

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

April 16, 1976

The regular meeting of the Board of Directors was called to order at 1:00 P.M., by President Jim Ballard in the Wells office of Wells Rural Electric Company.

Those in attendance were: Jim Ballard, Clarence Swett, Vernon Dalton, Gene Pengelly, John Krenka, Bill Gibbs, Bob Wright, Art Grock, and Ray Crawford. Tom Achurra and Glenn Wadsworth were unable to attend. Also present were: Don Snyder, Manager; Pat Nolz, Financial Assistant; and Tina Weeks, Secretary.

Bob Wright had one change in the wording of the minutes. In the directors Retirement motion, "proposed" was changed to "amended." The minutes were then approved as corrected.

Additions to the Agenda: The Manager wanted to add Budget Billing; Annual Report; Line Extension Contract; and Date of May Meeting. Gene Pengelly asked for an Executive Session of the Board after the regular meeting.

River Rural Electric Cooperative, Inc.: The two representatives, Mr. Warren=Gleason, and Dr. Christensen were introduced to everyone in attendance. The spokesman, Mr. Gleason asked the Board of Directors to consider working with them to provide power to a large irrigation load in Idaho. He passed around a map of the proposed service area. They would like part of our BPA allocation of 25 megawatts until they can build their own generating plant. Jim Ballard told him that Wells Rural Electric Company presently has 7 3/4 megawatt load and has allocated 3 megawatts of power to Carlin and Pine Valley, as well as an estimated 1 magawatt of power to come on the line soon in Wendover. Also BPA will serve a notice of insufficiency by 1983. Mr. Gleason asked for a response by letter from W.R.E.C. After the delegation left the Board agreed that they should not jeopardize the present membership for the irrigation load in Idaho. The Manager was requested to write a letter conveying their feelings.

Budget: This portion of the meeting was turned over to Pat Nolz. She handed out a general information sheet about the budget to all the board members for their information. After everyone had finished reading the sheet, Pat explained the make up of each area division total. She stressed the fact that the Idaho Power amortization charge was not included in the budget, as this matter should be taken care of some time this year, Gene questioned the amount budgeted for tools. Pat and Don explained that all the figures were taken from last years records, and 1975 was a record year for buying tools. The actual amount spent should be lower than the budgeted amount. A question was also asked about the transportation account and what was included in this account. Pat explained that all the expenses of operating and maintaining trucks were included. The amount budgeted for phones was also questioned. Don explained that the phones were used for speed and efficiency, especially for ordering parts. Vernon Dalton suggested budgeting for a contingency fund. He suggested \$2,000 a year to be used in quarterly allotments. Gene Pengelly brought up the accumulative sick leave and how the Company would pay for it. Don said it would be known far enough in advance to be sure adequate funds are available. Bob Wright asked for a financial report on the Appliance Sales Department. Don reported that the initial inventory is now in and things are selling quite well. President, Jim Ballard commended Pat Nolz on the fine work she did in preparing the budget. He stated that it was more informative than previous budgets. The Manager said the expenses should be down from 1975 to 1976. Bob Wright stressed cutting

down of expenses so the Company doesn't have to go in for a rate increase to cover costs. A Financial Projection for 1976 was then passed out by the Manager for the Board to review. Don reviewed the proposed resolution. It was resolved to accept the operating budget and programs as presented, to review the budget on a quarterly basis, to strive for year end TIER of 2 and DSC of 2, and it was resolved that REA and CFC receive copies of this program and budget. GENE PENGELLY MOVED TO ACCEPT THE 1976 BUDGET AND THE ABOVE RESOLUTION, CLARENCE SWEET SECONDED AND THE MOTION CARRIED UNANIMOUSLY. The Manager then suggested appointing a Budget Committee to review the Budget quarterly. The President appointed Vernon Dalton, Chairman; Jim Ballard, and Bob Wright. The Budget will be reviewed next June.

Construction: W.R.E.C. has been suffering an excessive amount of outages. They were caused by vandalism and extreme weather. The crew is now working on a three mile tap in the Devil's Gate area. We have had requests for three additional irrigation pumps. The person who caused the outage in Wendover has been located. Brian Mowray hit the guy wire and shorted out the entire 69 line.

Pine Valley/Carlin: Carlin is planning to have their City Charter changed. We will wait on the wheeling negotiations with Nevada Power Company until the State Legislature is in session.

Bonneville Power Administration: They have answered our request for a joint point of delivery with Raft River at Oasis. They felt it was unnecessary, for Nevada Power will be off the present transmission line and this will leave plenty of capacity for W.R.E.C. Raft River is already in the process of building a 138 KV line to their Nevada properties.

Hydro: Bob Wright stated that he had asked Roy Young, a member of the Bicentennial Committee to check on the funds for moving the Hydro Plant.

Policy Manual: The new manual was passed out to the Board Members and each was asked to look over the revisions. BOB WRIGHT MOVED TO ADOPT THE REVISED POLICY MANUAL. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Sale of Old Buildings: The requests for release of property has been sent to REA in Washington D.C., The money from the bidders is being held in escrow by Attorney, Robert Vaughan.

Three Phasing of O'Neil/Contact Line: The cost estimates for 8, 25, & 35 years were mailed to Dirk Agee and Wayne Phillips. The 35 year financing estimate was \$36,354 per year. Bill Gibbs reported on the action being taken on getting a Cal-Pac telephone system in the O'Neil and Mary's River area. Bill explained that the costs and mileage involved make it unpractical. Radio phones were discussed as an alternative. It was decided to include a portion of three phasing this line in our next two-year work plan.

Rates, Rules and Regulations: The Irrigation Rate schedule as revised was submitted for the Presidents' signature. It will then be forwarded to the Nevada Public Service Commission for approval.

Directors Page in Ruralite: The board read Bob Wright's article for the magazine. It was approved unanimously for publication. Jim Ballard agreed to do the next months article.

Scholarships: The committee members; Ray Crawford, Gene Pengelly, Jim Ballard; Chairman; and Don Snyder; Manager reviewed the seven applications from Wendover and the three from Wells.

It was questioned wheather a requirement should be for a Vocational School. After a discussion on what was professional and what was Vocational, VERNON DALTON MOVED TO ADOPT THE NEW APPLICATION BLANK AS PRINTED. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The scholarship will be awarded the second week of May. It was agreed to have the interviews on Tuesday, May 4th. They plan on meeting in Wendover at 10:00 A.M., and at 1:30 P.M., in Wells.

The Company purchase of gasoline was brought up. We use approximately 19,000 gallons of fuel a year and the bid we received was 48.5¢. The average price in Wells is 64¢ and most are agreeable to a 4¢ discount. Those stations agreeable to a 4¢ discount are, Pit Stop, Kimbers, Standard, Gene's Shell, Swetts' Texaco, Supp's Union, Wes' Chevron, Junction Union, and 4-Way Service. The total estimated savings was figured. RAY CRAWFORD MOVED TO REMAIN WITH THE LOCAL SERVICE STATIONS AND IT CARRIED UNANIMOUSLY. Gene Pengelly agreed to get a list of all the station owners and their signatures, who offered W.R.E.C. a 4¢ discount.

Managers Report: Don reported on hiring Richard Jaynes in the Service Depratment. Rick is planning to go to school this fall and study in Service work on small appliances.

Annual Report: Some sample annual reports printed by Ruralite were passed around for the Boards review. Ruralite will print these reports for 12¢ a copy. The Board agreed to have these printed instead of the form used in the past. Gene Pengelly and Clarence Swett agreed to help with the format.

Budget Billing: Don explained the Budget Billing that has been offered to all electric home owners. They will be billed the same amount each month from May until the following March. Then the difference will either be credited or paid the following April. A letter stating the above was sent to the all electric home owners, and much interest was received. Mr. Steve Wright asked about getting on the Budget Billing with his irrigation load. The Board discussed this and they left it up to the discretion of the Manager.

Line Extension Policy: The Manager asked for clarification of the Line Extension Policy so he could draft a contract. The Board agreed upon the first 1000 feet of line to be built free of charge and 18% of the cost of installation from there on be guaranteed per year for the next eight years. Annual revenue from such extension will be credited toward the guarantee.

Vernon Dalton Brought up the possible overloading of Clover Valley/Ruby Valley line. He questioned if the line would have to be paid for by consumers or the Company when it was rebuilt. The Manager said the line would be rebuilt at the Companys cost, as the increased load would soon pay for the cost of installation. This brought up the overloaded Contact/O'Neil line. It was mentioned that the three new pumps would not every pay for the building of the line. The Manager brought up an alternative of building the line in sections over a period of years. The Company crew could do the work at 1/2 the cost of contractor.

Art Grock asked about the upgrading of the Starr Valley/Deeth line. The Manager said this was being planned in the 77-78 two year work plan.

The change of the crossing of the transmission line was let to the lowest bidder for approximately \$53,000. W.R.E.C. will not have to pay this amount, but will merely transfer the funds from the Nevada State Highway Department to the Contractor. Also an agreement has been made to safeguard W.R.E.C. from getting stuck with the bill. If the Nevada State Highway Department doesn't pay in full within 30 days, they will pay us the interest on the money we borrow from CFC.

Memberships: GENE PENGELLY MOVED TO APPROVE THE 4 WELLS AND 14 WENDOVER MEMBERSHIPS, CLARENCE SWETT SECONDED AND THE MOTION WAS APPROVED UNANIMOUSLY.

The meeting was adjourned at 5:30 P.M.

  
James L. Ballard, President

  
Clarence C. Swett, Secretary

MEMBERSHIPS TO BE APPROVED

APRIL 16, 1976

WELLS

1. Marvin L. Adams
2. John O. Chatt
3. Duane M. Garcia
4. Goicoechea & DiGrazia Law Firm

WENDOVER

1. Mark Callister
2. Russell Holt
3. Vikki Jenkins
4. Samuel R. Landeros
5. Rufino Perez
6. Rick B. Phipps
7. Jesse Sherrill
8. Diane M. Tracy
9. Gloria Gay Tripp
10. Shirley Tucker
11. Jim Tungate
12. Norman Vest
13. Ralph D. Wharton
14. James H. Wilson