

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

A regular meeting of the Board of Directors of WELLS RURAL ELECTRIC COMPANY was held in the company office in the City of Wells, State of Nevada, on the 16th day of July. ✓

The meeting was called to order at 7:45 P. M. by President Wright who presided and Clarence Swett, Secretary, who acted as secretary of the meeting.

Upon calling the roll the Secretary reported the following directors present: Robert Wright, James L. Ballard, Vernon Dalton, Roger Smith, Blaine Sharp, C. C. Read, Matt Smith, Arthur Grock, Oliver Sharp, and Clarence Swett.

Absent was Thomas Achurra.

Also present were Manager George Blackett, Al Huber, Auditor, James Reilly, Book-keeper, F. T. Murphy, Line Superintendent, Fred Liquin of Associated Engineers, Billings, Montana.

Minutes of June 18th meeting were approved.

James Reilly reported on his trip to Denver where he and Al Huber recently traveled to investigate data processing equipment. They reported that presently they feel the only machine processing equipment we should consider is a billing machine and possibly an addressograph machine. They were requested by President Wright to work with Manager Blackett and make a specific recommendation on this equipment at our next meeting. Mr. Huber recommends an interoffice study to determine proper use of the time saved in the use of machinery in handling some of the work we now do manually.

Fred Liquin discussed a long range engineering plan. He stated that R. E. A. expects a plan that would carry us to four times our present load. This is based principally on the rural customer load. Fred Liquin was asked by Matt Smith concerning standby transformers at our sub station, this has been an issue which has been of concern to the board for quite an extended period of time. Fred stated that he recalls only two transformers that have been knocked out of service by lightning in all of the systems that Associated Engineers have designed in 20 years. George Blackett reported at this time that Idaho Power Company has 2 portable sub stations that would be available to us in the event of an outage if they were not in use by Idaho Power Company. One is at Boise, the other is at Pocatello, Idaho. Raft River has none. Utah Power and Light has one that is of the voltage that would work on the town side of our sub station but not on the rural side.

Managers Report: Mr. Blackett reports that he feels we can go ahead with the idea of having rural customers read their own meters. The procedure would be to mail to each customer a billing card with the past meter reading on it and ask the customer to fill in the present reading and return card to the company office. Then have a company employee read the meters possibly each 3 months.

MOTION made by Matt Smith, seconded by Roger Smith that Mr. Blackett purchase an addressograph machine and other necessary supplies to get this procedure underway as soon as possible. Motion passed. ✓

Mr. Blackett read a letter from Thomas C. Wilson Advertising Agency in regards to our advertising practice. He recommended that we consider an ad twice as large one half as often.

MOTION made by Matt Smith, seconded by C. C. Read that we run an ad in the Wells Progress a half a page for one time advertising our yard light program then try to determine the resulting sales from the ad. Motion passed. ✓

A discussion was carried on in regards to pay for Board members acting on company business. This has been an issue for quite some time. Mr. Blackett reported he had information in regards to the policy of Moon Lake R. E. A. They pay Board members 10¢ per mile \$25.00 per day plus expensed and \$25.00 per board meeting.

MOTION made by James L. Ballard, seconded by Oliver Sharp that a change be made to amend our bylaws to read that Board members shall be paid \$25.00 plus expensed for attending board meetings and \$25.00 per day plus expenses when on Company business and \$15.00 per committee meeting plus \$7.50 per hour for time over 2 hours but not to exceed \$25.00 for a committee meeting and 12¢ per mile for travel expensed as is now the policy. Motion passed with an opposing vote by C. C. Read. ✓

MOTION made by Roger Smith and seconded by Blaine Sharp that beginning with our August meeting we will hold our meetings starting at 1:00 P. M. the next meeting will be August 20 at 1:00 P. M. with the place to be announced later. Motion passed. ✓

Mr. Blackett reported that the employees were in favor of increased coverage on our hospital insurance to be covered for \$23.00 per day room charge.

MOTION made by Vernon Dalton and seconded by C. C. Read that we request a change in our policy to increase the coverage to \$23.00. Motion passed.

A contract between WREAC and Western Pacific R. R. Co. on a crossing over W. P. right way by WREA was presented.

MOTION made by C. C. Read and seconded by James L. Ballard that the contract be signed by our president. Motion passed.

Seventeen new members for Wells and seven for Wendover approved.

MOTION made by Matt Smith and seconded by Roger Smith to approve the 24 applications for membership. Motion passed.

MOTION made by Matt Smith and seconded by Roger Smith that the rules and regulations be approved with the recommended changes and the addition of #20 and 21. Motion passed.

President Wright stated that Robert Vaughn had filed notice that we would intervene with Federal Power Commission on Docket #E 7229 concerning amendment on purchase of Power from Idaho Power Company.

Matt Smith reported on committee appointed to investigate other auditing firms. The committee included C. C. Read and George Blackett. Mr. Smith said they were not ready to make a definite recommendation but presently they were favoring the Boise, Idaho agency who has two Mr. Cavanaugh's employed to make R. E. A. audits, they want to investigate further.

MOTION made by Matt Smith and seconded by Roger Smith for George Blackett to check with Bob Vaughn to see if Nevada Power Company or Idaho Power Company is liable to us for not having proper safety devices installed at the sub station. If they are liable, insist that devices be installed. Further, that the safety devices recommended by Fred Liquin to our own system be installed. Motion passed.

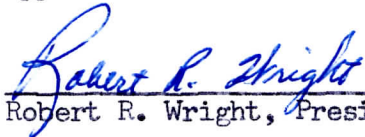
C. C. Read started a report on a committee of C. C. Read, Vernon Dalton, Blaine Sharp called to review the policies of WREC. This report to be continued at a later meeting.

Meeting adjourned at 11:55 P. M.



Clarence C. Swett, Secretary

Approved:



Robert R. Wright, President

WELLS RURAL ELECTRIC COMPANY

WELLS, NEVADA 89835

MEMBERSHIPS TO BE APPROVED JULY 16, 1965

WELLS

I. T. McCulloch
Rex Halferty
Nadine Simmons
W. J. Bozarth
Phillip W. Rather
Dan Paschall
Mrs. Douglas Fulkerson
Clothes Horse
Cahoon Const. Co.
James Gallagher
Fred Bopp
Jay Morgan
J. Ralph Smith
Ruby Taggart
Mrs. Eldon Walker Jr.
Joanna Walker
Mrs. A. T. Williamson

WENDOVER

E. Gene Bumpus
Edgar Hoopiiaina
J. H. Jones
Joe Kellogg
Jack L. Fidler
Dale E. Skinner
Ray Gleason

7 Wendover
17 Wells.

Total M. 940

RESOLUTION OF THE BOARD OF DIRECTORS

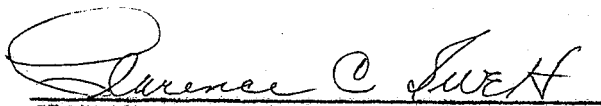
OF

WELLS RURAL ELECTRIC COMPANY

I HEREBY CERTIFY that I am the duly elected Secretary of the WELLS RURAL ELECTRIC COMPANY, a Nevada Corporation, and that the following is a true copy of a Resolution duly adopted by unanimous vote of the Board of Directors of said Corporation held in accordance with the By-Laws of said corporation, which meeting was held in the Company Office, in the City of Wells, County of Elko, State of Nevada, on the 16th day of July, 1965.

RESOLVED: That the engineering contract, for system planning, with Associated Engineers, Inc. is hereby approved as submitted.

IN WITNESS WHEREOF, I have hereunto affixed my name as Secretary of said corporation and have caused the corporate seal of said corporation to be hereto affixed this 21st day of July, 1965.


CLARENCE C. SWETT, SECRETARY

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON, D.C. 20250

JUL 13 1965
Ref.: Nevada 15

Mr. Robert Wright, President
Wells Rural Electric
Company
P. O. Box 365
Wells, Nevada 89835

Dear Mr. Wright:

We are enclosing a copy of the loan fund audit report prepared by Mr. Carl W. Blair, RRA accountant, as of April 30, 1965. A copy of this letter and report is also being furnished to your manager, Mr. George L. Blackett.

We urge that the recommendations made in the report be fully considered. Special attention should be given to bringing the continuing property records to a current status.

It is suggested that the report be presented to the board of directors at its next meeting. It should be incorporated as an exhibit representing part of the minutes of the meeting.

We wish to express our appreciation for the cooperation extended to Mr. Blair during his assignment, and shall welcome any comments relative to this report.

Sincerely yours,



For: Gerald F. Biddle, Director
Western Area - Electric

Enclosure

cc:
Mr. George L. Blackett, Manager

NEVADA 15 WELLS

WELLS RURAL ELECTRIC COMPANY

WELLS, NEVADA

We have audited the loan fund transactions of the Wells Rural Electric Company for the period from April 1, 1963, to April 30, 1965. Our examination included the verification of receipts, a review of the evidence supporting the disbursements and the classification of construction fund expenditures by loan budget purposes. We also test-checked the accounting distribution of selected disbursements in the books of account. We relied upon the engineer's certificate as to the adequacy of the construction from the standpoint of meeting REA requirements. Our audit was generally restricted to the transactions pertaining to REA loan funds. In addition, however, we made a limited review of the accounting procedures and practices and the method of bookkeeping to ascertain whether they were in accordance with REA recommendations.

STATUS OF REA SECTION 4 LOAN FUND RECEIPTS AND DISBURSEMENTS

Total REA advances through April 30, 1965		\$2,528,970.62
Less: Advances returned to REA		18,398.81
Construction fund cash balance, April 30, 1965		-0-
Total disbursements through April 30, 1965		<u>\$2,510,571.81</u>
Disbursements Approved:		
Approved through prior field review, March 31, 1963		\$2,315,302.58
Total approved for the period April 1, 1963, to April 30, 1965	\$198,081.14	
Less: Refunds applicable to above amounts	<u>2,811.91</u>	195,269.23
Total disbursements to April 30, 1965		<u>\$2,510,571.81*</u>

*Agrees with the total disbursements reported on financial requirement and expenditure statement for the period ending April 30, 1965.

The construction fund balance reflected on the books of the company on April 30, 1965, was verified by reconciliation with bank statements and the balance shown was directly confirmed with the depository.

Net disbursements reflect the return to REA of \$3,060.00 representing liquidated damages under Contract 3X, Distribution, Primary Budget Purpose 1. The amount advanced of \$103,647.75 should be reduced by \$3,060.00 to a net of \$100,587.75.

GENERAL COMMENTS

Our limited review of the accounting procedures and practices disclosed certain matters which should, in our opinion, be given the attention of the management. These are as follows:

1. Although much of the required work has been accomplished, complete plant (continuing property) records are not yet available for appropriate accounting uses. These records should be established as rapidly as possible, and maintained on a current basis to provide reliable original cost figures to apply to electric plant retired.
2. Provisions in REA Bulletin 1-7, General Funds (revised February 1962) should be applied consistently to insure that all corporate funds are handled in a manner providing satisfactory protection to the cooperative at all times.
3. Land and land rights should be amortized as outlined in Mr. John W. Scott's letter of August 13, 1963.
4. Our review of the accounting records disclosed a need for strengthening the filing procedures. REA Bulletin 180-2, Manual for Preservation of Borrower's Records, recommends effective methods for arranging and maintaining essential corporate files and records. Efficiency of the personnel will be increased by re-assembly of all past file records under subject headings contained within the above publication, thereby providing one standard index for all corporate records which must be preserved.
5. We suggest that consideration be given to amend your cooperative's bylaws so that they will conform with REA recommendations for "Non-Profit Operation", as set forth in REA Bulletin 102-1 (March 1964).

The manager and all members of the staff supplied all required material and information as needed and were fully cooperative throughout the period of this examination.

ACCOUNTANTS' OPINION

We have made a review of loan funds for the period April 1, 1963, to April 30, 1965. In our opinion REA loan funds had been properly accounted for and had been used for proper loan program purposes.

CONTROLLER'S DIVISION

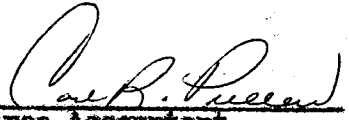
Date:

May 7, 1965

Approved:

JUL 12 1965

/s/ Carl W. Blair
/s/ William H. Carrell
REA Field Accountants


Carl B. Pulean
Area Accountant