

MINUTES OF SPECIAL MEETING OF DIRECTORS

of

WELLS RURAL ELECTRIC COMPANY

Pursuant to written consent and waiver of notice executed by the members of the Board of Directors of Wells Rural Electric Company on the 6th day of January, 1961, a special meeting of the Board of Directors was held at the company office in the City of Wells, County of Elko, State of Nevada, on the 6th day of January, 1961, at 7:30 P.M. of said date.

Present were directors ROBERT R. WRIGHT, CHARLES C. READ, JAMES L. BALLARD, ROGER SMITH, BLAINE SHARP, HERBERT UHLIG, VERNON DALTON, EYER H. BOIES, CLARENCE SWETT, ARTHUR GROCK and JOHN W. MOSCHETTI, being all of the Directors. Also present were Manager George Blackett and Fred Liquin.

The minutes of the regular meeting of December 16, 1960 were read and approved.

President Wright stated that the primary reason for calling the Special meeting was that at our last meeting we authorized Fred Liquin to prepare application for submission to REA covering Wendover, O'Neil and Mary's Rvr and since Liquin now had this material ready that it did not seem prudent to wait until our regular meeting date.

Fred gave a complete report of the application as prepared and maps ready to send in. Some of the highlights show that we would acquire an additional 55 consumers exclusive of Wendover Light & Power and that some of these were large commercial users such as Bonneville Potash and Utah Salt. The total loan requirement would be \$825,000. of which \$330,000. would be spent for distribution lines, \$450,000. for transmission lines and \$45,000. engineering and other expenses. At present it appears that we would have \$110,000. left over from our present construction fund so that in this loan application we would ask for \$715,000. Money for acquisition of Wendover Light and Power would be through Raft River REA at Malta as a direct aid and they would want to buy power wholesale at Oasis from us. The estimated demand at Wendover would be 1360 KW's. Last year their load jumped 20 to 25% and already are using more power than Wells Rural Electric Company. Inasmuch as we have to start paying Idaho Power Company \$3,750. demand charge by March, 1962 it would seem that extending our system would help our demand charge. However, George Blackett said that he believed our demand charge would approximate \$3,000. when all present lines are energized and that is possible that we would meet the \$3,750 by March, 1962 through growth. Last year Wendover took in \$98,000. revenue and not all customers were served. Fred Liquin said that Bonneville Ltd would require a rate less than 2¢ per kw but would sign a firm contract for 10 years. In the transmission line to Wendover it would be necessary to have extra heavy construction for 3½ miles over Pequop Summit and this was provided for. Roger Smith asked what rates would be charged in O'Neil and Mary's River and Liquin stated that this was not listed on loan application as he thought it best to wait and see what Washington suggested. Most of the board members felt that the Wendover deal was a good move but wanted to be sure that O'Neil and Mary's River were approved with it.

Upon motion duly made and seconded the following was unanimously adopted:

Now, therefore, be it resolved that the Wells Rural Electric Company of Wells, Nevada, make application to the Rural Electrification Administration for a loan to finance electric facilities in the approximate amount of \$715,000.00 summarized by purposes as follows:

Request by Loan Purpose

1. Distribution Facilities:		
New Line: 120 miles to serve 55 consumers		\$330,000
Total distribution		<u>330,000</u>
2. Transmission Facilities 61 miles		450,000
All other		<u>45,000</u>
	Total Project Cost	825,000
	Less: Loaned Funds available	<u>110,000</u>
	Balance required	\$ 715,000

Be it Further Resolved that initial note for carrying out the purposes of this loan shall be in the amount of \$715,000.00 and provide for principal payments to begin 3 years from the date thereof.

With further report on trailer park rates, Manager Blackett read letter from the Commission which shows that we can not give any relief and that rates should be the same as commercial rate now on file.

Chairman Blackett said that in regard to request for Section 5 funds for loans for electrical appliances and rewiring that REA requests that we contact our banker and see that does not conflict. Roger Smith didn't think this was right and that this money was available for purpose outlined and would help applicants. Manager Blackett was requested to contact banker and report back.

No decision was reached on changing Starr valley rates as members felt pro and con that these ranchers were not paying as much as other rural users. It was thought that some method such as hot water heaters and more usage at a lower rate might be feasible.

Considerable discussion was held in regard to the problem at Wilkins where present usage is three phase with power plants and we are building single phase line at the present time. Engineer Liquin stated that there was not enough usage at present time to justify the added expense of approximately \$25,000. Chairman Blackett said that he felt if irrigation pumps were added at Wilkins, Hubbard and Contact that we would have 18% line loss, but Liquin stated that this would not be true in this distance. Roger Smith stated that he felt that all customers should be treated alike and that we should not start a precedent that would cause us criticism. Eyer Boies said that he felt badly about this since we would not have such a problem if three phase were built to Wilkins as was being done on the rural lines elsewhere. It was the consensus of opinion of the board members that add a phase we have talked about various times was only at large well installations and not for small three phase motors. After reviewing applications signed by rural members it was noted that we agree only to furnish single phase power to rural users and that all motors under 10 horse power will be single phase. Therefore it was decided that the Winecup Ranch would have to make motor changes at its headquarters, but that the company would run its 14.4 line to the various outlets so that the service would be as good as any other location on the rural lines. Three transformers will be used at the Winecup Ranch where \$100.00 minimum has been signed for. Three phase power could be delivered at commercial rates which would be prohibitive.

A report on construction by Bassick shows that there is very little work left to do on the Contact line and that he will undoubtedly meet his deadline of late January, but to date our sub station parts have not arrived and it is doubtful if this line can be energized until these parts have arrived and the sub station built.

Fred Liquin stated that engineering bills by his firm have been submitted in the amount of \$40,115.73 and to date a total of \$26,913.91 has been paid leaving a balance of \$13,201.82 of which \$3,000.00 is not due as yet leaving an amount of \$10,201.82 which is payable to him at present. Following is summary:

Acquisition Study	2,783.15	3,000.00
Pre Loan	5,745.58	
Misc Maps & Study	1,505.26	
Retained Plant Inventory	2,033.58	
Post Loan & 2E	28,048.16	23,913.91
	<u>40,115.73</u>	<u>26,913.91</u>

Upon motion duly made and seconded it was agreed that the following contracts which have not been executed to date be approved and signed by President and Secretary: Misc Maps & Study (A), Retained Plant Inventory (A), Acquisition Study, and Pre Loan Engineering. Motion carried.

Fred Liquin estimated that the Wendover pre loan engineering and maps would come to approximately \$3,000. Cheaper to do this on a Cost plus 50% basis.

Meeting adjourned at 1:30 A.M.

Approved:

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(President)

*John W. Moschetti*  
John W. Moschetti, Secy.