

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

January 21, 1977

The meeting was called to order at 1:00 p.m. in the Board Room. President James Ballard presiding.

Directors present were: Jim Ballard, Clarence Swett, Vernon Dalton, Gene Pengelly, Bob Wright, John Krenka, Bill Gibbs, Glenn Wadsworth, Tom Achurra, Art Grock, and Ray Crawford. Present from the staff were John Mohlman and Bobbi Samuels. Wanda Borden, Mayor of Carlin, was also present.

Additions to the Agenda: Jiggs-Lee Line by Tom Achurra, Wendover By-pass meeting by Bill Gibbs, and an Executive meeting by Jim Ballard.

There were two changes to the minutes. One sentence in the Pine Valley - Carlin paragraph should read: Bob Wright felt that we should write BPA to ask Idaho Power for a point of delivery for Pine Valley and Carlin. We have received no formal letter from Idaho Power about tapping the line in Elko.

Pine Valley/Carlin: Mayor Wanda Borden of Carlin was present at the meeting and reported on the changes in the City Charter of Carlin. There was a clause in the charter that said they had to sell the power plant for the appraised price. This is being taken out of their charter and they are adding a clause that gives them the right to refuse any bid for the plant. In order to sell the plant there has to be a special election which would take 5 weeks of advertising. They do not want to advertise if we do not want to buy them. Mayor Borden wanted to know if we are still interested in buying them. And if we are interested could they get wholesale power from us while we are in the process of buying, how long would it take to get right-of-way easements, how long would it take to hook them up, and could we get a wheeling agreement from Nevada Power to use their lines. She also wanted to know how long it would take for us to get a loan approved to buy them. She brought a rate schedule for Carlin which was given to the directors to look at. Jim Ballard asked if Carlin would be interested in getting power from Nevada Power in the meantime. Mrs. Borden stated that if they take power from Nevada Power they would have a year to break this contract. It will probably take us a minimum of two years to get a loan approved and get the lines ready to provide them with power. BPA would probably not approve of us selling them wholesale power. Mayor Borden wanted to know if we could sell them power just like regular customers in Wells. It was not known if this could be done, or what legal problems this might involve. Darrel Pierce has stated that he doesn't think there will be any problems in getting a loan approved for Carlin. REA does not consider diesel engines as a primary source of power and Carlin is under 1500 people; for these two reasons Darrel thinks there would be no problem. Jim Ballard stated that the board has always felt we should buy Carlin. John Mohlman and Jim Ballard will see if they can arrange a meeting with Martin Derksema to see what BPA's feelings on this subject are. Richard Loveland will check into the line extension from the tunnel to Carlin. We will try to have more information to Wanda Borden by February 4.

Appliance and Safety Report: Art Grock wanted to know how much we mark up the appliances that we sell. John Mohlman stated that they are marked up somewhere between 30-40% depending on the appliance. The board did not feel that we should finance appliances.

Pine Valley: We have had no word from Roy Shurtz from Pine Valley as far as supplying them power. It was felt that if we do acquire Pine Valley it will have to be at the same time as Carlin.

Construction: Nothing new.

Raft River Intertie: Idaho Power is to supply us with adequate voltage at all times and it is BPA's responsibility to see that they do this. The board felt we are going to have to keep bugging BPA to see that Idaho Power supplies us adequately. Vernon Dalton will talk to Bill Claggett of BPA in Washington, D.C. when he is there next week.

Hydro Plant: Bob Wright reported on the meeting between Wells Rural Electric and the City of Wells. The city will put up the extra \$2500 along with us and we can requisition this money back by labor and materials that we use to finish getting the hydro in place once it is brought to town. A contract is being written up for Bud Eldridge to sign stating that he has to get the hydro moved by January 31.

Annual Meeting: Don Dean from Wendover will be on the consumer committee. The directors on the committee will meet at 11:00 a.m. on March 18 before the March board meeting.

REA Loan: Darrel Pierce has gotten our loan classified priority.

Wendover: Plans for the medical center have been completed. All the necessary equipment has been arranged for except for an X-ray machine. A used X-ray machine can be bought for \$5000 that originally sells for \$21,000. The apartment will not be repaired until they find a medic.

NRECA Annual Meeting: Folders with information on the meeting were handed out to the directors who are going. The board wished to thank Bobbi for these folders.

Settlement with Idaho Power: Idaho Power has asked the judge to re-open the trial because they have another expert witness from Washington, D.C. on power contracts. Bob Vaughan has told the judge he is opposed to this because he is just someone else with an opinion who was not in on the making of the contract.

Dog Obedience School: Graduation exercises will be held on January 22.

Minutes of the Meetings: The Progress will put the minutes in the paper free of charge. They have to be at their office by noon on Tuesday to be in that week's edition of the paper.

Engineering Report: John Mohlman reported that Fay Barger wants to put in 10 - 100 h.p. irrigation pumps by Metropolis. If we asked him for the normal 18% on line extension contracts this would only amount to approximately \$18,000 which wouldn't even buy all the materials needed. The board feels in this case we should get all the money from him before we start, and if necessary we can rebate it to him on his bills.

Employee & Director Institutes and Schools: Jim Ballard read a resolution that was passed at the August 22, 1975 board meeting concerning the number of schools a director must attend. The resolution was left out of the revised By-laws of December 17, 1976. The By-laws should read:

~~Beginning January 1, 1976, to remain eligible as a director, and subject to the payment by the corporation of his reasonable travel expenses, each director shall attend at least the programs offered by the National Rural Electric Cooperative Association as follows:~~

A first term director will attend Institute 500.2 or its successor program regardless of designation during the first term in office.

That subsequent to a first term as director, each director shall attend a similar institute or training program during each following, consecutive term.

Any director who has failed to fulfill the applicable requirements as above set out shall be deemed ineligible for nomination.

A director whose term is terminated by reason of his failure to fulfill the applicable requirements herein above set out shall not be eligible for re-election for a period of three years.

VERNON DALTON MOVED THAT WE AMEND THE BY-LAWS TO INCLUDE THE PARAGRAPH AS ORIGINALLY STATED IN THE MINUTES OF AUGUST 22, 1975. GENE PENGELLY SECONDED THE MOTION AND THE MOTION CARRIED.

Sell out of Co-ops: Vernon Dalton reported that there was some discussion at the NREA meeting on selling co-ops. Our by-laws state now that it would only take a majority (6) of the elected directors to sell this co-op. Vernon felt that it should be at least 2/3 or 3/4 of the directors and maybe a vote approved by the consumers before we can sell the co-op. We do not have a sell-out clause in our By-laws. Jim Ballard will contact Bob Vaughan on his feelings and how this clause should be worded.

Service Report: Randy Dedman is doing a real good job for us. John Mohlman read a memo he is sending out concerning the service department. Ray Crawford wondered if the service department could start making regular trips to Wendover. Now they go in and sign up and never know how long it might take for us to get over there to do the work. He feels the company should explain to the people of Wendover how long it might take before they get there and the costs the consumers would have to pay. Tom Achurra felt it was very important to keep the customers informed as far as when they might get the work done.

Annual Banquet: This is usually held in March. John Mohlman felt we should wait until after March 30 because we have an REA payment of \$40,000 due then. Gene Pengelly will check with the El Rancho to see if they could handle the banquet. \$600 has been budgeted for this. This will be held April 15 or 16. The committee consists of Gene Pengelly - Chairman, Jess Urresti, and Marie Swett.

Sick Leave: John Mohlman reported that the employees would like to have the board's approval to have 18 days of sick leave per year instead of 12. The board discussed this and different ways it could be handled. The board will put this decision off until next month to get more information on the amount of sick leave the employees use now.

Voting Delegates: NRECA Annual Meeting: Gene Pengelly - Voting Delegate
Jim Ballard - Alternate Delegate
CFC Meeting: John Mohlman - Voting Delegate
Vernon Dalton - Alternate Delegate

Vernon feels the region itself should select their own delegate, not everybody. He feels this should be brought up at the meeting to get them to change their voting by-laws.

Retirement Policy: There are 4 people in this company who are on the IRA Retirement Plan that 7½% of their salary exceeds the \$1500 limit on this plan. This is all that is allowed per year for this plan. John wanted to know what we should do with this extra money. If this is put into the employee's plan, he has to pay a penalty on it. The board felt we should give the employees this extra money over the 7½% company contribution. NRECA is holding a meeting on May 25 in Boise to go over the details of the changes in their retirement plan that will go into effect on January 1, 1978.

Lee-Jiggs Line: Tom Achurra wanted to know about irrigation on this line and whether people had applied for pumps so this line could be rephased. Part of this line is scheduled to be redone in the two-year work plan.

Wendover By-pass Meeting: A meeting will be held in the Salt Cellar at the Stateline on January 25 concerning the placement of utilities and power facilities for the by-pass. Richard Loveland will attend this meeting.

Manager's Report: Neil Plath of Nevada Public Utilities has sent us information regarding membership. We cannot be a voting or general member because we are a consumer owned utility. We can be an associate member. This membership will cost \$25. GENE PENGELLY MOVED THAT WE JOIN THIS ORGANIZATION AND PAY THE \$25 MEMBERSHIP FEE. VERNON DALTON SECONDED THE MOTION AND THE MOTION CARRIED. Bob Wright, Glenn Wadsworth, Art Grock, and Tom Achurra opposed the motion. We have two non-members in Wendover. They are the Utah Highway Patrol and the Civil Engineering Division of Hill Air Force Base. We will send applications to these two places to see if we can get them to sign the membership form. GENE PENGELLY MOVED AND RAY CRAWFORD SECONDED THE MOTION TO APPROVE THE NEW MEMBERSHIPS; 10 FROM WELLS AND 6 FROM WENDOVER. THE MOTION CARRIED. John told the board of the

outcome of the case with Swede Brodsho. It will now be a requirement that the person themselves will have to sign the application. They will also have to sign an application for any new accounts that they open on a different day. NWPPA has asked for names of people who should receive the awards they give out each year. WPPSS has sent some information on changes in contracts. John feels we should sign this agreement. BOB WRIGHT MOVED THAT WE SIGN THIS ASSIGNMENT AGREEMENT ON WPPSS 4 & 5. GENE PENGELLY SECONDED THE MOTION AND THE MOTION CARRIED. We have received bills from all the professional witnesses for the trial with Idaho Power. These amount to approximately \$4500.

Rate Study: Bill Clouter from R. W. Beck in Seattle was here to talk about the rate study. His final estimate for the cost of the Rate Study and Cost of Service Study is \$14,300.

3 year Financial Projections	\$3,100
Cost of Service Study	3,200
Rate Design	4,100
Utah PSC Hearing	2,300
Misc. expenses	1,600
	<u>\$14,300</u>

They did a report for Raft River and they are very happy with the work R. W. Beck did for them. The original quote for \$7500 did not include the Cost of Service Study. They will probably have this done in 90 days. John feels this is the company we should go with.

The Articles of Incorporation only call for 9 board members. These should be changed. John reported that he feels the employees should be entitled to one week of vacation after they have been here 6 months instead of having to wait for one year to get any vacation time. He would also like the authority to give employees time off without pay. The manager would have to be notified in advance of this leave. VERNON DALTON MOVED THAT WE ADOPT A VACATION PLAN WHERE THE EMPLOYEE IS ELIGIBLE FOR ONE WEEK AFTER SIX MONTHS OF EMPLOYMENT AND GIVE THE MANAGER THE RIGHT TO USE HIS DISCRETION IN GRANTING TIME OFF WITHOUT PAY. GENE PENGELLY SECONDED THE MOTION AND THE MOTION CARRIED.

Jim Ballard reported that there is a new manager's training course scheduled for April 25-29 in Washington, D.C. We have received some information from TNT - Tell the Nation the Truth. We usually contribute 10¢ per meter which amounts to \$187.60. The board feels this is a very worthwhile program sponsored by NRECA. CLARENCE SWETT MOVED THAT WE CONTRIBUTE \$187.60 TO TNT. VERNON DALTON SECONDED THE MOTION AND THE MOTION CARRIED. John Mohlman told the board he did not feel we could afford to contribute this \$187.60. The board decided we could wait until after April 1 to send in the money. Jim Ballard read a letter from Oliver Sharp. Jess Urresti has received 6 photographs of the directors. He will be at the office before the next board meeting to take the rest of the directors pictures.

Comp Time: John Mohlman reported that while Don Snyder was manager he made a policy to give salaried employees comp time for overtime work. John has told these employees that there will be no comp time paid while he is manager. He felt since this policy was made before he came, the board should decide whether this comp time that was accumulated while Don was manager should be paid. The employees were paid in March but have accumulated 264 hours since then.

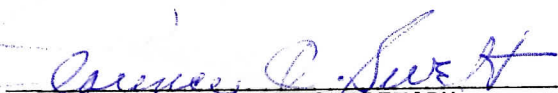
Joe Ward	106 hours	\$14.78/hour	\$1566.68
Richard Loveland	56½ hours	14.28/hour	806.82
Darrell Calton	14 hours	14.48/hour	202.72
Jess Urresti	39½ hours	11.03/hour	435.69
Howard Gibson	48 hours	13.47/hour	646.56
	<u>264 hours</u>		<u>\$3658.47</u>

John Mohlman brought up the fact that Howard Gibson has asked to be put back on an hourly wage if there is to be no comp time. He will be put back at the wage he was being paid when he was made a salaried employee. This was a journeyman lineman's wage.

Jim Presley from Las Vegas will be hired on Monday to fill Butch Kogan's job.

The meeting was adjourned at 6:00 p.m. An executive meeting followed.


 JAMES L. BALLARD, PRESIDENT


 CLARENCE C. SWETT, SECRETARY

MEMBERSHIPS TO BE APPROVED

January 21, 1977

WELLS

1. Elvera S. Kennedy
2. Stephen A. McGuire
3. Reba Marshall
4. Keith H. Miesner
5. John Mohlman
6. Michael Moran
7. Jorge Quintero
8. Bruce Seagrave, Sr.
9. Merlene Van Meter
10. William Watson

WENDOVER

1. Wayne Bastemeyer
2. Andres Flores
3. Frank A. Hurt
4. Paul B. Knox
5. Kathy Poitz
6. Dan Weigum