

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

June 16, 1978

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on June 16, 1978 at 1:00 p.m. President Vernon Dalton presided over the meeting.

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

Corrections to the minutes: On page 2, we will delete the sentence "REA feels our rates should provide enough revenue to put in these line extensions without the annual billing."

Additions to the agenda: Directors/Employee Expense Committee, Policy Committee, Resolution for Compliance of Civil Rights Act, Discussion on seminars and meetings for Company Attorney, request for deferral of 1977 scholarship and irrigation pumping rates.

Contact/O'Neil: Nothing new.

Pine Valley/Carlin: Mike has had contact with people who are looking at property in this area. They were wondering what the situation was for power in the area. There was discussion on the material that was sent to all Directors. The motion that was tabled at the last meeting was brought up. The motion was: TOM ACHURRA MOVED WE GO TO THE PEOPLE WITH THE \$206.85 AMORTIZATION CHARGE TO SEE IF THEY COULD PAY THIS. FERRIS BROUGH SECONDED THE MOTION. JIM BALLARD MOVED THE MOTION BE TABLED. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED BY A VOTE OF 5 IN FAVOR AND 4 OPPOSED. This will be turned back over to the committee for discussion. Jim Ballard recommended that the committee get together and determine all the things that need to go into the contract with these people. Mike met with Martin Derksema from BPA and he brought an Engineer with him. They went to Carlin and walked along where the line is going to be, selected a metering site and met with John Mohlman from CP National.

CFC Paper: \$1,179.45 interest earned on \$150,000. It was put in on May 30 and will be back on July 10.

Appliance & Safety Report: Jess Urresti is going to come up with some ideas on safety awards. We sold a washer and dryer and one water heater for the month.

Policy Committee: It was decided to change the format of Policy 4-3. Under fixed donations, there are contributions to different organizations and memberships. This policy was changed to donations and memberships. Under IIA was to be donations to organizations and III lists the memberships. A list of all donations and memberships was reviewed. ESTER QUILICI MOVED WE DROP THE PUBLIC POWER COUNCIL FROM THE LIST. VERNON DALTON SECONDED THE MOTION AND THE MOTION FAILED BY A VOTE OF 1 IN FAVOR AND 8 OPPOSED. ESTER QUILICI MOVED WE DELETE FROM STANDING DONATIONS THE SALVATION ARMY. VERNON DALTON SECONDED THE MOTION AND THE MOTION FAILED BY A VOTE OF 1 IN FAVOR AND 8 OPPOSED. Policy 5-1, Proposed Areas for Manager Reporting to the Board. Mike found a list of areas for reporting to the Board and types of reports. This policy says the Manager will report to the Board through key indicators on the Wholesale Power Supply, and Financial Condition. Mike was wondering if the board wanted a report on all of the categories listed in the existing policy and if there was a form to be used. Vernon will get information on this for Mike.

Director/Employee Expense Committee: There was a meeting held on Tuesday, June 13 at 10:00 a.m. Discussed directors monthly expenses for meetings, committee meetings, etc., Director's eligibility, school request format and review of Director's expenses. Copies of 1977 and 1978 Director's expenses were given to all Directors. A breakdown sheet of these expenses will be given to directors monthly. Reviewed Director's eligibility. A form was made up to request approval to attend schools and seminars for Directors and Employees. ESTER QUILICI MOVED WE ADOPT THIS FORM. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. A by-law revision will be drafted up for the next meeting concerning eligibility of Directors. Jim Ballard requested approval to attend the 424-3 school in Steamboat Springs, Colorado. Jesse Larsen recommended that we approve this. GENE PENGELLY MOVED WE APPROVE THIS. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Employee Relations Committee: DARYL ERIKSEN MOVED WE RESCIND THE MOTION MADE IN THE APRIL MEETING CONCERNING THE EMPLOYEE RELATIONS COMMITTEE NOT REPRESENTING UNION EMPLOYEES. JESSE LARSEN SECONDED THE MOTION AND IT FAILED BY A VOTE OF 2 IN FAVOR AND 7 OPPOSED.

Construction Report: The line crew has installed services and secondaries and done routine maintenance and replacement projects. They have also been working on line extensions.

Regional Power Planning: The rate increase is coming December 1979 and the new allocation plan is coming in 1980. Our contract expires in 1992 and if our load forecast exceeds the 25 megawatt allotment after 1983, they would not be obligated to meet our demand. June 28-30 is the Annual Meeting of N.W.P.P.A. and at the same time they are holding a semi-annual meeting of P.P.C. and also on one of these days they are going to have a meeting with the Small Preference Agency. These are all in conjunction with N.W.P.P.A. and held in Jackson Hole, Wyoming. Mike, Ester and Jim are interested in attending these meetings. Jim Ballard will be the voting delegate.

Wind Generation: BPA and the University of Oregon sent people here to install two more test sites. The information that has been collected looks very favorable.

Hydro Plant: Our hydro project is in full swing. Bud Reynolds has started on the pipe and everything is looking good. We will be able to start the reservoir work soon. There is a conflict between the BPA contract and the permit with the Forest Service to cross their land with the pipeline. There is a stipulation in the Forest Service permit that says the ownership of the unit could be transferred but the permit cannot be renewed. Mike is working with the Forest Service to see if this can be changed.

Settlement with Idaho Power: Nothing new.

Engineering Report: We staked 1 1/2 miles of the Carlin line, 2 1/2 miles of the Starr Valley line, 1/2 mile for V. Dalton, 1/4 mile for F. Egbert, 2 pole taps for Big Springs Ranch, 1/2 mile for D. Griffith, 1/2 mile single phase for R. Reynolds and did some rebuilding near Eriksen's. We are working on a number of proposals for irrigation taps this spring.

Employee/Director Institutes & Schools: Glenn Wadsworth attended the U.R.E.A. meeting on May 24. He requested information on a Directors institute in this area. There might be one forthcoming in Ely this fall. Mike Fox, Pat Nolz and Gene Pengelly attended the N.R.E.C.A. meeting held in Reno to explain the new insurance programs that they are going to put into effect in January. There is a variety of different plans that can be selected. Mike and Pat will make a recommendation to the Retirement and Insurance Committee, then the Committee will make a recommendation to the board. This needs to be selected by October 1. In September, there is going to be an administrative school for the people who are going to be involved in this.

Power Source: Nothing new.

GENE PENGELLY MOVED WE APPROVE THE 13 MEMBERSHIPS FROM WELLS AND THE 11 FROM WENDOVER. JIM BALLARD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Resolution for Compliance of Civil Rights Act: To be eligible for loans, we have to file with the Department of Agriculture a compliance assurance that says we will comply with the stipulations of the Civil Rights Act of 1964. We have to issue a Statement of Non-Discrimination which is available to all the members. We need a resolution authorizing someone to issue this statement. GENE PENGELLY MOVED WE AUTHORIZE THE MANAGER OF WELLS RURAL ELECTRIC COMPANY TO EXECUTE SUCH DOCUMENTS NECESSARY TO COMPLY FULLY WITH ALL REQUIREMENTS IMPOSED BY OR PURSUANT TO THE PROVISIONS OF THE RULES AND REGULATIONS OF THE DEPARTMENT OF AGRICULTURE TO IMPLEMENT TITLE VI OF THE CIVIL RIGHTS ACT OF 1964. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Seminars & Meetings for Company Attorney: The Legal Seminars are scheduled starting in July through October. It has been the policy in the past to let Bob select the seminar and we will share the expenses with Mt. Wheeler. We will use the same procedure this year.

Request for deferral of 1977 Scholarship: Frank Blackett who was the recipient of the 1977 scholarship and used the first portion of it and is eligible for the second portion is going to go on a two year mission and has asked what could be done about deferring this for school use when he returns from his mission. JIM BALLARD MOVED WE APPROVE HIS REQUEST. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Irrigation pumping rates: Vernon was asked by an individual to bring this matter up. There is a situation where they have 4 or 5 pumps and each one of these pumps has a demand meter. They have to pay the highest demand on each pump throughout the year. He has two pumps connected side by side. One pumps out of a sump and the other one pumps out of the well. If he pumps out of the sump, he doesn't pump in the well, he pumps surface water and he builds up a big demand on that pump that he only uses for two months. As soon as the water goes out of the sump, the well goes on and he builds up a big demand on it. His request is that rather than paying the high demand on both pumps when he isn't using them simultaneously, he would like to have the highest demand for the total system put on which wouldn't make him pay the two high demands on the two specific pumps. The irrigation schedule will be studied to see if we can come up with some suggestions.

Manager's Report: We receive a note from Mabel McElrath thanking us for the dinner and the enjoyable evening at the Annual Meeting. She also expressed the thanks of her guests.

We have three regulators on the Jiggs-Lee line that G.E. determined were manufactured during the time period when they produced some faulty mechanisms. They came out and ran a test on them. They determined that all three of these should have the mechanisms replaced. They are going to furnish new mechanisms and our only responsibility is to provide the installation.

There was recently a court decision which removed Mt. Wheeler Coop from under the jurisdiction of the Nevada Public Service Commission. The courts have determined that it is not necessary to have a signed membership card to insure membership. If the by-laws state that a person is automatically a member when he receives service, that is sufficient. We will, however, still continue with our same procedure we have been using.

We lost a regulator at the Wells sub. We tried to find a good used one but were not too successful. A new regulator was ordered at a good price. The other two need service and maintenance. We will put the new one in and take the one that failed out. It may be rebuilt. We will then rotate them and try to get all maintained and reconditioned.

Steve Loveland has resigned and we are in the process of selecting someone to replace him. We are also looking for a warehouseman.

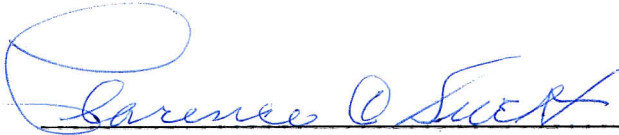
We have been putting out new forms and procedures. We are in the process of setting up a new centralized filing system.

Mike received a request from Minnkota Power Cooperative. They passed a resolution which encourages the statewide to make an effort to halt inflation. This will be put on the agenda for next month.

The meeting adjourned at 5:40 p.m.



D. VERNON DALTON, PRESIDENT



CLARENCE C. SWETT, SECRETARY

MEMBERSHIPS TO BE APPROVED

June 16, 1978

WELLS

1. Russell Andris
2. Robert Anthony
3. Deena Ferguson
4. Dale Franklin
5. L.W. Ives
6. Chuck Ives
7. Eleanor Jarrett
8. Donald R. Larson
9. Jack Lichens
10. Gary Nagel
11. Roy L. Odle
12. Jay Scarcelli
13. Glenn O. Supp

WENDOVER

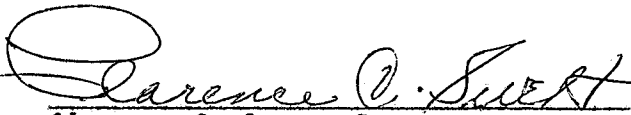
1. Jim Afazzi
2. Kerry Clements
3. Sharon Diviney
4. Hatsue Dale
5. Jim Jackson
6. Nola Kirkman
7. Robert LaCombe
8. Robert McCary
9. Roberto Quintero
10. Jack Relf
11. H.C. Spillar

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Compliance with Civil Rights Act of 1964

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors hereby authorizes the Manager of Wells Rural Electric Company to execute such documents necessary to comply fully with all requirements imposed by or pursuant to the provisions of the Rules and Regulations of the Department of Agriculture to implement Title VI of the Civil Rights Act of 1964.

I, Clarence C. Swett, Secretary of Wells Rural Electric Company, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Wells Rural Electric Company, held on the 16th day of June, 1978, at which meeting a quorum was present.


Clarence C. Swett, Secretary



COMPLIANCE ASSURANCE
(Title VI, Civil Rights Act of 1964)

Rural Electrification Administration
United States Department of Agriculture
Washington, D.C. 20250

The undersigned acknowledges that it is familiar with the provisions of the Rules and Regulations of the Department of Agriculture, including the amendments thereto of July 5, 1973, and REA Bulletin 20-19: 320-19, to implement Title VI of the Civil Rights Act of 1964.

The undersigned hereby assures the Rural Electrification Administration that it will comply fully with all requirements imposed by or pursuant to such Rules and Regulations and the REA Bulletin to the end that no person shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the conduct of its program and the operation of its facilities.

The undersigned agrees that in the event of its violation of or failure to comply with any of the requirements imposed by or pursuant to such Rules and Regulations, the United States may seek judicial enforcement of compliance with such requirements.

This assurance is executed and supplied to the Rural Electrification Administration pursuant to a duly adopted resolution of the board of directors of the undersigned.

WELLS RURAL ELECTRIC COMPANY

REA Borrower

6-20-78

Date

Michael Fox

Person authorized by the board to
sign this assurance