

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

December 18, 1979

The regular meeting of the Board of Directors of Wells Rural Electric Company was held on December 18, 1979 at 1:00 p.m. President Vernon Dalton presided over the meeting.

Directors present were Vernon Dalton, Gene Pengelly, Joe Riordan, Ferris Brough, Wanda Borden, Bill Wright, John Krenka, Daryl Eriksen, Ray Crawford, Ester Quilici and Jesse Larsen.

Present from the staff were Dan Bryan and Patti Blackett.

The minutes were approved as written.

Additions to the agenda: Mileage on transportation.

Rate Study: Dan Bryan read the letter that is being sent out to every consumer. Dave Rumolo passed out rate sheets like the rate sheets in our rate books. They were discussed. There were two changes on these under the monthly minimum charge and monthly rate or facility charge. Under the monthly minimum charge, there are 3 alternatives: 1. The facility charge; 2. The facility charge plus 75% per KVA of required transformer capacity over 10 KVA and 3. The contract minimum as established by the Company's line extension policy. JOE RIORDAN MOVED WE ELIMINATE 2. JOHN KRENKA SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Under the irrigation rate, Dave presented an annual rate at the December 4th meeting. He worked up two alternatives. One would be like our present rate on a monthly rate. The rate he is recommending is a \$9.75 annual demand charge payable at the beginning of the year and a flat monthly energy charge of 2.63¢ per kwh. This would allow the irrigation consumers to extend their irrigation season. GENE PENGELLY MOVED WE ADOPT THE IRRIGATION SCHEDULE ON THE FLAT RATE. JOE RIORDAN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. DARYL ERIKSEN MOVED WE APPROVE THE CHANGES AS A WHOLE. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Energy Research Committee: Gene Pengelly has attended two Deseret G & T meetings since the last board meeting. There is going to be another meeting on January 25th.

Dave Piper, General Manager of PNGC met with the Energy Research Committee this morning. If we wanted to join, we would have to pay a \$5,000 one time assessment plus a \$10 membership fee and one of our directors would sit on the board. GENE PENGELLY MOVED WE LOOK INTO PNGC AND HAVE DARYL ERIKSEN REPRESENT US. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Financial Advisory Committee: The committee met on December 11th and went over the budget. The committee recommends the adoption of the budget. DARYL ERIKSEN MOVED WE ADOPT THE 1980 BUDGET. BILL WRIGHT SECONDED THE MOTION AND IT CARRIED WITH 9 IN FAVOR AND 1 OPPOSED, Jesse Larsen.

Mileage on Transportation: Joe brought up the point that you cannot operate a car on 18¢ a mile anymore. He suggested that we consider raising this. Vernon suggested we raise the amount of board compensation instead of mileage. This will be put on the agenda for next month.

JESSE LARSEN MOVED WE ROLL BACK THE NEVADA RATE STRUCTURE TO THE UTAH PROFIT MARGIN AND PLACE LESS EMPHASIS ON CAPITAL CREDITS AND MORE EMPHASIS ON LOW RATE STRUCTURES. VERNON DALTON SECONDED THE MOTION. THE MOTION FAILED WITH 1 IN FAVOR AND 9 OPPOSED.

Union Negotiations: We now have a 2 year contract. They have agreed on a 6% increase effective January 1, 1980. July 1, 1980, everyone will receive a 45¢ increase. This is an advance on the cost of living. The cost of living adjustment would then be made the following January. On July 1, 1981, there will be a 40¢ increase. January 1, 1980, the company will pay the total cost for insurance on long term disability. DARYL ERIKSEN MOVED WE RATIFY THE CONTRACT. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Policy Committee: BILL WRIGHT MOVED WE ACCEPT THE CHANGES IN POLICIES 4-4, 7-1, 7-2 E6 AND ELIMINATE 7-6, 10-1 and 4-5. JESSE LARSEN SECONDED THE MOTION. DARYL ERIKSEN MOVED WE VOTE ON THESE SEPARATELY. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. THE MOTION TO ACCEPT THE CHANGES IN POLICIES 4-4, 7-1, 7-2 and E6 CARRIED UNANIMOUSLY. GENE PENGELLY MOVED WE TABLE THE ELIMINATION OF POLICIES 7-6, 10-1, AND 4-5 UNTIL THE NEXT MEETING PROVIDING THE COMMITTEE COMES BACK WITH THE CHANGES DISCUSSED. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED WITH 9 IN FAVOR AND 1 OPPOSED. Ester brought up the Director Emeritus policy. She asked if this policy gave the Director Emeritus the opportunity to buy appliances as a director. She would like the Policy Committee to look into changing this if we continue selling appliances so they can also purchase appliances at cost.

Rules & Regulations: The different rules were discussed. GENE PENGELLY MOVED WE APPROVE RULE #9, LINE EXTENSIONS. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED WITH 9 IN FAVOR AND 1 OPPOSED. The changes in Rules 3, 6, 15, 17A-3B and C were discussed. RAY CRAWFORD MOVED WE APPROVE THESE CHANGES. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Insurance Committee: It was decided not to add any new programs.

On December 6th, the apprentices had a safety lecture. After the lecture, the training tests were given to 4 employees. Three are on book 2 and one on book 1. They all passed and have been progressed to the next stage. Three of the employees that are on the accelerated testing will take a test in January. One trainee is on the every two month schedule.

Appliance & Safety Report: In the Appliance Department for the month, we sold one water heater, one washer and three dryers for a total of five units. The safety meeting for the month will be on resuscitation and CPR practices. I have borrowed a new film titled "New Pulse of Life" which is an excellent teaching aid for this subject matter. We had no accidents or near misses recorded last month.

Construction Report: Considerable upgrading dominated the construction work accomplished in November, of this, transformer changes were the most prominent. The Catholic Church added some heating load requiring a transformer change and increase in service size; the new Baptist Church building was connected requiring a transformer change. Several other transformers were changed to larger size because of trip-out or just overload. Work is progressing on the Fred Howell job in Starr Valley. Chromalloy 1Ø extension is ready for construction and we expect it to start in two to three weeks. Several security lights were added in the Wells area, including four lights at the airport. In Carlin, the SPRR Apartments will soon have service, transformers have not yet arrived but should be here in a few days. In Wendover, work has progressed on the two new casinos. Our only involvement there to date has been relocation work for Jim's Casino. Kaiser Chemical is adding some new pumping stations in Utah which should be on the line in early December.

Hydro Plant: The Hydro Project is near completion. We finally have all our valves in place and most of the clean-up work is finished. If our old pipe holds, we will be in good shape. As soon as Lee Engineering sends us the map, we will be submitting an application for licensing of the unit.

Engineering Report: Construction by Lutes Construction Company is nearing completion on the Western Hills project. The BLM has given us authorization to build a single phase extension off of our line 7 to serve Chromalloy Mining. We plan to start construction on this project as soon as contract details are settled. Carlin, Wells and Wendover crews have been busy with new service and secondary work orders, as well as some retirement jobs within their areas. We are currently awaiting word from the Red Garter Saloon, in Wendover, regarding the building of a three phase line to serve their future needs there under an "Indeterminate" classification.

Power Source: Vernon visited with DOE people in Washington about our wind program. They indicated our PON would be definitely considered. In the next 3 or 4 months, we will have a chance at a candidate site. Our best chances are to obtain a small generating site. If we are named a candidate site, we will receive the meteorological towers. Dan has sent a letter to

Noel Clark. There will be 2 small wind units put in the state of Nevada. They will be assigned by the Nevada DOE. Noel Clark is the Assistant Administrator there. We have sent a letter requesting one of them. Noel Clark said we are the first request they have received to his knowledge. We sent a letter to Mt. Wheeler supporting their efforts to get a 1MW solar thermal power plant. It would be by Currie. At the last board meeting, Dan was asked to talk to WAPA. Dan talked to Al Gabiola about getting supplemental power from them. He said without saying no, he doesn't see any possibility because we already purchase power from one government agency.

Freeport Gold-BPA: Sierra Pacific has invited us to participate in the proposed tap north of Elko. A representative of the firm discussed with Dan on Tuesday, December 4th and said the invitation was open to us directly or through BPA. We will probably have 60-90 days to take a position.

Employee & Director Institutes & Schools: Jess Urresti attended an energy audit workshop. Lee Standley attended an operations workshop. Vernon and Dan will be going to Denver January 30-31 and February 1 to attend an irrigation forum. On January 10th, Dan is going to sit in on a metering program.

³⁸ New Memberships: RAY CRAWFORD MOVED WE APPROVE THE 24 MEMBERSHIPS FROM WELLS, 3 FROM WENDOVER AND 11 FROM CARLIN. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: We have been asked to postpone our joint board meeting with the other Nevada Co-ops until they get managers.

Insurance Program: GENE PENGELLY MOVED WE ADOPT THE INSURANCE PLAN AS PRESENTED BY PAT NOLZ AT THE LAST MEETING. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

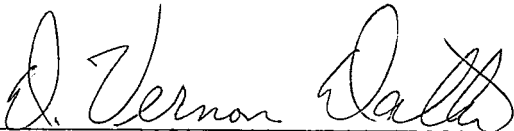
ACRE Breakfast: Four people attended the breakfast. One paid, others have indicated they would sign up.

NREA Meeting: Gene Pengelly is the new President.

We do not, at this time, have any unused material for the hotline school in Utah.

We have a request from the Carlin School for a donation to keep the Carlin Grammar School. It is in the process of being condemned. GENE PENGELLY MOVED DAN BRYAN GIVE THEM \$25. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting adjourned at 8:00 p.m.


D. VERNON DALTON, PRESIDENT


ESTER QUILICI, SECRETARY

MEMBERSHIPS TO BE ACCEPTED

DECEMBER 18, 1979

WELLS

1. A. & K. Railroad Materials, Inc.
2. Alt, Thomas C.
3. Anderson, Kenneth J.
4. Bolton, Gregory A.
5. Boyer, Staphan L.
6. Brophy, David
7. Chaponis, Jim
8. Farm Service
9. Frausto, Jose
10. Gallegos, Anthony
11. Gibbs, Cindy
12. Gilbert, Gemma D.
13. Gonzales, Raul
14. Gross, Kenneth
15. Henexson, Clifford
16. Lunkwitz, Floyd D.
17. Meade, James N.
18. Priest, David L.
19. Roberts, Vicki
20. Rodriguez, Cesario
21. Shirtcliff, Henry F.
22. Smith, William K.
23. Toohill, Phillip
24. Urresti, Cindy

WENDOVER

1. Garcia, Fran
2. Knox, Jody
3. Morgan, Billy

MEMBERSHIPS TO BE ACCEPTED

DECEMBER 18, 1979

CARLIN

1. Atwell, Don
2. Austen, Ed
3. Catt, Thomas D.
4. Jones, Gene
5. Marshall, Scott
6. Maxfield, Darel
7. Nixon, Rodney
8. Plumb, Victor
9. Salazar, Juventino
10. Scott, Donald G.
11. Smith, William D.