

MINUTES OF SPECIAL MEETING OF DIRECTORS

OF

WELLS RURAL ELECTRIC COMPANY

Pursuant to written consent executed by the members of the Board of Directors of Wells Rural Electric Company on the 3rd day of June, 1959, a special meeting of the Board of Directors was held at the Wagonwheel Hotel, in the City of Wells, County of Elko, State of Nevada, on the 3rd day of June, 1959, at 1 o'clock P.M. of said day.

Present were directors ROBERT R. WRIGHT, JAMES L. BALLARD, EYER H. BOIES, HERBERT UHLIG, CHARLES C. READ, ROGER SMITH & CHARLES J. BALLEW. Other persons present at the meeting were JOHN MOSCHETTI of Contact Power Corporation, ROBERT O. VAUGHAN, corporation attorney, FRED LIQUIN of Associated Engineers and Idaho Power Company representatives ROBERT HOGG, DON BAILEY and REX LANHAN.

The President called the attention of the Board of the fact that the meeting was called specifically to discuss the REA letter of May 29th, 1959, from C. L. Shultz, Director of Western Area REA, which letter contained suggested changes in the proposed Idaho Power Company contract. The items of the letter, a copy of which is attached thereto, were taken up one by one as follows:

Item 1. This item was tabled, as Mr. Hogg stated he was certain that Idaho Power Company did not intend the provision to be restrictive and would re-word that portion to remove the objection.

Item 2. A lengthy discussion was held with regard to this item. Mr. Hogg stated that he would re-word the proposal and before doing so would discuss possible solutions with Mr. Myhre.

Item 3. Idaho Power Company had no objection to that requested change.

Item 4. Idaho Power Company had no objection that requested change.

Item 5. Mr. Hogg stated that they would re-word that section to make it satisfactory to REA.

Item 6. Mr. Hogg stated that he had no authority to make any commitment of this suggested change, that he would have to discuss it with the Directors of Idaho Power Company, and that after he did so he would report back as to the position of Idaho Power Company on that paragraph and item.

Item 7. There was considerable discussion concerning this item and particularly with regard to a possible elimination of the ratchet clause. Mr. Hogg said that he no authority to make any changes in that provision, but that he would attempt to work something out and bring the proposal with him to the next meeting. He stated that the elimination of the ratchet clause would obviously have an affect upon the rate.

Item 8. In a discussion of this item the corporation attorney stated that he felt the matter could be explained to the satisfaction of

REA and that the provision would be satisfactory as written on the proposed contract. The attorney was requested to correspond with REA concerning that matter.

Item 9. Idaho Power Company had no objection to that requested change.

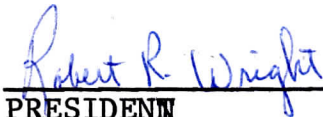
There being no further business to come before the meeting, upon motion duly made, seconded and unanimously passed it was agreed that the next meeting of the Board of Directors would be held at the Pequop Hotel, Wells, Nevada, on the 10th day of June, 1959, at 1:30 P.M.

I, the undersigned, the duly elected Secretary of the corporation do hereby certify that the within and foregoing are the minutes of the Board of Directors meeting held on the 3rd day of June, 1959.



CHARLES J. BALLEW - Secretary

APPROVED:



PRESIDENT

WRITTEN CONSENT TO TIME AND PLACE OF  
SPECIAL MEETING OF DIRECTORS  
OF  
WELLS RURAL ELECTRIC COMPANY

THE UNDERSIGNED, being the Directors of the WELLS RURAL ELECTRIC COMPANY, do hereby unanimously give their consent to the holding of a special meeting of the Directors of the WELLS RURAL ELECTRIC COMPANY, to be held at the Wagonwheel Hotel, in the City of Wells, County of Elko, State of Nevada, on the 3rd day of June, 1959, at 1:00 o'clock P.M. of said day, and do hereby further waive any and all notice of any name or nature of said date and place of meeting.

DATED this 3<sup>RD</sup> day of JUNE, 1959.

*Robert R. Wright*

ROBERT R. WRIGHT

*James L. Ballard*

JAMES L. BALLARD

*Charles C. Read*

CHARLES C. READ

*Roger Smith*

ROGER SMITH

*Eyer H. Boies*

EYER H. BOIES

*Charles J. Ballew*

CHARLES J. BALLEW

*Vernon Dalton*

VERNON DALTON

*Blaine Sharp*

BLAINE SHARP

*Herbert M. Uhlig*

HERBERT M. UHLIG

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United States Department of Agriculture  
Rural Electrification Administration  
Washington 25, D. C.

May 29, 1959

AIR MAIL

Mr. Robert Wright, President  
Wells Rural Electric Company  
Wells, Nevada

Dear Mr. Wright:

Subject: Nevada 15 Wells  
Wholesale Rates

We have reviewed the proposed contract submitted by the Idaho Power Company for electric service to your company and have the following comments:

*Added*  
1. Section 0.2. This clause should be modified by deletion of words, "In the vicinity of Wells in Elko County, Nevada." We make this recommendation in view of the fact that in your long range planning you have indicated expansion outside of Elko County.

There should be added after the word "Administration" a comma, and the words "acting through the Administrator, hereinafter referred to as the "Administrator".

*Will 5/31/59  
Boach  
much*  
2. Article I, paragraph 1.1 requires that your company pay the Idaho Power Company, upon termination of the contract by your company, a termination charge equal to the cost of facilities constructed, less depreciation, plus the estimated cost of removal and salvage of the facilities, less the net salvage value of facilities removed.

It is normal utility practice for a wholesale power supplier to include the cost of installation and retirement, less salvageable cost of the facilities, in the rate structure. Therefore, we suggest paragraph 1.2 be deleted, as the suggested rates indicate that these factors have already been considered.

*mm*  
3. Article I, paragraph 1.3 provides that the minimum bill of \$4000.00 per month shall apply upon completion of the company's facilities and not upon date of initial service.

We suggest that the following be added to paragraph 1.3 after "Customer's facilities" -- "and the Customer's facilities are ready for commercial operation; provided, however, that such date shall not be more than 210 days after loan funds have been made available by the Administrator to the Customer."

*no objection*

2-Mr. Robert Wright-5-29-59

4. Article II, paragraph 2.1, should be revised to allow you to make continuous use of your hydro plant.

5. Article IV, paragraph 4.3, requires that you install facilities for power factor correction necessary to enable the company to deliver service at the point of delivery with voltage regulation acceptable to you. In other words, the company will not provide regulated service and may require the installation of equipment which may result in operation of the power factor penalty provision under the rate schedule. We believe that the power factor penalty in the rate is sufficient to assure that you will make any necessary corrections. We suggest that the company be requested to install the necessary regulating equipment for providing the acceptable voltage regulation.



6. Article V, paragraph 5.1(c). The beginning of charges to the customer under Article I, paragraph 1.3 with this minimum could inflict a costly penalty to the cooperative during the development period. Power suppliers have generally recognized the fairness of modifying minimum monthly bills during a new company's development period.

It is estimated for the first few months of operation your load at the wholesale metering point would have an average of 700 KW peaking demand, and the average usage of 252,000 KWH per month.

The average monthly bill for this period would be:

700 KW D @ \$2.00 per KW	\$1400.00
252,000 KWH @ 0.375¢ per KWH	945.00
Estimated monthly wholesale power bill	<u>\$2345.00</u>

Estimated cost per KWH @wholesale meter	0.93¢
Delivered cost per KWH @member meter	1.11¢
with \$4,000 minimum the cost at	
wholesale power meter per KWH	1.58¢
Delivered cost to member meter per KWH	1.88¢

Therefore we suggest that the minimum monthly charge for the first 12 months after energization shall be the demand charge for the current month's billing demand, but not less than \$2,500.00. The second 12-month period not less than \$3,000.00 per month. The third 12-month period not less than \$3,500.00 per month. Thereafter for the life of the contract \$4,000.00 per month.

7. Article V, paragraph 5.1(d). This is a 100% billing demand ratchet and very severe. We are of the opinion this should be reduced to take care of seasonal load variations.

*Penalized on unbalanced load*

*Will  
to word*

*Take  
back  
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1 DA H<sup>u</sup>*

3-Mr. Robert Wright-5-29-59

*Bob Vaughan will discuss with insurance*

8. Article VIII. It is recommended that Article VIII be deleted. The insurance coverage your cooperative will carry, as required by RMA, affords sufficient protection to the cooperative, the company, and the public. Article VIII may impose liability on the cooperative which it might not otherwise have under Nevada law. If the company will not agree to delete Article VIII, you should have your insurance carrier review this article for possible additional coverage requirements.

9. This contract does not contain an administrative approval provision. The following should be added as Article XI "This agreement shall not be binding until approved in writing by the Administrator."

We are returning two copies of the contract for your use in negotiating with the company. One copy has been retained for our records.

Please let us know if we can be of assistance in these negotiations.

Very Truly Yours,

/s/ C. L. Schultz

C. L. Schultz  
Director  
Western Area

Enclosures

cc: Mr. Robert Vaughan, Attorney