

THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY
April 21, 1978

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on April 21, 1978 at 1:00 p.m. in the Board Room. President Vernon Dalton presided over the meeting.

Directors present were: Vernon Dalton, Clarence Swett, Gene Pengelly, Jesse Larsen, Tom Achurra, Ferris Brough, Jim Ballard and Ray Crawford. Ester Quilici, Glenn Wadsworth and Daryl Eriksen were unable to attend. Present from the staff were Mike Fox and Patti Blackett.

Corrections to the minutes: On page 4 under Board Representation, the third sentence down, it should be highway 93 not 92. On page 1, it says there are just a few months left for the Pine Valley people to get power at this price. We will delete this and also the sentence that says that the time is running out for us. On page 4, the motion made by Gene Pengelly accepting the Board District Report, it will be changed to Committee District Report. On page 7, the first sentence of the first paragraph, the phrase horse cutting should be changed to cow cutting and the word was should be deleted.

Additions to the Agenda: Legal Counsel, Policy on Outdoor Lighting and availability of minutes to Consumers.

The N.R.E.C.A. contributes money back to the states total contributed funds toward job training and safety programs. This has historically been given to the Rural Electric Director from the State of Nevada. We received \$332. This money is to be used by us for the upgrading of our hotline school that is held annually.

Vernon attended a retirement meeting for Orville Spear, Manager of Valley Electric in Las Vegas.

N.R.E.C.A. Retirement Plan: There was a question that arose on the buy back date. The year 1965 appeared on the retirement program. This was an error. It was changed to 1/1/60. Two employees have their date of hire listed as 6/1/60, so 6/1/60 would be the date that N.R.E.C.A. would go back to.

Contact-O'Neil: There was a meeting on Friday, April 21 at 10:00 a.m. The Committee did not come up with any recommendation to the Board. The committee suggested that we might want to contact the new REA Field representative who lives in Las Vegas and get his ideas on what he thinks we can do to help them. We tried to contact Marla Boies to see if they have come up with anything but we could not reach her.

Pine Valley/Carlin: There was much discussion on this area.
GENE PENGELLY MOVED THAT WE APPROVE THE ACQUISITION OF THE MUNICIPAL POWER SYSTEM OF THE CITY OF CARLIN IN THE AMOUNT OF \$60,000, ALONG WITH INTEGRATION COSTS OF \$142,205 AND REHABILITATION COSTS OF \$25,000. JIM BALLARD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED THAT WE APPROVE THE USE OF GENERAL FUNDS FOR SAID ACQUISITION AND RELATED COSTS SUBJECT TO REIMBURSEMENT BY LOAN FUNDS IF AND WHEN LOAN FUNDS BECOME AVAILABLE THROUGH THE PINE VALLEY PROJECT. JIM BALLARD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Audit Review: JIM BALLARD MOVED THAT THE BOARD APPROVE THE AUDIT IN IT'S FINAL FORM. TOM ACHURRA SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

1978 Proposed Budget Review: The Financial Advisory & Purchasing Committee had a meeting on April 20 to go over the budget. There was discussion on Administrative & General costs, Group Insurance and Retirement, Legal Fees and Engineering. JIM BALLARD MOVED WE APPROVE THE BUDGET AS SUBMITTED. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Mike mentioned that we need a new truck. He talked to Gary Heil as to what type of equipment we need on it. \$53,450 is what it would cost for the digger unit we need. We looked at the various ways to finance it. Either through a purchase or a lease arrangement. If you set it up on a 24 month lease, the monthly lease payments are around \$1600. We could purchase it for around \$25,000 at the end of the 24 months. This comes up to a total of about \$63,000. On a 36 month lease, monthly payments are around \$1400 and you could purchase it for \$17,000. Total amount would be about \$68,000. They also have a 48 month lease plan where you would pay \$1435 a month and at the end of 48 months, you can buy the truck for \$1. You pay a total of \$68,900 for this plan. We can finance it through the bank at 9 1/2% interest for 48 months and the total cost is \$63,000. In Wendover, we have an old digger truck that is completely unreliable. When it is down, we have to send a unit out of here. If we bought this new truck, we could take the present digger truck and send it to Wendover and that would replace two trucks at Wendover. We will terminate the lease on the bucket truck in Wendover and save \$660 per month. We also need communication equipment. The bulk of it is involved in Carlin. We will wait and see what goes with REA and Carlin before we order any additional communication equipment. The dollar difference between leasing for 24 months and purchasing at the end of that time and buying it outright, the lease cost you \$800 more for the 24 month period. That is based on 9 1/2% interest rate at the bank and set up on a 48 month basis. JIM BALLARD MOVED THAT WE AUTHORIZE THE LEASE WITH THE OPTION TO PURCHASE AT 24 MONTHS AND THAT WE REBUILD THE PRESENT DIGGER TRUCK IN WENDOVER AND ADAPT IT WITH A BUCKET FOR FUTURE USE AT CARLIN OR FOR RESALE OR REPAIR AND THAT WE CANCEL THE LEASE ON THE BUCKET TRUCK IN WENDOVER AS SOON AS THE NEW DIGGER IS AVAILABLE OR SOONER IF WE CAN GET BY WITHOUT IT. JESS LARSEN SECONDED THE MOTION. JIM BALLARD MOVED TO AMEND HIS MOTION THAT WE LEAVE IT UP TO THE MANAGER'S DISCRETION WHETHER WE CANCEL THE LEASE OR PURCHASE THE BUCKET TRUCK IN WENDOVER. JESSE LARSEN SECONDED THE AMENDMENT AND THE MOTION AS AMENDED CARRIED UNANIMOUSLY.

Appliance & Safety Report: Jesse Larsen would like to see an award given to the line crew who have worked here for one year, for their accident free year. This could be given out at the Annual Employee/Directors Dinner. The Employee Relations Committee will work on setting a date for the dinner and Jess Urresti will look into what type of award could be given.

Retirement & Insurance Committee: Had a meeting Friday, April 21 at 11:00 a.m. A while ago, the Board agreed to stay within \$5 of what the room rate is in the hospitals. At the present time, we are at \$69 per day. Elko is \$89 and Holy Cross is \$95. They decided to split the two and they came up with \$93 per day. GENE PENGELLY MOVED THAT WE GO TO \$93 A DAY AND ALSO THAT WE GIVE THE GENERAL MANAGER AUTHORITY TO UPGRADE YEARLY THE N.R.E.C.A. MEDICAL INSURANCE SEMI-PRIVATE ROOM RATE TO WITHIN \$5 OF THAT RATE CHARGED BY THE HOSPITAL MOST OFTEN USED BY THE EMPLOYEES OF W.R.E.C. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Rules & Regulations: This committee has met three times in the last month. A copy of all the rules that have been revised, Rule 1-21 with the exception of 18, have been sent out to all Directors. The committee recommended to the board that we adopt these rules with the exception of Rule 18. Changes were made on Rule 5 & 17. JIM BALLARD MOVED WE ADOPT THE RULES AND REGULATIONS AS HAVE BEEN SUBMITTED BY THE COMMITTEE. GENE PENGELLY SECONDED THE MOTION. On the definition under Ranch, it says "See Farm." Jim would like to have "an operating agricultural unit with principle income derived from livestock" as the definition for Ranch. On Rule 3, on 1, K & M, Jesse wanted a little clarity on these two items. On Rule 12, we have used presentation. Jesse would like billing date substituted for presentation. We will add billing date to the definitions. We will change presentation to billing date and be consistent all the way through. On Hertz, we will put "cycle" in parenthesis. Where it said Nevada Public Service Commission, it was changed to regulatory agency. We will add Governing Body to the definitions and use it instead of regulatory body or Board of Directors. THE MOTION CARRIED UNANIMOUSLY. Jim Ballard will be chairman of this committee again.

Policy 12-1, Outdoor Lighting: JIM BALLARD MOVED THAT WE CANCEL POLICY 12-1 AND THAT WE MAKE A RULE #22 AND INCORPORATE THE WORDING THAT IS IN THIS POLICY. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Energy Search Committee: There was a meeting Monday, April 10 at 7:00 p.m. with Bud Stolle, Power Contracts Administrator for the State of Nevada. He wanted the Board to give him permission to say that he talked to us. The State is going to request BPA for an allocation of power because they feel the State of Nevada is a preference customer. He was given permission to say that he talked to us but we did not commit ourselves one way or the other.

Member Relations Committee: Vernon Dalton, Chairman, read a letter he received from Frank Mader concerning Irrigation Pump Billing.

Construction Report: The line extension to the Fort Ruby Ranch was discussed. Andy Anderson expressed concern about this extension and would like Wells Rural Electric Company to proceed with the necessary preliminary research for this project. The total project for three phase service all the way from Shantytown is \$97,920. Based on the terms of the contract, the 18% guaranteed annual minimum that he has to make is \$17,625 a year. The way the contract is designed, we won't be losing money on it. We will contact the White Pine Planning Commission to confirm that Mr. Anderson has the subdivision and meets the necessary requirements. We will write to BPA and REA to get their opinion and will consider it at the next board meeting.

Regional Power Planning: Sierra Pacific has definitely decided against going through O'Neil.

Hydro Plant: We are in the process of changing some of the original wiring that was put in in 1927 that is in real bad shape.

Settlement with Idaho Power: Nothing new.

Engineering Report: We have been busy with work order preparation and right-of-way work for routine and proposed line extension jobs.

Employee & Director Institutes & Schools: Buddy Welsh will be attending a Northwest Public Power Accounting School September 26-28, 1978.

Power Source: Nothing new.

Cost of Service Study: Mike gave a run down on what a Cost of Service Study is, what it does for you and what is involved in it. We received four proposals. N.R.E.C.A. based theirs on a per day cost of \$260 per day plus expenses. Time involved would be 16 to 20 days. The range was from \$4,160 to \$5,200 for the study. Miner & Miner, \$9,200, 60 to 90 days to complete; Merrick & Company, \$8,250, 4 to 6 months to complete and R.W. Beck, \$14,700, 4 to 6 months to complete. Clarence Lee requested that we excuse Lee Engineering from a proposal. We got a letter from Ernst & Ernst. They sent two people out here to look over our records and see what our purpose was for wanting a Cost of Service Study. They think we should let this go for now. They recommended an allocation study, at the cost of \$2000, which determines your margin allocation. They would be glad to provide us with a proposal for a Cost of Service Study. Ernst & Ernst suggested we make a Cost of Service Study in early 1980. GENE PENGELLY MOVED WE CONTACT THESE OTHER COMPANIES AND SEE IF THEY ARE INTERESTED IN AN ALLOCATION SURVEY AND HOW MUCH IT WOULD COST AND THE TIME FRAME AND SET MARCH 1, OF NEXT YEAR AS THE DATE FOR THE COST OF SERVICE STUDY. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Ferris said that he would like to see an article put in the newspaper on Earl's retirement. Mike told the Board that April 7 was Earl's last day and that a small surprise party was held. Some gifts were presented to him and the cost divided between the Company and the employees.

Availability of Minutes to Consumers: Marie Merkley wants to know if it is possible for them to have a copy of the minutes if there was not a representative from that area to come to the meeting. She will be put on the mailing list.

GENE PENGELLY MOVED THAT THE 16 MEMBERSHIPS FROM WELLS AND THE 19 FROM WENDOVER BE APPROVED. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: The situation with the Wendover Air Force Base acquisition is finally starting to progress. There was a meeting last week with some of the town officials and officials from FAA. The FAA will be giving the final approval on the transfer. They had some concern on the wording of the deed and bill of sale. They are proposing some changes in the wording. They want to be a little more specific. The transfer of facilities from Wendover to Wells will hopefully take place in the near future.

Darryl Peterson thinks it is our responsibility to relocate the pole in his proposed parking lot. The estimated cost to move it is \$850. Bob Vaughan says we should go ahead and move the pole at our expense. Jim Copenhaver said if we do this, then anybody who wanted a pole moved, all they have to do is ask us. He suggested we let Mr. Peterson pursue this. If he takes it to court, we would probably have to pay damages but they would not amount to as much as it costs to relocate the pole.

We have another situation in Wendover that has arisen. A man has refused us access to a pole to repair a damaged guy wire because he says it is on his private property and we didn't have any right to have it there.

Union Grievance: There was an Employee Relations Committee meeting pertaining to the Union grievance filed against us. The three employees have written to John Stralla. Mike wrote to him also and told him he would like to meet with him when he gets back from Washington D.C. Gene Pengelly would like the Employee Relations Committee to be changed and have non-union employees appear before the committee but not union employees. That committee will now only accept grievances from non-union employees.


Utah Power & Light Wheeling Agreement: Mike has a rough draft made up on the wheeling agreement. He has been talking to the District Manager in Salt Lake. He will provide Utah Power & Light with a draft copy of this wheeling agreement and let them know that it is strictly preliminary and nothing definite.

On the December 31 financial statement, we had \$467 written off last year and we had \$7,607 over 60 days due. Jim would like to request that the Manager have a breakdown on the bills that are over 60 days past due.

The meeting adjourned at 7:20 p.m.



D. VERNON DALTON, PRESIDENT



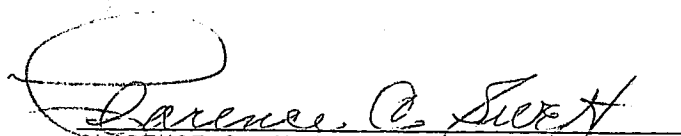
CLARENCE C. SWETT, SECRETARY

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Carlin Acquisition

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does approve the acquisition of the Municipal Power System of the City of Carlin in the amount of \$60,000, along with integration costs of \$142,205 and rehabilitation costs of \$25,000.

I, Clarence C. Swett, Secretary of Wells Rural Electric Company, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Wells Rural Electric Company, held on the 21st day of April, 1978, at which meeting a quorum was present.


CLARENCE C. SWETT, SECRETARY



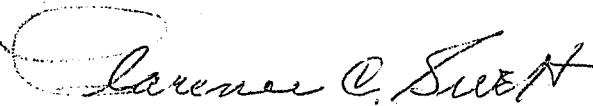
RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Use of General Funds - Carlin

WHEREAS, the Board of Directors has approved the acquisition of the Municipal Electric Power System of the City of Carlin along with related integration and rehabilitation costs.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does approve the use of General Funds and does request REA approval for the use of General Funds for said acquisition and related costs, subject to reimbursement by loan funds if and when loan funds become available through the Pine Valley project.

I, Clarence C. Swett, Secretary of Wells Rural Electric Company, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Wells Rural Electric Company, held on the 21st day of April, 1978, at which meeting a quorum was present.


CLARENCE C. SWETT, SECRETARY



MEMBERSHIPS TO BE APPROVED

APRIL 21, 1978

WELLS

1. John D. Bingham
2. H. Collins
3. Brad Dalton
4. Rebecca Foster
5. Paul Garcia
6. Gloria Holmblade
7. Kenneth Johnson
8. Jack D. Klingman
9. Johnny R. Mays
10. Tami Miller
11. Patrick D. Moore
12. Melvin Pitts, Jr.
13. Charles Rayner
14. David D. Smith
15. Michael Walton
16. Lawrence Woods

WENDOVER

1. Hope Burrows
2. Cindy Callister
3. Carling & Company
4. Wanda Cosentino
5. Jennifer Cousins
6. Ronald E. Custis
7. Adele M. Gabbert
8. Gene L. Harrop
9. Jeffery Heughins
10. Pete Keaton
11. Wendy Leatham
12. Ethel J. Long
13. Mrs. G. Mavromatis
14. Von Murphy
15. Deanna J. Peck
16. Sheila South
17. Robert Stange
18. Blaine S. Tate
19. Bobby Wells