

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

January 19, 1979

The regular meeting of the board of Directors of Wells Rural Electric Company was called to order on January 19, 1979 at 1:08 p.m. President Vernon Dalton presided over the meeting.

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

Corrections to the minutes: The minutes will stand approved as written.

Additions to the agenda: Write-offs for 1978, Discussion on past due accounts and Directors going to Annual Meeting.

Policy Committee: Copies of changes to Policy 9-1, Scholarship Program and Rule #9, Line Extensions were sent to all Directors. The recommended changes on the Scholarship Policy were discussed. GENE PENGELLY MOVED WE ADOPT ALL CHANGES AS PRESENTED BY THE POLICY COMMITTEE. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The proposed additions to Rule #9, Line Extensions were discussed. BILL WRIGHT MOVED WE ACCEPT THE COMMITTEES RECOMMENDATIONS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Pine Valley: Copies of cost estimates for 1979 were given to all Directors and discussed. The previous construction costs were \$642,700 with an amortization charge of \$256 per month per unit. The construction costs now are \$942,755 with an amortization charge of \$396.86 per month per unit. We will write to the Pine Valley residents and send them the worksheets on the new construction costs. If they are still interested in receiving power, they should send a representative to talk to the board. There is a problem on the agreement where we decided to limit the acceleration clause in case of default to 10 years instead of 35 years. If a consumer defaults the very first month, we will accelerate his monthly payments for 10 years. If he pays his monthly payments on schedule for 25 years and he defaults, it is still going to be accelerated for 10 years. Mike and Bob Vaughan talked about working in a formula. For each 3 1/2 years that a consumer makes his payments on schedule, this will eliminate one year of the acceleration.

Appliance & Safety Report: The Appliance Department is continuing to do well. We sold 2 washers, 2 dryers, 1 refrigerator, 1 dishwasher, 1 range and 1 microwave for a total of \$2618.

The film, "New Pulse of Life," was shown to set the stage on the history of CPR and the advancements made over the years. Step procedures of CPR with actual cases of its uses were viewed through the film. Then, illustrated slides were shown on the step-by-step procedures with actual demonstration on the CPR manikin for what is required for effective CPR performance. Questions were asked with a group discussion.

Construction Report: Construction for the latter part of December was comparatively slow, mostly due to cold weather and the Christmas holidays. The line crew did install two new services and secondaries for Nevada in December to an all electric trailer at Anderson's trailer court and an all electric trailer for Marvin Adams behind the Wells Medical Center. In Wendover, the addition of a 30 line extension to the Wendover interchange for the freeway by-pass lighting system has been completed for the State of Nevada, Department of Highways.

Regional Power Planning: The U.S. District Court dismissed one of the cases between BPA and the City of Portland. It could be brought up again at any time.

Hydro Plant: Nothing new.

Settlement with Idaho Power: Nothing new.

Engineering Report: We are still involved with the railroad regarding right-of-ways for the new line into Carlin. The Contractor is setting poles and framing them and is presently near the Vivian Station. We have been monitoring the sub-stations and three different sites as potential wind generation locations. The data has been compiled and sent to BPA for their analysis. Also, the staking has been completed for the 2 pole tap - sec. poles to Gordon Mars at Ten Mile Creek and the line crew will start construction the early part of January.

Power Source: Mike did not receive any estimate costs for a firm to professionally prepare a proposal to DOE for estimates in a wind turbine generation project. He called CH2M Hill, a firm out of Boise who he had contacted for an estimate. Mr. Elliott had gone back and looked at some of the proposals they had prepared on some low-head hydro projects for DOE and some other projects they had helped work up for clients and he was in the process of writing Mike a letter. It is going to cost in the neighborhood of \$2500. When we receive word that DOE is requesting proposals, we will have to decide if we want this professionally prepared by a consulting firm. We had an offer of assistance to do it from the State Department of Energy.

Slogan Contest Judges: The names of Odetta McGargill, Linda Zunino and Gertrude Tripp were submitted as judges. Pat Nolz and Ester Quilici will also serve on the judges panel. ESTER QUILICI MOVED WE ACCEPT THE PANEL AS SELECTED IF THEY WILL ALL SERVE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

New Memberships: RAY CRAWFORD MOVED WE APPROVE THE 8 MEMBERSHIPS FROM WELLS AND THE 14 FROM WENDOVER. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Appointment of new director to take Darlene Sharp's place: Darlene is not qualified to sit on the Board since her residence is out of our service area. Names were suggested as to who might be willing to serve on the board to fill Darlene's term. BILL WRIGHT MOVED THAT WE HAVE AN 11 MAN BOARD AND FILL THE 2 VACANCIES BY APPOINTMENT. FERRIS BROUGH SECONDED THE MOTION AND IT FAILED WITH 2 IN FAVOR AND 4 OPPOSED. RAY CRAWFORD MOVED WE FILL DARLENE SHARP'S POSITION. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. It was decided that the replacement be filled from Ruby Valley and names will be submitted at the February meeting.

Claim by Mr. & Mrs. Ned Smiley: No estimate cost on the amount of damage has been received yet. As soon as we receive this estimate, a decision will be made. We will talk to Bob Vaughan and get his opinion on this and discuss it at the next meeting.

Write-offs for 1978: A list of the 1978 Write-offs were given to all directors and discussed. DARYL ERIKSEN MOVED WE APPROVE THESE WRITE-OFFS, WELLS, \$132.83 AND WENDOVER, \$296.84 FOR A TOTAL OF \$429.67. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Past due accounts: There are 3 past due accounts that need to be discussed. One of them is a line extension contract for Charles Long. The agreement was signed in 1977. The line was built on his property South of Elko. He has since disconnected and moved to California. He owes an annual payment of \$783.10. He owes this yearly for 8 years. Mike wrote to him and explained what the situation was and if we did not receive the annual payments, we would have to file suit or some type of lien against him. We have heard that he is trying to sell his property. We have given Mr. Long until January 30, 1979 to pay. If we do not receive payment, we will turn it over to our attorneys and will file suit and have a lien attached to his property.

In 1977, John Mohlman took an outage call from Dick Hall in Ruby Valley. Mr. Hall was complaining of low voltage. It took 7 hours for 2 men and it cost \$105.00. Mr. Hall was not home when the crew went out there but he left the house open. They could not find anything wrong. There was good voltage at the meter and there was nothing wrong with any of the appliances. When Mr. Hall received the bill, he refused to pay it. Letters were written to him but it is still uncollected. Gene Pengelly suggested that we put this on the list of write-offs because some of the details including initial information given to Mr. Hall were not clear. GENE PENGELLY MOVED THAT WE WRITE THIS ACCOUNT OFF IN THE AMOUNT OF \$105.00. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Vernon Westwood owes us charges for material and services on irrigation installation and equipment. We have sent him service orders and he has made an attempt to pay some on them. Mike checked with Bob Vaughan's office on what was involved in trying to attach a lien to his property. To attach a lien, we have to file suit. Bob Vaughan's office would not represent us because Vernon Westwood is a client of his so we would have to get another attorney. Bob suggested that we could obtain a first mortgage on some unattached property or a second mortgage on some of his other property that could be set up on an interest bearing basis and he could make payments on it. Bob could handle this if Vernon would agree. GENE PENGELLY MOVED WE GO AHEAD AND PRESENT VERNON WITH THE IDEA THAT WE TAKE A LIEN AGAINST SOME UNATTACHED PROPERTY AND IF VERNON DOES NOT GO ALONG WITH THIS. WE WILL FILE SUIT. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Directors going to Annual Meeting: On the first day of the Annual Meeting, there are 6 forums to attend. Gene would like those directors who are going to get together and discuss which ones they would like to attend.

Manager's Report: We received a letter from Kent Wick informing us that Pete Kelly has been retained again as a lobbyist for the Nevada Statewide Association. Kent wrote to Mr. Kelly indicating some of the things he would like him to look for and watch during the legislative sessions.

N.R.E.A. Delegate: Mike was the delegate and we need to appoint a new one. FERRIS BROUGH MOVED WE NOMINATE GENE PENGELLY. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

N.W.P.P.A. is sponsoring a no host breakfast at the Annual Meeting if anyone would like to attend.

We received a notice from Tri-State G & T out of Colorado. They are holding an irrigation forum that will last 2 1/2 days if the board thinks anyone should attend. They are going to discuss Federal and State Conservation Policies and Energy Conservation from the standpoint of REA's.

We got our Annual Report from BPA. Our peak demand for 1978 was less than in 1977 by 1.2% and the KWH sold increased 1%.

We have encountered a problem on the Carlin Acquisition. It concerns the wheeling agreement with Nevada Power Company, now CP National in Elko. CP National is requesting that we pay for the equipment at the substation in Elko to provide capacity for us to get our 1500 KW wheeling through it. Mike did not feel that we should be obligated to pay for it. Mike felt very strongly that the agreement provided that the wheeling charge that we pay on a monthly basis was for CP National to provide that capacity and get it to us. They saw it in a different light and they have the leverage of not giving us power until we do what they ask. Mike sent Martin Derksema and Floyd Actis of BPA copies of the wheeling agreements and the proposed amendments and they feel very strongly that we should not be obligated to pay for the upgrading of their substation. Bob Vaughan feels that the wheeling charge should pay for this capacity. We are not going to get any power, no matter how much support we have, until we do things the way CP National wants them done. The only recourse would be litigation, having the court issue some kind of a declaratory judgement as to who is going to pay what. That would be very time consuming. Vernon and Mike discussed

this. One suggestion was that we let CP National be aware that even though we agree to it, it is with the idea that we may at a later date file for some kind of action against them to recover some of this money. Bob Vaughan said that if we go ahead and sign the agreement, we will not get anything back unless CP National would sign a letter of understanding to this effect. CP National will not go for this either. They want us to buy and install a 3Ø recloser at the substation. The total cost for the recloser with re-location costs for those in service on the CP line could be as high as \$8,000 to \$9,000. If we want to meet our obligations to the Carlin people, we will have to live with the terms CP National has set up. DARYL ERIKSEN MOVED THAT UNDER THE PRESSING CIRCUMSTANCES AND IN PROTEST OF THE AMENDATORY TERMS THAT WE SIGN THE AGREEMENT AS DRAWN UP BY CP NATIONAL IN ORDER TO PREVENT FURTHER DELAY IN SERVING THE CARLIN AREA. GENE PENGELLY SECONDED THE MOTION AND IT PASSED WITH 5 IN FAVOR AND 1 OPPOSED.. ESTER QUILICI OPPOSED.

We have quite a few problems with our Appliance Department. We have problems in repairing appliances and stocking parts. Mike thinks that the board should seriously consider phasing out this department in the future. The Policy Committee will make a recommendation on this.

Employee & Directors Institutes & Schools: Anyone who is interested in attending the 500.2 school in Boise on March 1 & 2 need to get their forms filled out and in for approval.

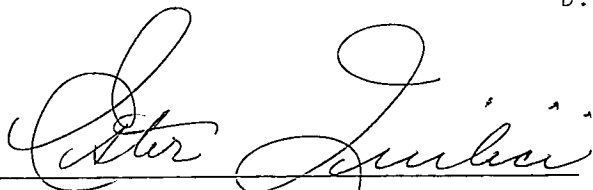
Interim Manager: Mike has recommended that Pat Nolz be the Manager on an interim basis. Mike felt that the transition for a new Manager would be easier if someone from within the office served as Interim Manager. Pat is very well aware of the things that have been going on and is very capable of handling the job.

The meeting adjourned at 4:34 p.m.

An executive meeting was held directly after the board meeting in which DARYL ERIKSEN MOVED THAT WE APPOINT PAT NOLZ WITH THE MANAGER'S PRESENT SALARY AS INTERIM MANAGER UNTIL A MANAGER IS SELECTED. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.



D. VERNON DALTON, PRESIDENT



ESTER QUILICI, SECRETARY

MEMBERSHIPS TO BE APPROVED

JANUARY 19, 1979

WELLS

1. Bill Ellison
2. Leonard W. Jewell
3. Little Britches Head Start of Nevada
4. Roger Miesner
5. Eugene C. Miller
6. James E. Ross
7. Desi A. Stultz
8. Melvin VanMeter

WENDOVER

1. Priscilla Arellano
2. James E. Burrows
3. Don L. Clarke
4. Richard W. Eddards
5. Jan E. Goodman
6. Dixie Greenbay
7. Nicola Haro
8. Gail Lee
9. Bill Marks
10. Jeanne Minniear
11. Lloyd Shelton
12. Ed VanHoose
13. Thayel J. Ward
14. H. D. Wilkinson