

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

March 16, 1979

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on March 16, 1979 at 1:01 p.m. in the board room. Vice President Daryl Eriksen presided over the meeting.

Directors present were: Clarence Swett, Daryl Eriksen, Gene Pengelly, Jesse Larsen, Ferris Brough, John Krenka, Ester Quilici and Ray Crawford. Bill Wright was unable to attend.

Present from the staff were Vernon Dalton and Patti Blackett.

Additions to the agenda: Preliminary audit report, Andy Anderson, Fort Ruby Ranch and Slogan Contest.

Corrections to the minutes: ESTER QUILICI MOVED THE MINUTES BE APPROVED AS WRITTEN. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Preliminary audit report: Warren Jaynes and Jay Smith from Ernst & Ernst were present at the meeting to present the preliminary audit report. Preliminary reports were passed out to all directors and discussed. Warren expressed his appreciation to the office personnel for all of their help.

An Area Development Committee Meeting was held on Wednesday, March 14 with Andy Anderson from Fort Ruby Ranch. Mr. Anderson was present at the meeting to discuss his line extension. In April of 1978, the board requested some information from Mr. Anderson. This information was presented to the board. Richard called Martin Derksema about serving outside of our service area. We could serve outside of the 75 mile limit on the basis of availability of power. BPA could discontinue power to serve that area upon a 60 day notice. We would have to notify BPA if we did serve out of our service area to protect our contract. In order for us to put in contract form a proposal for Mr. Anderson, we need to know what portion, if any, and exactly what kind of classification we want to call indeterminate. We have had to increase his first estimate. Today's cost to build this line is \$130,000. On our standard line extension contract, the consumer is required to pay 18% of the cost of the investment which would be \$23,400 a year. This was discussed at the meeting on Wednesday. If we have up front money, the consumer would get 25% credit on his power bill for 5 years on the indeterminate contract. The various line extension contracts were discussed. There was discussion on using the indeterminate line extension and our standard line extension policy. JESSE LARSEN MOVED THAT WE GO AHEAD AND ATTEMPT TO DRAFT UP A FORM OF LINE EXTENSION WITH MR. ANDERSON GUARANTEEING FUNDS FOR AID TO CONSTRUCTION WITH WHAT HE CAN LIVE WITH AND WHAT WILL BE GOOD FOR THE COMPANY. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The Area Development Committee also met with Bob Craig and Carl Yerkes from Chromalloy. Handouts were given to the directors and the different proposals were discussed. During the meeting, they discussed getting the \$162,000 up-front money from Chromalloy. In order for Chromalloy to spend large amounts of money, they need to get approval and get the money sent over from the home office. They proposed an alternative that they secure the amount of money we want up-front either by posting a bond or make it in 12 or 24 equal monthly payments. They could get this approved faster and easier than one lump sum. JESSE LARSEN MOVED THAT CHROMALLOY GUARANTEE THEIR PRO-RATED COST IN THE FORM OF A CASH BOND AND AMORTIZE THIS COST UP TO 24 MONTHS PLUS INTEREST OF THE LOAN WITH AN INFLATION COST OF LINE OF 1% PER MONTH AND ALSO PAY 50% OF THE ENGINEERING FEE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Director's Expense Committee: At the last board meeting, Jesse referred to a letter from REA in reference to the board compensation tied to an hourly rate. A committee meeting was held on March 9, 1979 in which a formula for directors expenses and per diem was developed. Below 1/4 day - \$25.00; 1/4 day to 1/2 day - \$50.00; 1/2 day to 3/4 day - \$75.00 and a full day and above a maximum of \$80.00. Also, change the work compensation to per diem and expenses. This was referred to the Policy Committee for further action.

Policy Committee: The Policy Committee met on March 16, 1979 and modified the requests of the Director's Expense Committee. The changes in Policy 1-6: the subject was changed to Board Member Per Diem and Expenses. This title will also have to be changed on the index page. I. Objectives: A. To establish procedure for per diem & expenses for directors for their time and expense spent for the betterment of W.R.E.C. II. Policy Content and Provisions: The Board of Directors of W.R.E.C. has resolved that payment for their time and expense spent for the benefit of the Company shall be as follows: 1. Directors will receive: Below 1/4 working day - \$25.00; from 1/4 working day to 1/2 working day - \$50.00; from 1/2 working day to 3/4 working day - \$75.00 and from 3/4 working day and above - \$80.00. B. Other Expenses: Institutes, Workshops and Conventions shall be considered Company business for which directors shall receive per diem and expenses for attendance, including travel time, based on the fastest way of travel. Payment for attendance at such institutes will be in accordance with 11-A of this policy. Section D was deleted. Responsibility was added to read as follows: It will be the responsibility of the Director's Expense Committee for the enforcement and review of this policy. This policy will be reviewed each February for presentation at the February board meeting. ESTER QUILICI MOVED WE ADOPT POLICY 1-6 AS AMENDED. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Annual Meeting Committee: Directors were to bring names of consumers to serve on the consumer committee. Gene Pengelly suggested Sue Kelly, Daryl Eriksen suggested Donna Anderson and Ferris Brough suggested Deby Johns. All other directors are to contact Ester and give her a name as soon as possible.

Appliance & Safety Report: We passed a resolution to initiate an appliance & service department. On previous motion by the board, we disbanded the service department. Vernon thought the board should know what it is going to cost to initiate a full service department. There are two electrical contractors in town that W.R.E.C. will have to compete with. An estimate for a new service truck - \$9,000; salary for an electrician - \$18,000 per year; salary for apprentice electrician - \$11,000 and additional inventory needed - \$2,000. Total estimated costs approximately \$40,000. An estimated cost for a combination appliance repairman and warehouseman: salary for appliance repairman - \$6,000 and salary for warehouseman - \$6,000; additional inventory needed - \$1,000. No new truck would be needed, the van could be used. Total estimated costs, \$7,000. Jesse Larsen suggested that we contact either or both of the electrical contractors to see if they would be willing to handle the service work on these appliances until one of them can provide the full service. Vernon will contact the contractors.

Construction Report: When the sub-station land was donated to the Company by Lew Eklund, there was no access to it. We have had to attempt to get access to it. Vernon went to Carlin and met with Wanda Borden, Lew Eklund, Mr. Puccinelli and Jim Copenhaver. Mr. Puccinelli represents the Peter's estate and he has control of the land that we had to have to have access and easements to. The City of Carlin agreed to purchase the land. We have the R/W so we can construct and go into Carlin. We still have the problem of the amendatory agreement with CPN. Neither the agreement or the amendment had been sent to Bob Vaughan for his review. Bob Vaughan is going to meet with John Mohlman to see if things can be worked out in the agreement so we can sign it. We have no wheeling agreement with CPN until we get it worked out. GENE PENGELLY MOVED WE GIVE VERNON DALTON AUTHORIZATION TO SIGN THE AMENDATORY AGREEMENT IF IT IS APPROVED WITH BOB VAUGHAN AND CLARENCE LEE. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We received a letter from Bob Vaughan regarding a franchise granted on January 10, 1979 to W.R.E.C. by Carlin. Bob has reviewed this franchise and it is in satisfactory terms. On motion duly made by Ester Quilici and seconded by Gene Pengelly, it was passed by a vote of 7 in favor and 0 against as follows:

Whereas the City of Carlin did, on the 10th day of January, 1979 grant a franchise to W.R.E.C. which requires acceptance on behalf of the Company:

Now therefore, be it resolved that the franchise granted by the City of Carlin on the 10th day of January, 1979 to W.R.E.C., for the right, privilege and franchise to construct, maintain and operate upon, along, across and under the highways, streets and alleys of the City of Carlin, electric light and power lines be and the same is hereby accepted, and the offices of the corporation are authorized to execute a formal acceptance agreement.

Regional Power Planning: The Jackson Bill is to be introduced but it is alot farther off than we anticipated. GENE PENGELLY MOVED WE SEND A LETTER TO OUR SENATORS, STATE REPRESENTATIVES, GOVERNOR AND PRESIDENT STATING THAT WE ARE OVER REGULATED IN EVERY FORM OF GOVERNMENT. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Hydro Plant: Nothing new.

Engineering Report: No Report.

Employee & Directors Institutes & Schools: Jesse Larsen and Ferris Brough commented on the 500.2 school they attended in Boise. Gene Pengelly gave a report on the CFC meeting he attended in Houston, Texas. He also attended an insurance meeting.

Power Source: The White Pine County Power Project is having 2 bills introduced in the legislature that they need to get passed in order to go on working with these bills. Vernon has been working with Kent Wick the last few days getting testimony ready for presentation at the hearings being held in Carson City. We gave him the information to present on our behalf. Sierra Pacific is opposed to this legislation.

New Memberships: GENE PENGELLY MOVED WE ACCEPT THE 5 MEMBERSHIPS FROM WELLS AND THE 11 MEMBERSHIPS FROM WENDOVER. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Slogan Contest: We only received slogans from one person. The deadline was March 1. There was discussion on extending this deadline. It was decided to extend the deadline to April 16, 1979. This will be advertised in the paper.

Manager's Report: We received a letter from Martin Derksema requesting us to pass a resolution on the document that will allow WPPSS to finance interest and debt service through sale of revenue bonds rather than pay interest and debt service through net billing. We also need to send copies of 6 documents to BPA. GENE PENGELLY MOVED WE APPROVE THOSE DOCUMENTS AS LONG AS BOB VAUGHAN APPROVES THEM AND HAVE THEM ADDED TO THE MINUTES, SIGNED AND RETURNED TO BPA. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Mike Braun has six days of vacation left from last year that he has not used. GENE PENGELLY MOVED WE PAY HIM FOR THIS VACATION TIME IF IT IS AGREE-ABLE WITH HIM. CLARENCE SWETT SECONDED THE MOTION. Gene Pengelly withdrew his motion and Clarence Swett withdrew his second. GENE PENGELLY MOVED WE LEAVE IT UP TO THE DISCRETION OF THE MANAGER. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Vernon discussed the outcome of the union hearing.

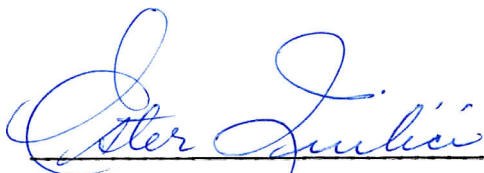
Manager interviews will be Monday, March 19th at 9:00 a.m. Those to be interviewed are Dan Bryan, Norman Clark, Bob Dippold, Vernon Dalton and Jess Urresti. Geoff Smith from N.R.E.C.A. will be here to assist in the interviews.

John Krenka was appointed to serve on the Financial Advisory Committee.

It was suggested that we get the board committees re-organized.

The meeting adjourned at 6:20 p.m.

DARYL ERIKSEN, VICE PRESIDENT



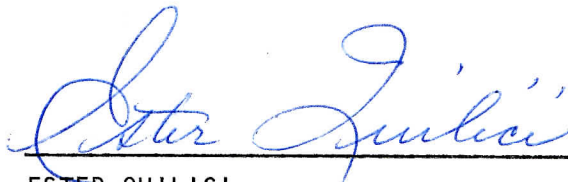
ESTER QUILICI, SECRETARY

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

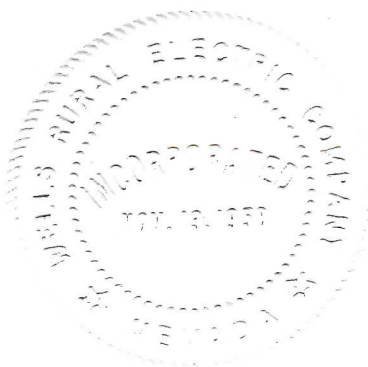
Board Resolution - City of Carlin Franchise

NOW, THEREFORE, BE IT RESOLVED, that the franchise granted by the City of Carlin on the 10th day of January, 1979 to Wells Rural Electric Company for the right, privilege and franchise to construct, maintain and operate upon, along, across and under the highways, streets and alleys of the City of Carlin, electric light and power lines be and the same is hereby accepted, and the offices of the corporation are authorized to execute a formal acceptance agreement.

I, Ester Quilici, Secretary of Wells Rural Electric Company, do hereby certify that the above is a true and correct excerpt from the unapproved minutes of the regular meeting of the Board of Directors of Wells Rural Electric Company, held on the 16th day of March, 1979 at which meeting a quorum was present.



ESTER QUILICI

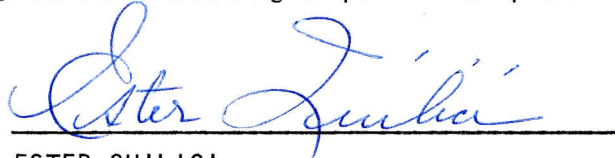


RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - WPPSS Document

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Wells Rural Electric Company does approve those documents that will allow WPPSS to finance interest and debt service through sale of revenue bonds rather than pay interest and debt service through net billing.

I, Ester Quilici, Secretary of Wells Rural Electric Company, do hereby certify that the above is a true and correct excerpt from the unapproved minutes of the regular meeting of the Board of Directors of Wells Rural Electric Company, held on the 16th day of March, 1979 at which meeting a quorum was present.



ESTER QUILICI



MEMBERSHIPS TO BE APPROVED

MARCH 16, 1979

WELLS

1. Ray Achenbach
2. James E. Fein
3. Lois Jeffs
4. Jerry Twitchell
5. Marion Wade

WENDOVER

1. Linda Bowman
2. Francisco Espita
3. R. Clinton Hintze
4. David W. Justis
5. Carmen Rivera
6. Trinidad J. Ruiz
7. Dennis L. Taylor
8. Troy Thomas
9. Karl Trimble
10. James J. Waggoner
11. Ned R. Winward