

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

August 19, 1977

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order at 9:05 a.m. on August 19, 1977. President James Ballard presided over the meeting.

Directors present were Jim Ballard, Gene Pengelly, Bob Wright, John Krenka, Ray Crawford, Tom Achurra, Art Grock, Vernon Dalton, Clarence Swett, and Bill Gibbs. Glenn Wadsworth was unable to attend. John Mohlman, Pat Nolz, and Bobbi Samuels were present from the staff.

Paul Kramer of NRECA and Wanda Borden, Mayor of Carlin, were also present at the meeting.

Corrections to the Minutes: On the paragraph concerning Pine Valley/Carlin the minutes should read \$1.11 KW of demand instead of \$1.11 KWH of demand. The minutes were approved as corrected.

Additions to the Agenda: Grievance Committee, Approval of Amended Articles, letter from Richard Barrows and the audit were added by Jim Ballard. Some consumers of the co-op were present and said they would be making statements during the meeting.

NRECA Retirement Plan: Paul Kramer of NRECA discussed a new retirement plan that NRECA has established. Our company may not meet the qualifications for percentage of employees enrolled in the NRECA Retirement Plan. Mr. Kramer felt we should sign a new adoption agreement and that we adopt a new benefit formula of 1.6% instead of 1.53% for each year. The change would increase the cost to the company by .5 of 1%. VERNON DALTON MOVED THAT WE ADOPT THE REQUIREMENTS OF NRECA AND CHANGE TO 1.6% AND AT AGE 65 ON THE NRECA PROGRAM. GENE PENGELLY SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY. Only 4 employees are presently enrolled in the plan. The committee suggests that Mr. Kramer meet with the employees on October 6 & 7 to discuss the NRECA retirement plan, and the IRA Retirement Plan. The committee feels the company should only offer one retirement plan to the employees. Mr. Kramer will also start working up costs for long-term disability insurance. BOB WRIGHT MOVED THAT THIS PROCEDURE BE FOLLOWED. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The termination of John Mohlman was discussed by the board and consumers who were present at the meeting. Many consumers stated their reasons why they felt John should be allowed to stay on as manager. Some of the reasons for asking for Mr. Mohlman's resignation were pointed out by board members. BILL GIBBS MOVED THAT WE TABLE THIS MATTER UNTIL THE NEW BOARD HAS BEEN ELECTED. There was no second to this motion. TOM ACHURRA MOVED THAT JOHN MOHLMAN BE ALLOWED TO STAY ON THE JOB UNTIL HE FINDS ANOTHER JOB OR UNTIL WE FIND ANOTHER PERMANENT MANAGER. ART GROCK SECONDED THE MOTION. THIS MOTION WAS DEFEATED BY A VOTE OF 4 IN FAVOR AND 5 OPPOSED. VERNON DALTON, BOB WRIGHT, GENE PENGELLY, CLARENCE SWETT, AND RAY CRAWFORD OPPOSED THE MOTION. A point of order was called for when this motion was made. According to Robert's Rules of Order this motion could only be made by a person who had voted on the majority side when this matter was voted on before. Many board members felt that we had not been following Robert's Rules of Order very carefully and it was not stated in our present policy manual that the board would follow Robert's Rules of Order. Vernon Dalton then reported on the Manager Selection Committee and their findings for an interim manager as he felt this information was pertinent to the motion.

John Mohlman asked to have a motion made to terminate him. BOB WRIGHT MOVED TO TERMINATE JOHN MOHLMAN. GENE PENGELLY SECONDED THE MOTION. THE MOTION CARRIED BY A VOTE OF 5 IN FAVOR AND 4 OPPOSED. TOM ACHURRA, BILL GIBBS, JOHN KRENKA, AND ART GROCK OPPOSED THE MOTION.

Jim Ballard felt that Policy 1-4, II-D should be changed to read: This policy shall take precedence over any other and all policies that might seem to conflict. GENE PENGELLY MOVED THAT WE AMEND THIS POLICY WITH THESE WORDS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Recommendations were made for changing other policies. These policies are:

Policy 7-2, III-C.1

If the employee is still not satisfied it shall be his right to go before the Grievance Committee.

Policy 7-2, III-C.4

The Grievance Committee shall consist of one employee and two members of the co-op. Each member of the committee is to be nominated and approved by action of the Board of Directors. Each member is to serve two years and can serve successive terms if approved by the Board of Directors. If an employee wishes to exercise his right as stated in III-C.1 to come before the committee, the committee will listen to his grievance and call in his supervisor and/or manager and any other witnesses they so desire. After the hearing, they shall recommend whatever action they think should be taken to the supervisor or manager.

Policy 1-3, II-A.13

All directors will support the policies and by-laws of the company. Policy 1-3, II-A.13 would be changed to II-A.14.

These recommendations will be studied by the board members and voted on at the next meeting. A proposed change will also be voted on as to following Robert's Rules of Order in all board meetings.

Nominating Committee: Harry Stevens, Chairman of the Nominating Committee, presented the names of 15 nominees for the four seats up for re-election this year. The nominees are: Ester Quilici, Daryl Eriksen, Howard D. Gibson, Mark E. Dahl, Kenneth Johns, Vernon Westwood, Albert B. Smith, Dirk Agee, Jesse Larsen, John Krenka, Ferris Brough, John Neff, Darlene Sharp, Donald Dean, and M. Dale Callister. The committee did not reject any nominations. BILL GIBBS MOVED TO ACCEPT THE REPORT OF THE NOMINATING COMMITTEE. RAY CRAWFORD SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY.

Interim Manager: The committee recommends to the board that we hire Mr. Paul Henson as Interim General Manager. VERNON DALTON MOVED THAT WE HIRE MR. HENSON AS INTERIM MANAGER EFFECTIVE AUGUST 22 TO HAVE THE RESPONSIBILITY AND AUTHORITY OF MANAGER OF WELLS RURAL ELECTRIC COMPANY UNTIL A MANAGER IS SELECTED AT A SALARY OF \$2000.00 PER MONTH, ROUND TRIP EXPENSES FROM COLUMBIA, MISSOURI, TO WELLS, NEVADA, PLUS ACTUAL LIVING EXPENSES AND 15¢ PER MILE FOR USE OF PERSONAL CAR WHILE ON OFFICIAL COMPANY BUSINESS. BOB WRIGHT SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY. Mr. Henson would like to have one week's vacation without pay at Christmas to go back to Missouri to spend some time with his family if we have not selected a manager by this time. He will arrive in Salt Lake City on Sunday, August 21.

Contact-0'Neil Line: Clarence Lee has made some cost estimates for three-phasing this line. From the Wells substation to Contact - \$752,800; another estimate for tapping the line at Contact adding a substation and coming down to Thousand Springs - \$584,000. To build the line into 0'Neil would cost \$253,750. This project will cost us either \$1,006,550 or \$838,350. BOB WRIGHT MOVED THAT CLARENCE LEE BE ASKED TO DO A FEASIBILITY STUDY FOR THIS AREA AND BE PRESENT AT THE NEXT BOARD MEETING TO PRESENT THIS REPORT AND ALSO TO DISCUSS THE USE OF THE POLES WHICH ARE THE SAME SIZE POLES AS THE THREE-PHASE LINE IN CLOVER AND RUBY WITH THE POSSIBLE ADDITION OF RAPTOR PROTECTION BEING PUT ON TOP OF THEM, ALSO WHETHER THE 138 kV LINE CAN BE TAPPED AT CONTACT. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The board will instruct the Interim Manager to see that this study is done.

The meeting was adjourned at this time for lunch.

Manager Selection Committee: The committee has decided to put an ad in the RE Magazine next month, and they will also get help from the NRECA Manager Search. This service will cost us just the expenses incurred by NRECA to find a manager, plus any travel costs. This service cost Mt. Wheeler about \$1000, and they were very pleased with the work done by Neil Doherty who is in charge of this program. Mr. Doherty will confer with the Manager Selection Committee

and will do whatever else the committee might want him to do. The rest of the board approved of this course of action.

Stock Water & Seasonal Consumers: Bob Wright feels we should keep billing the \$4.50/month until November and that we should set the yearly minimum at \$57.60 for 600 KWH instead of lowering the amount of KWH allowed for the yearly minimum. The meters would be read in November and any use over 600 KWH would be billed at that time. The meters will be read only two times a year, at the beginning of the season and at the end of the season. The consumer will be billed in May for any usage from November to May at 9.6¢ per KWH and they will also be billed the yearly minimum at this time. They will not be billed again until November if there was any usage over 600 KWH.

PSC Rule No. 24: This rule will be typed up in the same form as the PSC has it. Copies will be given to the directors at the next meeting.

Steve Wright's Line: We have two alternatives to choose from: (1) Move the meter pole and the service which will cost \$1250, or (2) add a lift pole for the cost of \$275. GENE PENGELLY MOVED THAT WE CONTACT STEVE WRIGHT TO SEE IF IT IS AGREEABLE TO ADD THE LIFT POLE FOR \$275, AND IF IT IS THAT WE MOVE THE LINE. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED. BOB WRIGHT ABSTAINED FROM VOTING.

CFC Commercial Paper: Pat Nolz reported that we have used this two weekends and have made \$42.00 and \$44.00 over these two time periods. At the present time we have \$100,000 in for 11 days and we should make about \$400 for this period. CFC might take off the \$10 commission charge if we are consistent in using this system.

Stand By System: Bill Gibbs reported that there is no county wide system yet, but it has been put out for bid. In the interim period, the police department will handle this. Gene Pengelly will contact the city to see what their plans are for a dispatch system. It was felt there would be too many problems to put the beeper system into effect. Different methods of handling this system were discussed. It was decided to have the line crew come to the next meeting to discuss their feelings and ideas for a stand-by system.

Bucket Truck: The loan for the truck has come through and has been sent to the leasing company.

Rules and Regulations: The board members felt that there are many places in the rules and regulations that are outdated and should be changed.

Rate Increase: The increase granted in Utah was found to be sufficient for serving Utah consumers. Clarence Lee felt it would not do us any good to appeal the decision because the Utah PSC doesn't change their decision very often. Vernon Dalton felt we should start working on a cost-of-service study so that we can include this amount in next year's budget.

Appliance and Safety Report: Nothing new.

Pine Valley/Carlin: We have sent out load forecasts to the ranchers in Pine Valley but Richard does not plan to go see them until we find out if we will get Carlin.

Crisis Intervention Program: On August 26 a representative will be at the Medical Center to help people who have low incomes. Some of these people will be eligible for refunds on their electric bill from October 1976 through May 1977. They will need to obtain copies of their bill for these months. The board agreed that we should cooperate and give them copies of their bill if they ask us for it.

Construction: Nothing new.

Regional Power Planning: Nothing new.

Hydro Plant: Jack Mohlman does not wish to continue working on the hydro since John has been terminated. A check from the Bi-Centennial Committee and a matching funds check from WREC have been issued to Jack Mohlman. Since he no longer desires to work on the project we have asked him to return

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the checks, but we have not received them yet. Bob Wright felt we should ask him for the checks again and if he will not return them we should either turn this over to our attorney or put a stop payment on the checks. Bob Wright will contact Eddie Achurra to see if the pipeline has been ordered.

Annual Meeting: Vernon Dalton gave a report on the Annual Meeting Committee meeting. The Bell Ringers from Elko will provide entertainment for the meeting. The CowBelles will serve a dinner and there will be a free show for the children.

Reducing the Number of Directors: CLARENCE SWETT MOVED THAT WE CHANGE THE ARTICLES OF INCORPORATION TO REDUCE THE NUMBER OF BOARD MEMBERS FROM 11 TO 7. BOB WRIGHT SECONDED THE MOTION AND IT CARRIED. TOM ACHURRA, RAY CRAWFORD, AND BILL GIBBS OPPOSED THE MOTION. See "Exhibit A" for correct wording on the change in the Articles of Incorporation. This will have to be approved by the consumers at the Annual Meeting before this change can be made.

Election Committee: The board recommended Bill Bellinger, Hank Samper, and Jack Taylor for committee members. Jack Martin, Tom Moore, and Doug Peterson were recommended as alternates. Jim Ballard will contact these people to see if they would be willing to serve.

REA Loan: A check for reimbursement for \$83,000 was received on August 8 for transformers, reclosures, meters and voltage regulators.

Settlement with Idaho Power: The decision reached at the July 28 hearing was in favor of WREC and pushed the original amount of the award to \$270,000. Idaho Power will appeal this decision to a higher court. If the higher court finds in favor of WREC, Idaho Power will be required to pay interest on the amount at approximately 9%.

Engineering Report: Nothing new.

Employee and Director Institutes and Schools: Richard Loveland has requested reimbursement for attending Summer School #3 in Snowmass, Colorado. The directors decided to table this decision until they can talk with Richard at the next meeting. The Region IX meeting will be held in Las Vegas on October 9, 10, and 11 at the Frontier Hotel. Vernon Dalton, Gene Pengelly, Ray Crawford, Jim Ballard, and Clarence Swett will be attending this meeting. Official voting delegate for NRECA will be Jim Ballard as delegate and Clarence Swett as alternate. The official voting delegates for NREA will be Gene Pengelly as delegate and Jim Ballard as alternate. It was pointed out that the NRECA Annual Meeting is also in Las Vegas and we should make reservations for this meeting during the Region IX Meeting. Ellie Rutherford requested tuition reimbursement for attending an NWPPA Accounting & Finance Seminar in British Columbia on September 13-15. CLARENCE SWETT MOVED THAT ELLIE RUTHERFORD BE ALLOWED REIMBURSEMENT FOR EXPENSES FOR ATTENDING THIS SCHOOL. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED. BOB WRIGHT, ART GROCK AND BILL GIBBS OPPOSED THIS MOTION.

Service Report: Nothing new.

Power Source: The letter from BPA states that they will take care of our voltage problems but the letter doesn't say how they plan on doing so.

Reimbursement from REA: GENE PENGELLY MOVED THAT THE BOARD OF DIRECTORS DOES AUTHORIZE JAMES L. BALLARD, CLARENCE C. SWETT, AND PATRICIA ANN NOLZ TO BE ON THE SIGNATURE CARD TO REQUEST REIMBURSEMENTS FROM THE RURAL ELECTRIFICATION ADMINISTRATION. BOB WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Grievance Committee: No action will be taken on this committee until after the union vote.

Rich Barrows: The board will have Bob Vaughan send a letter to Rich Barrows stating that the board made the decision not to reinstate Bud Calton because the manager has the right to hire and fire employees.

Audit: Ernst and Ernst has sent a letter to us stating that they would like to be considered to do our audit. Jim Ballard will notify them to send the board a proposal for doing the audit to be presented at the October meeting.

Wendover Clinic: The board discussed whether we should give the Wendover Medical Clinic the same monthly donation of \$50 that we give to the Wells Medical Clinic. RAY CRAWFORD MOVED THAT BOTH THE WELLS AND WENDOVER CLINICS RECEIVE \$50.00 OR THEIR POWER BILL, WHICHEVER IS LESS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED THAT THE 17 MEMBERSHIPS FROM WELLS AND 24 FROM WENDOVER BE APPROVED. VERNON DALTON SECONDED THE MOTION AND THE MOTION CARRIED.

A Certificate of Support was signed for U.P.S. to allow them intra-state service in the state of Nevada. GENE PENGELLY MOVED THAT WE SUPPORT U.P.S. IN THIS VENTURE AND AUTHORIZE THE CHAIRMAN OF THE BOARD TO SIGN THIS STATEMENT. THE MOTION WAS SECONDED BY CLARENCE SWETT AND PASSED UNANIMOUSLY.

Some information was gone over concerning the union election. The board was not familiar with this. Jim Ballard will call the National Labor Relations Board on Monday to see if they need more information.

The Washington Public Power Supply System will hold their Annual Meeting on October 20-21 in Richland, Washington. No one plans on attending this meeting.

Slim Saxton is presently on 6 months commercial rate and 6 months residential rate. Mr. Saxton says that the board voted to put him on a 9 month residential and 3 month commercial rate for September, October, and November. John Krenka will talk to Mr. Saxton about this.

Tom Achurra had a question concerning the people who have taken over the Smith Creek Ranch. He wanted to know if we had an application in Bob Womack's name. The office staff will check on this.

The meeting was adjourned at 6:00 p.m.

JAMES L. BALLARD, PRESIDENT

CLARENCE C. SWETT, SECRETARY

Wells, Nevada
August 16, 1977

Board of Directors of
Wells Rural Electric Company
Chairman, James L. Ballard
P. O. Box 365
Wells, Nevada 89835

Dear Mr. Ballard,

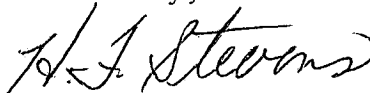
The nominating committee selected to review those names presented for the upcoming election of four members for the Wells Rural Electric Board of Directors has completed its final meeting and reviewed all nominations for the open positions.

I would like to submit the names listed below as nominees who have been reviewed and passed upon by the nominating committee:

Ester Quilici	Jesse R. Larsen
Daryl Eriksen	John Krenka (incumbent)
Howard D. Gibson	Ferris T. Brough
Mark E. Dahl	John Neff
Kenneth L. Johns	Darlene B. Sharp
Vernon H. Westwood	Donald F. Dean
Albert B. Smith	M. Dale Callister
R. Dirk Agee	

Thank you for the use of your meeting room and the help that your office staff has extended to the nominating committee.

Yours truly,



H. F. Stevens, Chairman
Nominating Committee

hfs/ind

Enclosures:

Nominees biographies

EXHIBIT "A"

A discussion was had concerning the desire of the Board of Directors to decrease the number of directors, and setting the terms of office of all directors. It was explained by counsel for the corporation that such a change required an amendment to the Articles of Incorporation, which could only be done by the members adopting resolutions passed by the Board of Directors on the subject. On motion duly made and seconded, it was:

RESOLVED: That it is advisable for the corporation to amend its Articles of Incorporation to decrease the number of Directors, and set the terms of office of all directors.

BE IT FURTHER RESOLVED: That Article VI of the Articles of Incorporation of WELLS RURAL ELECTRIC COMPANY be amended by deletion of the present ARTICLE VI and by substitution thereof of ARTICLE VI as follows:

"ARTICLE VI

That the corporate power of the corporation be vested in a Board of Directors. Directors shall hold office for a term of three (3) years. Directors shall be elected by popular vote of the members, at an annual election conducted in accordance with the By-Laws of the corporation. The number of Directors, and the year in which they are to be elected is as follows:

There shall be eleven (11) directors (being those Directors presently holding office by virtue of the 1977 annual election and prior elections) until the annual election of 1978; thereafter there shall be nine (9) Directors until the annual election of 1979; thereafter there shall be eight (8) Directors until the annual election of 1980; and thereafter there shall be seven (7) Directors; and

There shall be elected at the annual election of 1978, and each three (3) years thereafter, two (2) Directors; there shall be elected at the annual election of 1979, and each three (3) years thereafter, two (2) Directors; and there shall be elected at the annual election of 1980, and each three (3) years thereafter, three (3) Directors."

BE IT FURTHER RESOLVED: That Article VII of the Articles of Incorporation of WELLS RURAL ELECTRIC COMPANY be amended by deletion of the present ARTICLE VII and by substitution thereof of ARTICLE VII as follows:

"ARTICLE VII

That Directors shall hold office for the terms for which they are elected, and until their successors shall have been elected and shall have accepted office. The Directors may provide, by an appropriate By-Law the time at which the terms of office of the directors commence."

BE IT FURTHER RESOLVED: That these resolutions and particularly the proposed amendments to the Articles of Incorporation be submitted to a vote of the members of the corporation entitled to vote thereon at a regular meeting to be held at 8:00 o'clock PM on the 17th day of September, 1977, at Wells High School Auditorium in the City of Wells, County of Elko, State of Nevada, and the Secretary is hereby directed to give notice thereof or secure consent to said meeting, as required by law.

BE IT FURTHER RESOLVED: That the President and the Secretary of this corporation be, and they hereby are, authorized and directed to make, execute and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing resolutions, and to cause such certificate to be filed and recorded in the manner required by law.

MEMBERSHIPS TO BE APPROVED

AUGUST 19, 1977

WELLS

1. Dale Aslett
2. Thomas A. Brennan
3. Gary Fadda
4. Anna M. Freier
5. Nathan George
6. Milton S. Grisham
7. Stan Jackson
8. Edward F. Libby & H. L. Naugle
9. Don Livermore
10. Joyce Macmillan
11. Colin W. Perry
12. Steve R. Ranson
13. Dwight A. Stake Jr.
14. Thomas M. Stewart (Stewart Construction)
15. Thad Torgensen
16. Nancy J. Wilcox
17. Dennis Wise

WENDOVER

1. Steven Benoit
2. Ross Bingham
3. Nanette Correa
4. Linda L. Downey
5. Mary Duran
6. Eugene Gieber
7. Richard Guilmette
8. Mark Heilman
9. Sharla Jernigan
10. Leslie Larsen
11. Lloyd LeFevre
12. Trino Lopez
13. Susan Lyons
14. Thomas C. Mann
15. Teresa Marin
16. Juli D. Mock
17. Christine Montoya
18. Patrick Pierelli
19. Guadalupe Prieto
20. Billy Ratliff
21. H. L. Richey
22. Ramio Rodriguez
23. LaVern R. Russell
24. Wendover Arena (George Daum)