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

May 12, 2004

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 Wednesday, May 12, 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, Jerry Parkin, S. J. Smith, Ron Springsteel, Howard Wright and Mary Wright.

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

ADDITIONS TO AGENDA:

- Paul Neff **[[#150]]** Director Election
- Director Meetings/Election Schedules
- AFLAC Insurance Presentation

APPROVAL OF MINUTES:

The minutes of the regular meeting of April 16, 2004 were approved as written.

SAFETY FIRST VERSE: Always wear protective clothing when spraying for weeds or insects.

ACTION ITEMS:

Power Supply Strategy Update **[[#150]]** Clay briefed the board on past goals and history of the strategy as well as future goals for 2004. The board discussed a number of resources for WREC**[[#146]]**s future energy requirements, including nuclear energy. Following a thorough discussion, **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY S. J. SMITH AND PASSED UNANIMOUSLY TO APPROVE WELLS RURAL ELECTRIC TO TAKE A STANCE TO BE PRO-ACTIVE ON NUCLEAR POWER AND BEGIN TO EDUCATE THE BOARD AND MEMBERS ON POWER SUPPLY ISSUES AND CONTINUE TO MONITOR DEVELOPMENT UNTIL THE BOARD MAKES A DECISION ON FUTURE POWER SUPPLY.**

A discussion was held regarding the current Net Metering Policy. Staff was asked to collect net metering policies from other utilities and make available for the board to review. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY GERALD ANDERSON AND PASSED TO APPROVE THE ADDITION OF **[[#147]]**RENEWABLE LOCAL GENERATION**[[#148]]** TO PAGE FIVE OF THE**

STRATEGY. LOIS NANNINI OPPOSED.

IT WAS ON MOTION BY PAUL NEFF, SECONDED BY GERALD ANDERSON AND PASSED UNANIMOUSLY TO APPROVE THE POWER SUPPLY STRATEGY AS AMENDED.
50 minutes.

Proposal for Switching between Wells and Wendover **[[#150]]** The board discussed the proposal and current problems with the line from Raft River to Wendover. **IT WAS ON MOTION BY LOIS NANNINI AND SECONDED BY JERRY PARKIN TO DECLINE THE PROPOSAL FOR SWITCHING BETWEEN WELLS AND WENDOVER AND TO CONCENTRATE ON REPAIRING THE RAFT RIVER LINE INTO WENDOVER. MOTION PASSED.** 20 minutes

Director Expense First Quarter Report **[[#150]]** This was handed out to the board and reviewed.

AFLAC Presentation **[[#150]]** Alysse Rodriguez of AFLAC Insurance gave a presentation.

NRTC**[[#146]]**s Wild Blue **[[#150]]** Mark Farmer presented NRTC**[[#146]]**s Wild Blue program to the board. Wild Blue would be replacing DirecWay satellite that WREC is currently marketing to members. Mr. Farmer**[[#146]]**s presentation covered equipment sizing, initiation fees valid through June 30, 2004 and a plan for cost recovery. A discussion was held and questions answered.

A lunch recess was called at 12:20 pm. The meeting was called back to order at 1:00 pm.

Discussion on NRTC**[[#146]]**s Wild Blue Program continued. It was the consensus of the board to have staff analyze NRTC**[[#146]]**s technical capabilities for replacing Wells Rurals current equipment, and bring back scenarios in June.

Director Meetings/Election Schedules **[[#150]]** Clay handed out proposed bylaw changes effecting the operations of the board. Following a review and discussion on **[[#147]]**Meeting Dates**[[#148]]**, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY LOIS NANNINI AND PASSED UNANIMOUSLY TO CHANGE THE BYLAWS AS PROPOSED UNDER **[[#147]]**MEETING DATES**[[#148]]** OF THE HANDOUT.**

Discussion continued, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY LOIS NANNINI, TO AMEND THE PREVIOUS MOTION TO DELTE **[[#147]]**OTHERS**[[#148]]** UNDER **[[#147]]**MEETING DATES**[[#148]]**. MOTION PASSED WITH NINE IN FAVOR AND TWO OPPOSED.**

The board reviewed and discussed **[[#147]]**Director Elections**[[#148]]**. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY RON SPRINGSTEEL AND PASSED UNANIMOUSLY TO APPROVE THE PROPOSED CHANGES, WITH THE EXCEPTION OF THE FOLLOWING ADDITIONS; **[[#147]]**DIRECTOR**

NOMINTIONS CLOSE AT 12:00 NOON ON THE THIRD MONDAY IN JUNE[[#148]] AND NEW DIRECTOR ORIENTATION TO BE HELD ON THE FOLLOWING FRIDAY[[#148]].

The board discussed the proposed Election Nomination Form. It was the consensus of the board that this will be the only acceptable form of nomination for the election. The form will be made available to all members at the Wells REC offices, as well as the company website. **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE THE ELECTION NOMINATION FORM WITH THE CHANGES AS OUTLINED IN THE DISCUSSION.** A final draft will be added to the June board agenda for review and approval. 55 minutes.

Cost of Service Study [[#150]] Clay and Buddy presented potential rate scenarios which could be a result of changes in future power supply. A discussion was held on current and future rate structure and increases.

President Dalton brought up for discussion, a member survey and the importance of getting to know our members. A discussion was held on member surveys and rate increases. 45 minutes.

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 51 NEW MEMBERSHIPS AS REVIEWED; WELLS [[#150]] 14; CARLIN [[#150]] 14; W. WENDOVER, NEVADA [[#150]] 16 AND WENDOVER, UT [[#150]] 7.**

INFORMATION ITEMS:

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

Power Supply Report **[[#150]]** A discussion on current issues was held.

BOARD REPORTS:

Those directors attending the NRECA Legislative Conference reported.

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

Clay reported on the Legislative Conference

June Board Meeting **[[#150]]** Clay reminded the board that the June board meeting will be held in Wendover, Wednesday, June 2nd at 9:00 am MST.

CFC Representative. Clay announced that Wells Rural**[[#146]]**s CFC rep. John Rodgers is retiring and that Dan Kessler as accepted the position of CFC**[[#146]]**s western states representative. Discussion was held.

BOARD AGENDA ITEMS:

- Member Survey

OTHER BUSINESS:

Paul Neff announced that his term expires in September and asked the board for their opinion of his capabilities as a director.

As there was no further information to discuss, the meeting was adjourned at 3:48 pm.

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