

A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

December 22, 1978

A special meeting of the Board of Directors of Wells Rural Electric Company was called to order on December 22, 1978 at 10:15 a.m. President Vernon Dalton presided over the meeting.

Directors present were: Vernon Dalton, Gene Pengelly, Jesse Larsen, Ferris Brough, Clarence Swett, Ester Quilici, Darlene Sharp, Ray Crawford and Daryl Eriksen. Bill Wright was unable to attend. Present from the staff were Mike Fox and Patti Blackett.

Corrections to the minutes: On page 6, second line, it should read, "He expects to increase that by 800 to 900."

Additions to the Agenda: Letter from Joseph Fackeral, Adoption Agreement for N.R.E.C.A. Retirement, Wendover Medical Clinic Expansion, Company Insurance Proposal, Bank Signatures and Executive Meeting.

Manager's Report: BPA was asking for public comment on the proposed rate increases. Mike wrote a letter to them expressing our concerns. These comments will be published in the Federal Register along with all of the other proceedings on this rate increase. They included an 8% surplus in this. Mike mentioned that the surplus should be eliminated and that they did not need it when the rates were to be effective. On some of their nuclear projects under the WHPPS agreement, which are still in the construction stages, they have included in their payout schedule expenses for operation and maintenance. Mike felt that these expenses could be worked in on an annual basis when those expenses were incurred. Mike also expressed our objection to their contribution to the Electric Power Research Institute. We felt that this was a decision that should be made by each individual entity if they wanted to support this research and that it shouldn't be included in the rate base. Mike also commented on a study made on large irrigation loads. Quite a few utilities that have a large irrigation load formed a utility association. They were quite concerned with the elimination of the seasonal variation in the energy rates. This group got together and hired a consulting firm to do a study to see if seasonal variation in rates could be justified by BPA. We received a copy of the study and it indicates that BPA is not giving enough emphasis to this. The rates could reflect seasonal differential. Mike referred to the study and recommended that they follow the recommendations of this study and put the seasonal variation back into the energy rates. What we see in December of 79 probably will be quite a bit different than what was proposed. Congressman Santini is very interested and is calling for congressional hearings on the proposed rate increase and BPA. He has asked for our participation in those hearings when and if they come about.

We have had several requests for service from individuals right on the fringe of our service area in the Devil's Gate area. The ones outside of our service area have been referred to CP National. We received a letter from Morris Allen representing a group of nine families who own property and would like service from W.R.E.C. From what we can determine, they are all outside of our service area. These people might try to go through the PSC to work something out. Mike wanted to make the board aware of this.

Carlin: The contractor has had some man power problems and we have had to supply some help from our crews. We have built the first 2 1/2 miles of line and we are down into the flat area by the railroad tracks. We have had excellent response in getting applications for service and membership back. Mike made some final negotiations for office space. We have been able to rent a building that has an office and warehouse together. It will cost \$200 per month. It will take very little modification to set it up for our needs. It will be mid or late January before the contractor will finish the line. We plan to close the deal on the same date we energize.

Pine Valley: The agreement is being amended. Mike has been working with Jim Copenhaver and Bob Vaughan on the Pine Valley proposal. They are going to try to get it out in the next couple of weeks. We will use the same procedure as we used with the last proposal. Copies of the letters that will be sent out to the Pine Valley people will be sent to all Directors and will hopefully be ready for approval at the January Meeting.

The January issue of the Ruralite will have the "Slogan Contest" rules on the back page. The board needs to select a panel of judges between now and March.

New wage proposals: Mike handed out copies of the new wage proposals that have been worked up. The figures do not include cost of living.
GENE PENGELLY MOVED WE ACCEPT THE RECOMMENDATION BY THE MANAGER ON THE WAGE INCREASES. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Letter of resignation: Mike Fox received an offer for Manager from another Co-op. He presented a letter of resignation to all Directors.
GENE PENGELLY MOVED WE ACCEPT HIS LETTER OF RESIGNATION EFFECTIVE JANUARY 19. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED BY A VOTE OF 6 IN FAVOR AND 1 OPPOSED.

Area Development Committee: Mike met with an engineer from CH2M Hill which is a large consulting firm in Boise and discussed an area development study with him. He was not familiar with anything along this line. He mentioned that we might hire a firm and spend \$1,000 to \$2,000 to perform this study, and they are going to come back and tell us what we told him we wanted to see. He checked with some of the utilities that are their clients. Some of them require 100% of the preliminary engineering fees. We told him we had established 50% required. He felt this was very reasonable. Ferris Brough recommended that the Policy Committee establish a Policy on this so everyone is treated fairly. This will be discussed at the next Policy Meeting.

Community Development Committee: The City has established a Community Development Committee composed of quite a few businessmen. The Company Committee is working with the City Committee. The City Committee is trying to get organized and possibly finance a professional developer to come into the town and promote the town. There is also some work being done on trying to get Nevada T.V. in our area.

Policy Committee: The Policy Committee met on December 8, 1978 to discuss the issue of Director Qualifications. The present Policy and By-Laws are very clear to the effect that a director must reside within the Company's service area. Therefore, the Policy Committee recommends to the Board of Directors that they request Darlene Sharp to resign her position on the board since she no longer meets the qualifications prescribed. In addition, the committee further recommends that the board postpone filling the vacancy created by Darlene's resignation until the Carlin acquisition is completed and that we fill the vacancy with an individual recommended by the people of Carlin. There was discussion on filling the vacancy. GENE PENGELLY MOVED WE ADOPT THE POLICY COMMITTEE'S RECOMMENDATION. CLARENCE SWETT SECONDED THE MOTION. THE MOTION TIED WITH 3 IN FAVOR, 3 OPPOSED AND 1 ABSTAINING.

ESTER QUILICI MOVED WE TABLE THIS MOTION UNTIL THIS AFTERNOON. THE MOTION TO TABLE CARRIED BY A VOTE OF 6 IN FAVOR AND 1 OPPOSED.

The meeting adjourned at 12:15 p.m. for lunch.

The meeting was called to order at 1:15 p.m.

Appliance & Safety Report: W.R.E.C. sponsored a pump panel school. The purpose of the school was to familiarize everyone with operation and troubleshooting of these complex units, what effect lightning and malfunction can have on the components in the panel as well as the pump itself. Also stressed were the hazards and the safety aspect in working with this type of voltage. The instructor for this very interesting and informative school was Hal Christensen, Field Engineer for General Electric. W.R.E.C. sponsored the school for the ranchers in our area, well drillers and employees of the Company. The school was also attended by employees of Mt. Wheeler from Ely and Eureka. We had 24 people in attendance.

For the past month, we sold two water heaters at \$144.85 each, two washers, one at \$357.02 and the other at \$382.90, one dryer at \$248.35, one freezer at \$334.82 and one disposer at \$94.39 for a total of \$1707.18.

Construction Report: Construction has again resumed on the rephasing of line 3 - Starr Valley and the line extension to Ned Smiley's stock pump. Secondaries, secondary poles and new services for Wendover and Nevada have been routine construction for the month of November. The line crew has installed a new service and special metering with C.T.'s for E. Mutchler at Carlin, Nevada. The construction of a 2 pole tap, secondaries and poles to Gordon Mars at Ten Mile Creek was started in November and should be completed in December. A one pole single Ø tap to Rafter Diamond Ranch to a stock pump will be completed in December as will a 2 pole 1Ø extension to Gordon Wines at Starr Valley to a new all electric trailer house. The line crew is also in the process of installing the metering point with the aid of BPA personnel for the Carlin project.

Regional Power Planning: Gene mentioned the National Energy Act Symposium and wondered if anyone would be interested in attending.

Hydro Plant: The inspection conducted on November 8th by Forest Engineer Lee Greer, District Forest Ranger Dan Pence and Forester Jack Carlson revealed that construction of the hydro project on Trout Creek is nearing completion. All construction appears adequate and meets the design specifications recommended by the Forest Service. Items needing further attention include completion of the collection system, clean-up of the site, seeding of disturbed sites and road work needed to divert water from the road surface. Otherwise, W.R.E.C. has met all the conditions and requirements in their Special Use Permit. Bad weather conditions have halted the work on the hydro for the time being.

Settlement with Idaho Power: Nothing new.

Engineering Report: We have initiated 18 new construction and retirement work orders. We have closed out 21 construction and retirement work orders. The contractor is working on the Carlin line. The local BLM has extended their deadline for working in the Carlin Tunnel area until sometime in the first part of December. We have been working on 1Ø cost estimates for line extensions for Nevada Highway Department for interchange lighting in west Wendover and in Carlin. Also a 3Ø extension for James Taylor in west Wendover for a Casino-Motel Complex.

Employee & Director Institutes & Schools: Nothing new.

Power Source: Northeastern Nevada was chosen as one of the top 10 sites for wind generation. Requests for proposals will be coming out the 2nd or 3rd week in January. We are on that list to receive a request for a proposal. The Co-op might want to get someone who is very knowledgeable in proposals to help formulate our proposal. We will send out for some estimates to see what it will cost us to get someone to help us with our proposals.

Policy: Copies of Policy 7-7, "Compensatory Plan for Salaried Personnel," and revisions to Policy 7-3, "Employment Practices" were given to all Directors. GENE PENGELLY MOVED WE ADOPT POLICY 7-7 AS PRESENTED. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

On Policy 7-2, Section II, I 4, we will delete item No. 4 and add to Section III, G, the first sentence to read "All regular and full time employees shall be entitled to sick leave with pay and shall be allowed for the employee's spouse and dependents living at home." GENE PENGELLY MOVED WE REVISE POLICY 7-2, SECTION II, I 4, AS PRESENTED. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

On Section III, L - delete the last sentence which reads, "The plan is available to all employees at the close of the probationary period." GENE PENGELLY MOVED WE REVISE POLICY 7-2, SECTION III, L AS PRESENTED. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

On Section III N, 1 - should be changed to read: "The Company maintains for its regular and full time employees a Retirement Plan which is available after the employee serves the prescribed waiting period of the plan." JESSE LARSEN MOVED WE ADOPT POLICY 7-3, III M-1 AS WRITTEN. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Because of the workload this past summer and fall, we have several employees who have unused vacation remaining. Present policy requires all vacation to be used by the end of the year or will be forfeited. Rather than require the employees to use their vacation now, which would seriously hamper operations, Mike recommends that (1) we allow the employees to carry over unused vacation until next year; (2) any amount carried over cannot be used with vacation time for 1979; and (3) any amount carried over must be scheduled and used during the period of January thru April of 1979. DARYL ERIKSEN MOVED WE ALLOW THE EMPLOYEES TO CARRY THEIR VACATION OVER TO 1979 WITH THE 3 STIPULATIONS AND NO CHANGE IN THE POLICY. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Letter from Joe Fackeral: Jesse Larsen read a letter of resignation from Joe Fackeral who is statewide manager of UREA.

Adoption Agreement for NRECA Retirement: GENE PENGELLY MOVED THAT THE BOARD OF DIRECTORS DOES ELECT TO STOP THE ACCRUAL OF PENSION BENEFITS IN THE NRECA RETIREMENT AND SECURITY PROGRAM AT THE PARTICIPANTS "NORMAL RETIREMENT," THE NORMAL RETIREMENT DATE BEING THE EARLIER OF AGE 62 OR 30 YEARS OF BENEFIT SERVICE. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Wendover Medical Clinic: Mike met with George Gieber and two other gentlemen on the medical board. They are in the process of making some improvements and expansions. They are looking at several alternatives to adding on to the building. They could utilize some of the space in our office building. After looking it over and talking to Al and Mark, there is a lot of unused space in our building. Mike recommends that we make some effort for them to utilize some of this additional space. As soon as we get some information on their plans, we will see what we can do.

Company Insurance Proposal: All of our insurance is through Insurance Management and Hugh McMullen out of Elko. We tried to schedule our policies and renew them so that they would come due the end of this year. We wanted to get proposals from other companies and make comparison as to premiums and coverage. We received one proposal from Insurance Management and also one from Frank B. Hall who is the agent for Nationwide Insurance. Nationwide is the carrier affiliated with Ruralite. There was not much difference dollar wise except that Frank B. Hall offers an Umbrella coverage. We were advised by Insurance Management that this was an expense we didn't need. We were advised by Ruralite and in insurance seminars in Portland that it was a big mistake not to have the Umbrella coverage. The Umbrella Policy Insurance Management was able to provide when we originally had it was \$1100 per year. They advised us that this was going to go up to \$2700 per year. That is when they advised us to drop it. Frank B. Hall has a million dollar policy that is available for \$870 per year. That in conjunction with the other coverages on all of our facilities, total premium quoted by Insurance Management was \$18,827 per year and that does not include the Umbrella Coverage. The proposal from Frank B. Hall for the same coverages is \$18,474 and that includes the million dollar umbrella policy. We will change to Nationwide Insurance.

Bank Signatures: GENE PENGELLY MOVED THAT THE BOARD OF DIRECTORS DOES AUTHORIZE THE NAMES OF D. VERNON DALTON AND ESTER QUILICI TO APPEAR ON THE CHECK SIGNER PLATE. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED THAT THIS ORGANIZATION ESTABLISH IN ITS NAME ONE OR MORE DEPOSIT ACCOUNTS WITH THE FIRST NATIONAL BANK OF NEVADA, RENO, NEVADA; COMMERCIAL SECURITY BANK, WENDOVER, UTAH; AND NEVADA NATIONAL BANK, CARLIN, NEVADA UPON SUCH TERMS AND CONDITIONS AS MAY BE AGREED UPON WITH SAID BANKS AND THAT THE ORGANIZATION BE AND THEY ARE HEREBY AUTHORIZED TO ESTABLISH SUCH AN ACCOUNT, D. VERNON DALTON, PRESIDENT, DARYL ERIKSEN, VICE PRESIDENT, ESTER QUILICI, SECRETARY AND PATRICIA ANN NOLZ, OFFICE MANAGER OF THIS ORGANIZATION BE, AND THEY ARE HEREBY AUTHORIZED TO WITHDRAW FUNDS OF THIS ORGANIZATION FROM THE SAID ACCOUNT UPON CHECKS OF THIS ORGANIZATION, SIGNED AS PROVIDED HEREIN WITH SIGNATURES DULY CERTIFIED TO SAID BANK BY THE SECRETARY OF THIS ORGANIZATION AND SAID BANK IS HEREBY DRAWN TO THE INDIVIDUAL ORDER OF ANY OFFICER OR OTHER PERSON AUTHORIZED TO SIGN THE SAME. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED WE APPROVE THE 8 MEMBERSHIPS FROM WELLS AND THE 10 FROM WENDOVER. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.


Motion tabled from morning session: GENE PENGELLY MOVED TO WITHDRAW HIS MOTION CONCERNING ACCEPTING THE POLICY COMMITTEES RECOMMENDATION TO REQUEST DARLENE SHARP TO RESIGN. CLARENCE SWETT WITHDREW HIS SECOND.

GENE PENGELLY FURTHER MOVED WE TAKE NO ACTION ON THIS FOR 2 MONTHS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

On November 20th the President of the U.S. invited the Directors of NRECA, the Statewide Managers and the G & T Managers to a meeting in the White House to brief them on the energy issues. Vernon attended this meeting. 250 were invited, 175 attended. President Carter spoke for 20 minutes. Wind energy was mentioned by everyone who spoke at the meeting. There was a reception in the west end of the White House after the meeting.

On December 15th, Vernon attended a reception for Dave Hamill. It was hosted by the Colorado Statewide along with CFC and NRECA. Originally Vernon had another meeting that he was going to attend and there would be no expense incurred by the Co-op. This meeting was postponed. He flew from Salt Lake to Denver and it cost him \$60. GENE PENGELLY MOVED WE REIMBURSE VERNON DALTON FOR HIS EXPENSES. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting adjourned at 4:00 p.m.



D. VERNON DALTON, PRESIDENT

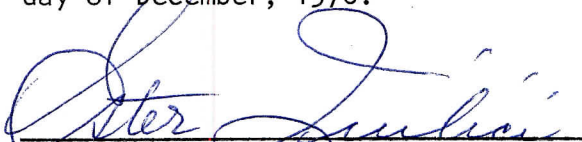


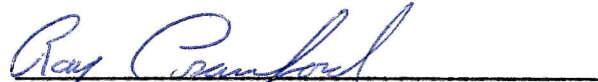
ESTER QUILICI, SECRETARY

WAIVER OF NOTICE
OF
SPECIAL DIRECTORS MEETING
OF
WELLS RURAL ELECTRIC COMPANY


We, the directors of WELLS RURAL ELECTRIC COMPANY, (hereinafter called the "Cooperative"), waive all notice of the time, place, and purpose of a special meeting of the Board of Directors to be held at the Wells Rural Electric Company Offices in the City of Wells, State of Nevada, the 22nd day of December, 1978, at 10:00 a.m.

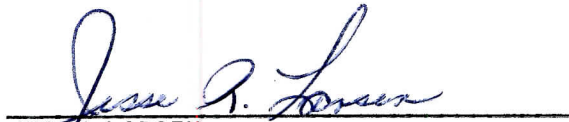
IN WITNESS WHEREOF, we have hereunto set our hands this 22nd day of December, 1978.


FERRIS BROUGH

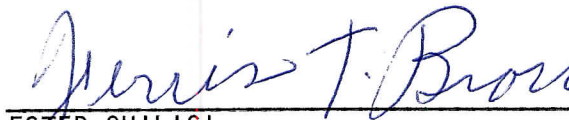

RAY CRAWFORD


D. VERNON DALTON



DARYL ERIKSEN

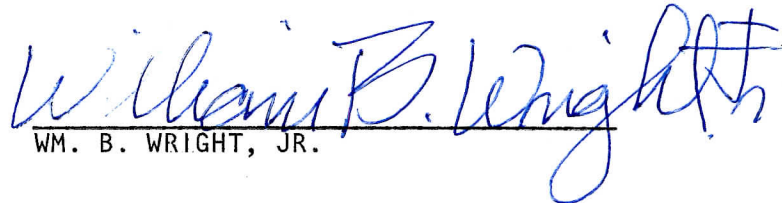

JESSE LARSEN


EUGENE PENGELLY


ESTER QUILICI


DARLENE SHARP


CLARENCE C. SWETT


WM. B. WRIGHT, JR.

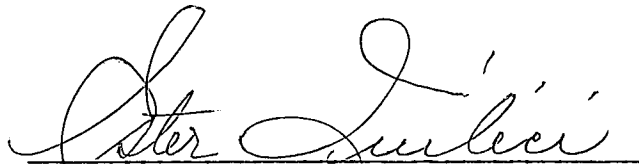
Being all of the directors of WELLS RURAL ELECTRIC COMPANY without exception.

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - N.R.E.C.A. Adoption Agreement Retirement Date

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does elect to stop the accrual of pension benefits in the N.R.E.C.A. Retirement and Security Program at the participants "Normal Retirement Date," the Normal Retirement Date being the earlier of age 62 or 30 years of benefit service.

I, Ester Quilici, 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 22nd day of December, 1978 at which meeting a quorum was present.



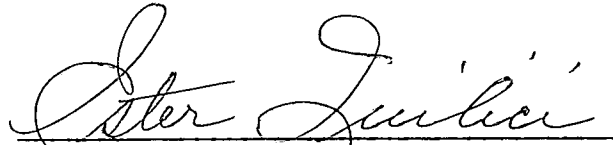
ESTER QUILICI, SECRETARY

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Names on Bank Cards

NOW, THEREFORE, BE IT RESOLVED, That this organization establish in its name one or more deposit accounts with the FIRST NATIONAL BANK OF NEVADA, Reno, Nevada; COMMERCIAL SECURITY BANK, Wendover, Utah; and NEVADA NATIONAL BANK, Carlin, Nevada, upon such terms and conditions as may be agreed upon with said banks and that the organization be and they are hereby authorized to establish such an account. D. Vernon Dalton, President, Daryl Eriksen, Vice President, Ester Quilici, Secretary and Patricia Ann Nolz, Office Manager of this organization be, and they are hereby authorized to withdraw funds of this organization from the said account upon checks of this organization, signed as provided herein with signatures duly certified to said bank by the Secretary of this organization and said bank is hereby authorized to honor and pay any and all checks so signed, including those drawn to the individual order of any officer or other person authorized to sign the same.

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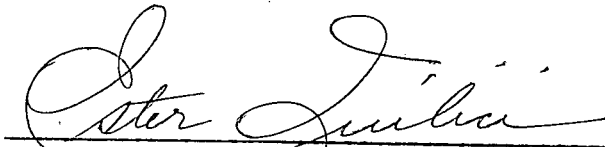
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OF THE BOARD OF DIRECTORS
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ESTER QUILICI, SECRETARY

MEMBERSHIPS TO BE APPROVED

DECEMBER 22, 1978

WELLS

1. Thomas M. Bowser
2. LeRoy A. Brodsho
3. Jeffery A. Ferguson
4. Allan L. Larkin
5. Roberta B. Munger
6. Paul Neff (Neff Equipment)
7. Robert W. Thornal
8. Manuel Vega (Vega Construction)

WENDOVER

1. Marlene Bair
2. Sue Davis
3. Steven C. Hicks
4. Casey Glen Jones
5. Benjamin Perez
6. Stephen B. Poelke
7. Norm Sholes
8. Karen Terry
9. Ed Thomas
10. Mary Wooters