regarding the June deadline to join Wild Blue at a lesser start-up fee and staff writing a business plan. **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY ORLIN KIDNER TO AMEND THE MOTION**

**TO POSTPONE JOINING WILD BLUE TO THE END OF JUNE. IF INFORMATION IS RECEIVED PRIOR TO THE JUNE 30, 2004 DEADLINE THAT THE RETURN ON INVESTMENT FROM WILD BLUE WOULD TAKE LONGER THAN EIGHTEEN (18) MONTHS, WELLS RURAL ELECTRIC DOES NOT JOIN UNTIL THE BOARD REVIEWS THE BUSINESS PLAN IN JULY. MOTION PASSED.**

**ORIGINAL MOTION PASSED AS AMENDED.**

Diversified Services First Quarter Report **[[#150]] IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE DIVERSIFIED SERVICES FIRST QUARTER REPORT AS PRESENTED.**

Election Nomination Form **[[#150]]** The board reviewed the 2004 Election Nomination Form. The mandatory informational workshop for new nominees was changed to Tuesday, July 6, 2004 at 9:00am. **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE ELECTION NOMINATION FORM AS AMENDED.**

INFORMATION ITEMS:

Dates of Board Meetings for 2004 **[[#150]]** The board reviewed the dates of the regularly scheduled board meetings and determined there were no conflicts with company business. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE REMAINING 2004 BOARD MEETINGS; BEING THE FIRST WEDNESDAY OF EACH MONTH AS PER THE BYLAWS.**

Member Survey **[[#150]]** A discussion was held regarding a member survey. Clay asked the board for direction. Following a discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY PAUL NEFF AND PASSED UNANIMOUSLY TO DIRECT STAFF TO BRING THE LAST THREE MEMBER SURVEY SUMMARIES TO THE BOARD FOR THEIR REVIEW.**

Safety Minutes **[[#150]] IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY SCOTT EGBERT AND PASSED UNANIMOUSLY TO APPROVE THE SAFETY MINUTES AS PRESENTED.**

New Memberships **[[#150]] IT WAS ON MOTION BY HOWARD WRIGHT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE 40 NEW MEMBERSHIPS AS REVIEWED; WELLS **[[#150]]** 11; CARLIN **[[#150]]** 5; W. WENDOVER, NEVADA **[[#150]]** 17 AND WENDOVER, UT **[[#150]]** 7.**

A recess was called from 10:52 am to 11:15 am.

MANAGEMENT REPORTS:

Board Reports **[[#150]]** There were no board reports.

Department Reports **[[#150]]** The following reports were included as information in the agenda:

Office Services

**[[#183]]** Finance and Administration **[[#150]]** CFC daily interest rates were handed out and a discussion was held. No action was taken at this time. Staff will continue to monitor interest rates daily.

**[[#183]]** Accounting

**[[#183]]** Member Services

**[[#183]]** Marketing

**[[#183]]** Member Business Development

Operations Department

**[[#183]]** Operations

**[[#183]]** Outage

**[[#183]]** Safety Committee Minutes

**[[#183]]** Information Services

**[[#183]]** Diversified Services **[[#150]]** It was the consensus of the board to not open the wireless business in Carlin.

Power Supply Report **[[#150]]** A discussion held.

CEO **[[#146]]**s REPORT:

Rule 6, Discontinuance, Collection, Restoration and Refusal of Service **[[#150]]** Clay reported on the efforts of a team organized, as a result of the Strategic Plan to reduce costs. Clay discussed with the board the proposed transition from current practice to Rule 6. A discussion ensued. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY RON SPRINGSTEEL TO FOLLOW RULE 6 AS WRITTEN. MOTION FAILED.**

Discussion continued. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY GERALD ANDERSON AND PASSED TO MAKE A THREE-MONTH TRANSITION INTO RULE 6.**

Meeting with Newmont **[[#150]]** Clay reported he, Don Angell, Tommi Reynolds and Attorney, Robert O. Vaughan met with Newmont Gold **[[#146]]**s attorney and representatives regarding contract issues.

NWPPA Meeting **[[#150]]** Clay reported.

NRECA Candidate Training **[[#150]]** Clay updated the board on the recent candidate training schools held in Elko, Reno and Las Vegas. A discussion was held.

Region IX Meeting **[[#150]]** Clay reported this year **[[#146]]**s meeting will be held in West Yellowstone, Montana, September 27<sup>th</sup> **[[#150]]** 29<sup>th</sup>.

**BOARD AGENDA ITEMS:**

- Survey Summaries
- Rule 6

**OTHER BUSINESS:**

Mary Wright volunteered to present the Next \$ Foundation Scholarship to the recipient from Spring Creek High School.

As there was no further information to discuss, the meeting was adjourned at 1:00 pm.

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