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

April 6, 2005

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, April 6, 2005 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, S. J. Smith, Paul Neff, 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, Administrative Assistant.

APPROVAL OF MINUTES: The minutes of the regular meeting of March 9, 2005 were approved as corrected. **[[#147]]IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY JERRY PARKIN AND PASSED UNANIMOUSLY TO APPROVE MOVING \$138,549.54 OF ACCOUNTS RECEIVABLE DUE TO AN INCREASED REVENUE REQUIREMENT FROM NEWMONT AS A RESULT OF A COST OF SERVICE ANALYSIS APPLICABLE TO 2004 OPERATIONS, AS PER ARTICLE 14 OF THE CONSOLIDATED AGREEMENT AND THE COMPANY[[#146]]S BY-LAWS. [[#148]]**

ADDITIONS TO AGENDA:

- Capital Credits
- WREC Annual Meeting
- Newmont Letter
- RTO
- Project Graduation

SAFETY FIRST VERSE: **[[#150]]** Plan and practice safety drills in the home ad designate a place to meet outside.

ACTION ITEMS:

2004 Annual Audit **[[#150]]** Greg Gilbert of Bolinger, Segars, Gilbert and Moss, L. L. P. presented the 2004 audit and answered questions of the board. A thorough review of the financial statements, balance sheets and five-year comparative statements was made. Also discussed was a letter to management that addressed items that were discussed with staff during the exit conference of the audit. **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY GERALD ANDERSON AND PASSED TO APPROVE THE 2004 ANNUAL AUDIT AS PRESENTED.**

An Executive Session was held.

Member Survey **[[#150]]** The board reviewed the proposed survey submitted by NRECA and identified a number of changes and questions they would like from NRECA. The board will review the changes and explanations from NRECA at the May board meeting.

Capital Credits **[[#150]]** The board requested staff to write up a brief explanation on capital credits, how they are allocated and paid.

WREC Annual Meeting **[[#150]]** Clay informed the board of a conflict between the Annual Meeting and the Race to the Angel and proposed to change the Annual Meeting date to September 17<sup>th</sup>. **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY ORLIN KIDNER AND PASSED UNANIMOUSLY TO APPROVE MOVING THE 2005 ANNUAL MEETING TO SEPTEMBER 17, 2005.** A discussion was held regarding Spanish speaking members and the board directed staff to begin looking at how to address Spanish members for the Annual Meeting.

Newmont Letter **[[#150]]** Clay presented a letter from Newmont requesting that Wells Rural purchase advertising in a mining magazine. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY S.J. SMITH AND PASSED TO RECEIVE THE REQUEST FROM NEWMONT AS INFORMATION AND TO NOTIFY NEWMONT THAT OUR PUBLICATION BUDGET IS DESIGNATED FOR ADVERTISING THAT BENEFITS OUR MEMBERS.**

Regional Transmission Organization (RTO) **[[#150]]** A discussion was held regarding joining the RTO. Clay reported that as of the meeting, no other members have joined and explained that the deadline is April 30, 2005. Following the discussion, **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY SCOTT EGBERT AND PASSED TO DIRECT STAFF TO JOIN THE RTO IF OTHER PARTICIPATION OF MEMBERS REACHES FIFTY PERCENT (50%).**

Project Graduation **[[#150]]** Clay asked the board to consider donating a used laptop computer to the Wells 2005 Project Graduation. **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY ORLIN KIDNER AND PASSED TO DONATE A USED LAPTOP COMPUTER TO 2005 PROJECT GRADUATION.**

Non-Incumbent Orientation Date **[[#150]]** A discussion was held to have the vice-president conduct the orientation due to President Dalton running in the election. **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY HOWARD WRIGHT AND PASSED TO HAVE THE VICE-PRESIDENT CONDUCT THE NON-INCUMBENT ORIENTATION AND TO HOLD THE ORIENTATION ON WEDNESDAY, JUNE 22, 2005 AT 9:00 AM IN THE WELLS BOARDROOM.**

2005 Election Committee **[[#150]]** Following a discussion, **IT WAS ON MOTION BY SCOTT EGBERT, SECONDED BY HOWARD WRIGHT AND PASSED UNANIMOUSLY TO APPROVE THE 2005 ELECTION COMMITTEE AS FOLLOWS:**

**PAUL MOSCHETTI, WELLS  
ESTELLA DURAZO, CARLIN  
TRUDIE SMITH, WENDOVER  
ALTERNATE - DONNA HUFF, WELLS  
ALTERNATE **[[#150]]** GWENN WINES, RUBY VALLEY**

#### DISCUSSION ITEMS:

Region IX **[[#150]]** The board discussed concerns pertaining to Region IX and the possibility of holding a board retreat at the same time.

A lunch recess was called at 12:20 pm. The meeting was called back to order at 12:55 pm.

Howard Wright was excused from the meeting.

2004 Year-End Diversified Services Report and Future Business Plan **[[#150]]** Hank James presented the report and business plan as well as changes in the current billing rates for services provided to members. Following a discussion, **IT WAS ON MOTION BY S. J. SMITH, SECONDED BY MARY WRIGHT AND PASSED TO ACCEPT THE REPORT AS PRESENTED AND TO IMPLEMENT THE NEW ELECTRICIAN AND SYSTEM TECHNICIANS RATES IMMEDIATELY.**

The board discussed the business plan for Wild Blue and the opportunity to become involved in DirecTV, who has partnered with NRTC. It was noted that the deadline to commit to DirecTV is May 15, 2005. **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY MARY WRIGHT AND PASSED TO ACCEPT THE DIRECTV CONTRACT.**

Wells Senior Center **[[#150]]** It was brought to the board **[[#146]]**s attention that there are a number of members who are homebound in the Wells area and are in need of a medic alert phone but can not afford one. The director of the Senior Center asked Wells Rural to consider waiving the installation fee for the phone. Following a discussion, **IT WAS ON MOTION BY MARY WRIGHT, SECONDED BY RON SPRINGSTEEL AND PASSED TO USE THE STANDARDIZED POVERTY RATE FOR MEMBERS OF WELLS RURAL AND TO WAIVE THE INSTALLATION FEE AND SET THE MONTHLY CHARGE AT FIFTEEN DOLLARS (\$15.00).**

Load Forecast **[[#150]]** Clay reported that staff has met with the City and feels that the current load forecast matches that of the cities. Following a review of large commercial, it was necessary to increase that forecast by one.

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

New Memberships **[[#150]]** **IT WAS ON MOTION BY ORLIN KIDNER, SECONDED BY SCOTT EGBERT AND PASSED TO APPROVE 41 NEW MEMBERSHIPS AS REVIEWED; WELLS** **[[#150]]** 13; **CARLIN** **[[#150]]** 8; **WENDOVER, NV** **[[#150]]** 15 **AND WENDOVER, UT** **[[#150]]** 5.

#### MANAGEMENT REPORTS:

Board Reports **[[#150]]** Directors attending the NRECA Annual Meeting and Directors Conference reported.

Code of Ethics for Directors and Employees **[[#150]]** As a result of presentations at the annual meeting, a discussion was held on drafting a Code of Ethics policy. Staff was directed to review the information provided from the annual meeting and provide a draft policy at the May board meeting.

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

**[[#183]]** Finance and Administration **[[#150]]** The board reviewed and discussed the current loans and interest rates. **IT WAS ON MOTION BY GERALD ANDERSON, SECONDED BY RON SPRINGSTEEL AND PASSED TO LOCK ONE HALF OF THE**

**CURRENT DEBT (\$5,587,463.18) IN FOR TWO (2) YEARS AND THE OTHER ONE HALF (\$5,587,463.18) IN FOR FOUR (4) YEARS. THE REMAINING \$782,652.86 WILL BE LEFT AT THE VARIABLE RATE.**

- [[#183]] Accounting
- [[#183]] Member Services
- [[#183]] Marketing
- [[#183]] Member Business Development

Operations Department

- [[#183]] Operations **[[#150]]** Mike Cromie was brought in to the meeting to present information and pricing for an all terrain vehicle. **IT WAS ON MOTION BY PAUL NEFF, SECONDED BY MARY WRIGHT AND PASSED TO ADD THE REQUEST TO PURCHASE AN ALL TERRAIN VEHICLE TO THE MAY AGENDA.**

- [[#183]] Outage
- [[#183]] Safety Committee Minutes
- [[#183]] Information Services
- [[#183]] Diversified Services **[[#150]]** A discussion was held on Wild Blue.

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

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

The upcoming Legislative Conference was discussed. Clay reported on the meetings scheduled with the Senators and Congressmen.

Annual Picnic **[[#150]]** **IT WAS ON MOTION BY LOIS NANNINI, SECONDED BY PAUL NEFF AND PASSED TO HOLD THE ANNUAL MEETING AT THE LION **[[#146]]**'S CAMP LAMOILLE, AUGUST 13, 14 AND 15.**

Annual Meeting Speaker **[[#150]]** Clay reported staff is working with Rolin Gardner to have as this year **[[#146]]**'s speaker at the annual meeting.

General Transmission Agreement Update **[[#150]]** Clay reported that seventy of the seventy-nine utilities support the GTA Agreement and BPA will be signing the GTA Agreement.

SB209 **[[#150]]** Clay gave an update the SB209 bill before the legislature.

Post-Retirement **[[#150]]** Clay informed the board that the next challenge to face Wells Rural is the benefits and controlling future costs. He will provide more information of a study being done, when it is received.

Nepotism Policy 7-12 **[[#150]]** Clay proposed that staff review policy to address current times at Wells Rural.

AGENDA ITEMS:

- Code of Ethics Policy
- All Terrain Vehicle

EXECUTIVE SESSION:

An Executive Session was not held.

OTHER BUSINESS:

A scheduling error in board meetings was brought to the attention of the directors. **IT WAS ON MOTION BY RON SPRINGSTEEL, SECONDED BY SCOTT EGBERT AND PASSED TO HOLD THE NOVEMBER BOARD MEETING ON WEDNESDAY, NOVEMBER 2, 2005.**

As there was no further information to discuss, the meeting was adjourned at 4:20pm.

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D. Vernon Dalton, President

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Lois Nannini, Secretary/Treasurer

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