

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

July 21, 1978

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on July 21, 1978 at 1:10 p.m. President Vernon Dalton presided over the meeting.

Directors present were: Tom Achurra, Ester Quilici, Jesse Larsen, Gene Pengelly, Clarence Swett, Daryl Eriksen, Ray Crawford, Glenn Wadsworth, Jim Ballard, Vernon Dalton and Ferris Brough. Present from the staff were Mike Fox and Patti Blackett.

Additions to the Agenda: Discussion on Region IX Meeting.

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

Contact - O'Neil: Nothing new.

Pine Valley: Western Union is very anxious to get power. At first they said they could not pay more than \$600 per month. Mike wrote a letter to Western Union to see if they could increase it to \$750. They have given us verbal assurance that they would agree to a \$750 per month amortization charge. The Company contribution would be \$30,000 and the amortization charge for each consumer would be \$238.21. This is as low as we could go. Mike will talk to Bob Vaughan about revising the agreement. After the agreement is revised, we will present the agreement and the new figures on the amortization charge to the people.

Carlin: We have received final approval from REA. It will be about another week before we receive BLM approval for the line. We are in the process of getting all the documents and maps together for the application to the Public Service Commission. We had a man down from Lutes Construction Company to give us some estimates and proposals on a per unit cost to build the line. Pat and Mike met with the mayor and have been looking for an office space or garage facility for our crew. We have not hired any personnel for Carlin yet. It will take about six weeks to build the line.

Tom Achurra mentioned that they had a meeting in the Lee-Jiggs area on Pine Valley/Carlin. Tom mentioned to them that the office might be changed and that they might be billed out of Carlin. There was much opposition to this. They would rather be handled out of this office and not the Carlin office. Tom was told that everything will be done out of this office.

The next matter to come before the meeting concerned the qualifications for directors. It was noted that to be qualified as a director, an individual should be a resident of the Company's service area. In addition, it was noted that a misnomer existed relating to the organization sponsoring educational programs for directors. Discussion also centered on the provision that once a director has attended sufficient N.R.E.C.A. Institutes and received certification by that organization, mandatory attendance at institutes should not be required. It was further suggested that qualifications of directors should include the provisions that to be eligible, an individual must not have an account with the company which is more than ninety (90) days past due, and the maximum age limit of 70 years be eliminated.

After discussion, on motion duly made and seconded, it was unanimously

RESOLVED: That Article III, Section 2, paragraph 3(a) of the By-Laws of Wells Rural Electric Company contain the following provision:

"A bona-fide resident of the Corporation's service area," and shall read as follows:

"(a) A director must be of voting age, a bona-fide resident of the corporation's service area, a member of the corporation, or where a partnership, corporation, association or body politic is a member, then an officer, director, partner or manager of the local enterprise of said business, organization or body politic and not disqualified by virtue of the provisions hereinafter set out in this section."

And further

RESOLVED: That Article III, Section 2, paragraph 3(b) of the By-Laws of Wells Rural Electric Company be amended to change Nevada Rural Electric Cooperative Association to National Rural Electric Cooperative Association, and also contain the provision that attendance at institutes or seminars by certified directors is not mandatory, and shall read as follows:

"(b) 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 of office.

After attending Institute 500.2 or its successor program, the first priority of a director shall be to attend sufficient 500 series institutes to obtain the Board Member's Certificate offered by N.R.E.C.A.'s Management Services Department.

Until the certificate is obtained, each director will be required to attend at least one institute or training seminar during each term they serve as a director.

After obtaining the certificate, a director may attend a seminar or training program of his choice, however, attendance will not be required to maintain eligibility as a director.

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 (3) years."

And further

RESOLVED: That Article III, Section 2, paragraph 3(d) of the By-Laws of Wells Rural Electric Company be deleted in its entirety.

And further

RESOLVED: That Article III, Section 2, paragraph 3(e), of the By-Laws of Wells Rural Electric Company be changed to paragraph 3(d) and be amended to include persons who have an outstanding account of more than ninety (90) days, and shall read as follows:

"(e) Persons who have an outstanding account with the corporation of more than ninety (90) days, or who have had an obligation to the corporation written off as a bad debt, or who was a principal in the ownership of a company or entity, which company or entity has an outstanding account with the corporation of more than ninety (90) days, or has had an obligation to the corporation written off as a bad debt, are not eligible to be nominated, elected or appointed to serve on the Board of Directors."

Rule 18: Jim Ballard read the rule as revised. JIM BALLARD MOVED WE ADOPT RULE 18 AS REVISED. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Discuss request from Minnkota Power Cooperative: They sent us a copy of a resolution they passed, and that they want us to pass on fighting inflation on a nationwide basis. This will be referred to the Chairman of the Resolution Committee at the Region IX Meeting.

Irrigation Demand Metering: At the last meeting, there was discussion on redoing demand metering on certain irrigation pump installations. We are in the process of revising this.

Approval of Nominating Committee: JIM BALLARD MOVED WE APPROVE BUD REYNOLDS AS CHAIRMAN OF THE NOMINATING COMMITTEE AND RUBY BRESCHINI AND RICHARD DIXON AS MEMBERS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The Committee has met. They made up the format of the letter sent out requesting nominations.

Legal Seminar for Company Attorney: Bob Vaughan would like to attend the Legal Seminar in Minneapolis, September 14 & 15 and split the cost between W.R.E.C. and Mt. Wheeler. GENE PENGELLY MOVED WE GIVE BOB VAUGHAN PERMISSION TO GO TO THE LEGAL SEMINAR IN MINNEAPOLIS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED BY A VOTE OF 8 IN FAVOR AND 1 OPPOSED. ESTER QUILICI OPPOSED.

Appliance & Safety Report: This past month we sold a microwave oven, a clothes washer and a water heater. The safety meeting was held in the Service Center on June 29, 1978. Pole top rescue and procedures was the topic for this month's meeting.

Employee Relations Committee: There was a meeting on July 21, 1978 at 11:00 a.m. It was decided to award the employees with a jacket at a cost of \$8.90 each for a total of \$204.70 for their safety record for last year. CLARENCE SWETT MOVED WE PRESENT THIS JACKET TO ALL EMPLOYEES FOR THEIR SAFETY RECORD FOR LAST YEAR. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. A safety award badge will also be included in this which shows how many years they have worked safely. This will be done each year and presented at the Director/Employee Banquet.

Community Development Committee: Daryl Eriksen and Jesse Larsen attended the City Council meeting last week. Daryl informed the City Council that they were there to cooperate, assist and criticize if necessary.

Policy Committee: The committee has completed the policy. Copies of all revisions were given to all Directors. Jim recommended that all Directors read these and they will be discussed at next month's meeting.

Construction Report: The line crew has completed three phase extensions to D. Griffith, F. Egbert, H. Uhlig and V. Dalton irrigation pumps. They made an adjustment at Gardner's irrigation pump for increased horse power. They ran a service to stock pumps for J.D. Reynolds and Diamond O Ranch. The Wells and Wendover crews have been busy with routine replacement, installation and retirement projects.

Regional Power Planning: Ester Quilici gave a report on the N.W.P.P.A., P.P.C. and Small Preference Agency meetings that she attended. JESSE LARSEN MOVED WE STAY WITH P.P.C. AND DROP N.W.P.P.A. CLARENCE SWETT SECONDED THE MOTION AND THE MOTION CARRIED BY A VOTE OF 9 IN FAVOR AND 1 ABSTAINING.

Hydro Plant: Our Hydro Project is coming along real well. We are making much progress. All the line is in from the reservoir down the slope. We are presently working on the upper end of the pipe line.

Settlement with Idaho Power: Nothing new.

Employee & Director Institutes & Schools: Jim Ballard will be unable to attend the institute in Steamboat Springs.

Power Source: I.C.P.A. has proposed a new G & T generating and transmission cooperative. They are in the organizing stages of this. Also, in the Mt. Wheeler area, a group has formed to build a large power plant. First offers will go to local users in Nevada.

EPRI: BPA collects in their rate structure an amount to contribute to EPRI. They are talking in the neighborhood of \$9,000,000 per year contribution for BPA. Mike received a letter from Mr. H.T. Brazil, Manager of Public Utility District #1 in Washington. They don't feel that this is a valid portion of the rate structure. This is something that each individual member should decide on their own if they want to contribute to this research and development. If we contribute through our rates, we will still be considered a member but it is not on a voluntary basis. GENE PENGELLY MOVED WE FORMALLY PROTEST TO BPA AND PPC IN OPPOSITION. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED WE APPROVE THE 23 MEMBERSHIPS FROM WELLS AND THE 22 FROM WENDOVER. JIM BALLARD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Region IX Meeting: We received information and dates on the Region IX Meeting for this year. It is scheduled for Portland, October 8-10, 1978 at the Sheraton. Vernon, Ester, Gene, Jim and Ferris would like to attend.

On a motion duly made and seconded, it was unanimously decided to raise the Manager's salary \$100 per month to be effective July 16, 1978 and reviewed again in December 1978.

Manager's Report: Policy 5-1 calls for key indicators, key performance areas and items that were selected some time ago for the Manager to report on to the Board. Copies of the 1978 Budget Comparisons were given to all Directors and discussed.

Copies of our equity level were given to all Directors and discussed.

Comparison of total wages charged to operations as a % of overall operating costs: Each month wages are allocated to construction work, retirement work orders, clearing accounts, transportation, capital accounts and to operating expense accounts. The past five months, the percentage of total wages expensed has been from 38% to 56%. The average is 44%. We try to keep this percentage as low as possible since this expense is not recoverable in loan fund monies. At present, we have no percentage amounts from other systems to compare this to.

Analysis of complaints: Mike went back through the complaints for 1977. The majority of the complaints were because of the billing procedure change on the seasonal rates. This was changed from an annual billing to a monthly billing. There was a response to all the complaints. This year we have had a few complaints on billing. We did have one major problem. The Sharon Motel was having problems with their television system. The people from Cable T.V. convinced them it was A.C. interference coming in from somewhere. The lines were switched out and all the hardware was checked. It was a loose connection in the T.V. cable.

The Police Dispatch System has been transferred to Elko. They are handling our outage calls until we can come up with another way to take the calls. They don't want to handle the night calls. One possibility is our recording system that we have. There were many suggestions on how we could handle this. Mike will look into it further.

We have two new employees coming the first of next month. Dan Kessler is starting July 31 as Engineering Aide and Merle Van Meter will start August 1 as Warehouseman.

There is a new law that has just come out that stipulates that all mobile home installations have to be inspected before we can hook up the electricity. The closest inspector is in Carson City. There is a possibility that someone located in Elko might start next week.

Mike received a letter that the Dept. of Energy is accepting proposals making a request for financial assistance to help finance the construction and renovation costs of small lowhead hydro projects. One of the requirements is that you have to have a complete engineering feasibility study of costs. We have asked them to be a little more explicit on what they need to determine eligibility for financial assistance.

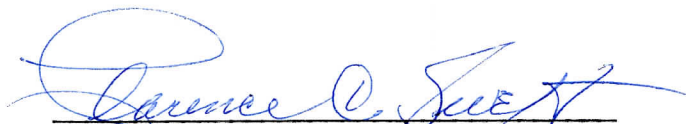
Ray asked Mike if anyone from Winecup has come in to see him. They plan to sell some of the land and keep the rest of it. He plans to spend alot of money on it and this will bring us additional revenue.

Glenn attended the U.R.E.A. meeting two months ago. He talked to Tom Bath from Mt. Wheeler. They are trying to get the 500.2 school in Ely through Mt. Wheeler.

The meeting adjourned at 5:35 p.m.



D. VERNON DALTON, PRESIDENT



CLARENCE C. SWETT, SECRETARY

MEMBERSHIPS TO BE APPROVED

July 20, 1978

WELLS

1. Andrea Arbuckle
2. Robert Dooley
3. Dora Escamilla
4. Edward L. Forshey
5. Doug F. Froebe
6. Anthony Gallegos
7. R. H. Gambling
8. Madelynn Hesselgesser
9. Leland Jones
10. Calton Lewis
11. Bob D. McCurry
12. Terry Madison
13. Kenneth & Jacob Marrujo
14. Don R. Meryhew
15. Edward Mitchell
16. Jorge Quintero
17. Anita Irene Smith
18. Henry St. Clair
19. Vernon Supp
20. Merle Van Meter
21. John Vasquez
22. Don Whalen
23. YACC Program

WENDOVER

1. Ellen L. Berg
2. Gary D. Brown
3. Howard L. Cole
4. Susan Corbridge
5. Deborah J. Cyrus
6. Judy Gonzales
7. Verl Halverson
8. Allen Harris
9. Stan Johanningsmeier
10. Dianne Kirby
11. Reese Melville
12. Sandy Ralls
13. Paul J. Read
14. SaDonna Richards
15. William Rouss
16. Farrel G. Stevens
17. Shirley Swainson
18. Dalores Talmantos
19. Thomas A. Tucker
20. Ted Turbeville
21. Ruel R. Witcher
22. Beanie Young