

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

March 17, 1978

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on March 17, 1978 at 1:00 p.m. in the Board Room. President Vernon Dalton presided over the meeting.

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

Corrections to the minutes: On page 2 under N.R.E.C.A. Activities, it says that REA is becoming less important. We should clarify this by saying that REA is becoming less important to the Office of Management and Budget. Under Directors/Employee Expense Committee, there was no action taken on paying Vernon for being Interim Manager. It was recommended to the Board but no action was taken on it. Glenn stated that this could be a conflict of interest according to the By-Laws. It was pointed out, however, that Article II, Section 8 of the By-Laws provides for part-time service of a director as long as the payment and amount of compensation are authorized by a majority of the Board. JESSE LARSEN MOVED THAT VERNON DALTON BE PAID \$844.00 FOR 68.5 HOURS FOR THE TIME HE SPENT AS INTERIM MANAGER. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Additions to the Agenda: Policy on the Scholarship, motion made in last meeting concerning all other meetings, attendance at Region IX meetings and N.R.E.C.A. Annual Meetings, 1978 Budget, two-year work plan, concerned consumer in Wendover, PCB's and power bumps on regulation of demand on watt hour meters.

N.R.E.C.A. Retirement Plan: Paul Kramer was here and had some information on the insurance plan and the cost of it. There is going to be a meeting in Burley soon on this insurance and it will be a 5 hour meeting.

Pine Valley/Carlin: The equipment has been ordered. REA has come up with a list of requests for information they need prior to their approval. They are asking for a 10 year financial forecast for Carlin and a complete financial breakdown on what it is going to cost to integrate this system into our system and it is going to be quite detailed. This has delayed us a bit. On Carlin, we have gone about as far as possible. The applications for the line between Elko and Carlin have not actually been submitted to BLM. They are aware of what we are doing. We have been assured that this will not take the normal time to process.

On Pine Valley, we did mail the registered letters to the Pine Valley people with the latest amortization charges. There was some problem, the people of Pine Valley wanted to have a meeting with the Board of Directors before they turned the commitments in. We did receive three of them back. Joe Pieretti and Harry Lund were at the meeting to represent the Pine Valley people. They were wondering if it could be cut off at Sestonovich's, halfway, and how much it would cost. It was brought out that some of the people on the end of the line want power. Vernon stated that REA would not approve the loan if we only serviced halfway when the people on the end of the line wanted power. They also didn't like the part about putting a mortgage on their property. Vernon told them that there was no mortgage on their land and there would be no mortgage. There would be the right to a lean on the land if a Ranch came in default. The Pine Valley people were under the impression that we could take a mortgage on their property. Vernon suggested to the Pine Valley residents that if they have another meeting with the people that they invite a third party to the meeting, their legal representative or a Bank Manager, to visit with them and get a third opinion and the value of electrical energy in their area. They were asked how much time would be sufficient to send in their commitment forms. They said a week to ten days.

JIM BALLARD MOVED THAT WE GIVE THEM UNTIL THE MONDAY FOLLOWING THE NEXT BOARD MEETING. TOM ACHURRA SECONDED THE MOTION. GENE PENGELLY MOVED TO AMEND THE MOTION TO MAKE IT THE THURSDAY BEFORE THE NEXT BOARD MEETING. Jim explained that the reason for setting that date was so that the Pine Valley residents could come to the next Board meeting if they have other questions. GENE PENGELLY WITHDREW HIS AMENDMENT. THE MOTION CARRIED UNANIMOUSLY.

Contact-0'Neil Line: It was requested in the last two board meetings to have a study done on this line to see how much it would cost to three phase the line and how much it would cost if the Company payed part of the cost. Ferris had Richard work up some figures for him. Right now we are losing \$17,000 on this and if we put the line in, we will lose \$27,761 without any amortization. TOM ACHURRA MOVED THAT WE THREE-PHASE THE CONTACT-0'NEIL LINE. THERE WAS NO SECOND SO THE MOTION DIED. Ferris suggested that we make studies different ways we could three phase the line and the cost. The latest cost to re-phase that line is \$5,500 per mile. If we go approximately 20 miles, it will cost \$110,000. In September, 1976, the same study was made and the cost then was \$2,750 per mile. This will be referred to the the Contact-0'Neil Committee to review and make a recommendation to the Board.

The next business to come before the meeting concerned the matter of proposing amendments to the Articles of Incorporation to be presented to the membership at the next annual meeting. After a thorough discussion of the matter, on motion duly made by Director Eriksen and seconded by Director Pengelly, it was passed by a vote of 9 in favor and 0 against as follows:

RESOLVED: That it is advisable for the corporation to amend its Articles of Incorporation by amending Article V relating to the location of the principal office of the corporation and the matter of selection of the resident agents, and to amend Articles VI of the Articles of Incorporation relating to the matter of electing the Board of Directors of the corporation and providing that the Directors may be elected from districts.

BE IT FURTHER RESOLVED: That Article V of the Articles of Incorporation of WELLS RURAL ELECTRIC COMPANY be amended by deletion of the provisions of said Article and by substituting therefor the following:

" ARTICLE V

~~The principal office for the transaction~~  
of the business of the corporation shall be at 510 Lake Avenue, in the City of Wells, County of Elko, State of Nevada, and that any resident agent of said corporation, if required, shall be appointed by Resolution of the Board of Directors."

BE IT FURTHER RESOLVED: That Article VI of the Articles of Incorporation of WELLS RURAL ELECTRIC COMPANY be amended by deletion of the provisions of said Article and by substituting therefor the following:

" ARTICLE VI

That the corporate powers of the corporation shall be vested in a board of eleven (11) Directors, and that Directors shall hold office for a term of three (3) years, except, that to provide for election of only a portion of the board members each year and for continuity of a portion of the board, the schedule of terms as set out in ARTICLE VII shall be followed.

The Directors shall be elected by a vote of the members of the corporation (1) at the Annual Meeting of said members, (2) at precinct elections held at places and at times to be set by the Board of Directors, or (3) by the mailing and return of ballots, all pursuant to provisions of the By-Laws of the corporation. All members shall have the right to vote to elect to each directorship.

The Directors shall be elected from the members that are qualified pursuant to the provisions of the By-Laws of the corporation, and (1) may be elected from the membership at large, (2) may be elected as a resident of districts established by the Board of Directors and set out in the By-Laws of the corporation, or (3) the Board may consist of directors elected from a combination of districts and at large directorships.

All rules and procedures relating to the qualification and election of Directors shall be pursuant to provisions of the By-Laws of the Corporation."

BE IT FURTHER RESOLVED: That these resolutions and particularly the proposed amendments to the Articles of Incorporation be submitted to a vote of the members of the corporation entitled to vote thereon at the regular 1978 Annual Meeting of the members, and the Secretary is hereby directed to give such notice thereon as required by law.

BE IT FURTHER RESOLVED: That the President and Secretary of this corporation be, and they hereby are authorized and directed to make, execute, and acknowledge a certificate under the corporate seal of this corporation embracing the foregoing resolutions, and to cause such certificate to be filed and recorded in the manner required by law.

The next business to come before the meeting concerned the fact that the record was not clear regarding the prior action taken by the Board relating to requiring 75% attendance of Board members at meetings to be eligible for re-election. On motion duly made by Daryl Eriksen and seconded by Jesse Larsen, it was passed by a vote of 8 in favor and 1 against as follows:

RESOLVED: That the action taken by the Board of Directors at the regular meeting of the Board of Directors held on the 20th day of January, 1978 and relating to a requirement that a Board member attend 75% of the meetings to be qualified for re-election, be, and the same is hereby rescinded.

We need clarification on Policy 1-6. It says, "Directors shall receive compensation for attendance at any regular or special institution on Company business, based on the fastest way of travel." In the past, the Director has been paid just for the day he is actually attending the meeting. It has been brought up that you have to allow for travel time, at least a day before and a day after the meeting. JIM BALLARD MOVED TO AMEND POLICY 1-6, 2-B, 1, INSTITUTES, WORKSHOPS AND CONVENTIONS SHALL BE CONSIDERED COMPANY BUSINESS FOR WHICH DIRECTORS SHALL RECEIVE COMPENSATION FOR ATTENDANCE AT ANY REGULAR OR SPECIAL INSTITUTIONS ON COMPANY BUSINESS, INCLUDING TRAVEL TIME, BASED ON THE FASTEST WAY OF TRAVEL. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The Audit will be tabled until the next meeting.

Copies of the budget were given to all Directors. This will be discussed at the next meeting.

Jim Ballard made some comments on the "Financial & Statistical Report." The tier is quite a bit higher than was expected from our rate increase.

On page 2 of the February minutes, on the motion made under Directors/ Employee Expense Committee, there is a sentence in the motion that says, "All other meetings will be subject to the approval of the Board prior to such meetings." There are times when there are meetings between Board meetings that cannot be approved until the Board meeting. JIM BALLARD MOVED THAT WE AMEND THE MOTION TO DELETE THIS SENTENCE. GLENN WADSWORTH SECONDED THE MOTION AND IT CARRIED WITH A VOTE OF 8 IN FAVOR AND 1 OPPOSED.

Appliance & Safety Report: Glenn gave Vernon a copy of some information on PCB's. This will be given to Jess Urresti. In January of this year, we sold \$2,514 worth of appliances, February, \$1,983 and for the first two weeks of March, \$1,142. Last year in January we sold \$965 and in February, \$739.

Annual Meeting Committee: Mike gave an up-date report. There was a meeting on March 9 with the Consumer Committee. The major complaint was that the meeting was too long last year. They wanted to have a definite schedule set up for this year's meeting. From 5:00 p.m. to 6:00 p.m., we will open the Service Center for displays. We would like to develop a short basic electricity course for the ladies to show them how to change a fuse, how to recognize a blown fuse or a tripped breaker. From 5:00 p.m. to 6:15 p.m. will be registration. A movie will be shown at the theater for the kids. The business meeting will start at 6:15 p.m. We are going to send a letter with the March billing to the consumers to have them send in questions, ideas and suggestions and anything they want to be discussed at the Annual Meeting. We will set up a committee to go over all of these responses and select the ones that are most pertinent for discussion at the Annual Meeting. If there is enough interest in this and there is not enough time to cover all of these, we will set up a special meeting to go over the rest of these.

We received a letter from Mt. Wheeler inviting the Board to their Annual Meeting on April 22, at 4:00 p.m.

Policy, Rules & Regulations Committee: They have met twice. Meetings are scheduled every Tuesday at 1:00 p.m. They are to Rule 9.

At the last meeting, there was a request to have a Member Relations Committee. Vernon Dalton, Daryl Eriksen and Gene Pengelly will serve on this committee and Jess Urresti will be the Staff Assistant.

Board Representation: Gene Pengelly, Ferris Brough and Mike Fox met at 10:00 the morning of the 17th. They set up four districts. District number one would come down highway 93 to Wells and over to I 80 over to Elko and up highway 51. District number two would be bound on the West by Sulpher Creek Mountain, on the other side of the Jiggs area and I 80 on the North over to the Angel Lake Road then come down the top of the Ruby Mountains of the East Humboldt Range cross Secret Pass and down the Ruby Mountains down to the South area of our service area. District number three would include Ruby Valley. We would go up the same way and come down the East Humboldt Mountains to highway 11 and over to 93 and down to the South area. Then Clover Valley District four area would come down 93 up the Angel Lake Road to the top of the Mountain then down to highway 11 over to 93 then down to the service area on the South. After much discussion, the committee thought that they could take one Director from each District, one from each city (Wells, Carlin and Wendover) and four at large. After much deliberation, the committee recommended to the board that we leave the board the way it is and elect all Directors at large and also that the President at the Annual meeting explain to the membership the probelm that would arise if we tried to District our vast area. GENE PENGELLY MOVED WE ACCEPT THE COMMITTEE DISTRICT REPORT. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Employee Relations Committee: They met on the 15th to discuss negotiations. The main purpose of the meeting was informational. There was also a meeting with the Union representatives and the employee representative. That night, the employees met and voted 14 to 1 in favor of the contract the way it was written with no changes.

Construction Report: A regulator has been installed on line 7 near 1000 Springs and the old one was removed. They have begun rebuilding and reinsulating some of the single phase taps on the Starr Valley line.

Regional Power Planning: Nothing new.

Hydro Plant: The pipe line needs to be finished as soon as we get good weather. By the end of August, the work order will be closed out.

Settlement with Idaho Power: The briefs have been filed. Our chances are a little better than 50/50.

Engineering Report: We have been busy with work order preparation and transformer load calculations in Wendover and Wells. We have a number of cost estimates to prepare for probable work this year.

Two Year Work Plan: Tom wanted to know where we are going to get the money to re-phase the Lee-Jiggs line. The money is available for this.

Employee/Director Institutes and Schools: Nothing new.

Power Source: Jess Urresti has been gathering up some information on this.

Cost of Service Study: We have sent out for proposals. We have a due date of March 27. We have received one bid so far from Miner and Miner for \$9,100.

Rules & Regulations: Proposed additions and changes will be postponed until a draft can be made up and then the committee will go over it. It deals with some situations that possibly open us up for legal liability. We would like to get something in our rules and regulations that will protect us and help to eliminate some of these problems.

Utah Rural Electric Association: We received a letter from them as to what is required and the cost to join their association. Their dues are .45¢ per meter plus \$100 base rate. GENE PENGELLY MOVED THAT WE FILL OUT THE APPLICATION FOR MEMBERSHIP AND PAY OUR DUES. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Ray Crawford will be appointed to attend these meetings.

Scholarship Policy: Last year when scholarship interviews were held, the committee saw that something was lacking in the program and we needed a change in the policy. Jim gave the suggested changes. On Policy 9-1, III B under Qualifications, it says, "Must be a member of the Senior class," we want to change that to a member of the graduating class. On II B, (1) to be awarded the second week of May, (2) The scholarship will be awarded on the following criteria on a point basis: (a) the interview would be from 0 to 15 points, (b) Need would be 0 to 10 points, (c) the desire to apply capabilities would be 0 to 20 points and (d) Grade point average would be 0 to 40 points, 2.00 GPA, 0 points and up to 4.00 GPA 40 points. III E, the scholarship can be used for tuition, room and board or books. After discussion, it was decided to just have the scholarship used for tuition. On the Administration of this policy, we will issue a letter to the student and he will take it to the school and the school will bill us for the tuition. On V, the scholarship committee will be made up of Directors and the Manager and delete, "with the principles of the High School concerned serving in an ex-officio capacity." JIM BALLARD MOVED POLICY 9-1, BE AMENDED AS STATED. GENE PENGELLY SECONDED THE MOTION. JIM BALLARD MOVED TO AMEND HIS MOTION TO CHANGE NEED TO 0 TO 20 POINTS, AND GPA FROM 0 TO 30 POINTS. GENE PENGELLY SECONDED THE AMENDMENT AND IT CARRIED UNANIMOUSLY.

Consumer complaint: When the power was put in the Post Office in Wendover, the pole was put in the middle of the lot. Darryl Peterson purchased the land by the Post Office and put in a Drive-Inn. Now he would like to put in a parking lot but the pole is in the middle of the lot. He would like to have the pole moved. We will move it as his expense but he thinks it should be moved at our expense. He has contacted a Lawyer and the Lawyer has been in contact with Bob Vaughan. We have received a letter from Bob Vaughan requesting information on this.

Regulation on demand meters: The Manager of Kaiser asked Glenn to ask what effect power bumps have on demand meters. Power bumps have no effect on the demand.

GENE PENGELLY MOVED THAT THE 10 MEMBERSHIPS FROM WELLS AND THE 21 FROM WENDOVER BE APPROVED. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The May Legislative Rally held in Washington, D.C. has been financed by the Nevada Rural Electric Cooperative Association. Some of the other Co-ops have shown interest in sending more than one representative to this rally. The Nevada Rural might not want to sponsor two or three people from one Co-op. The Co-op should finance the trip if more than one attends from their Co-op. Vernon has attended this the last two years and he feels it is very worthwhile and would like to attend it this year. JIM BALLARD MOVED WE PERMIT VERNON DALTON TO GO TO THE LEGISLATIVE RALLY IN WASHINGTON, D.C. AT COMPANY EXPENSE. GLENN WADSWORTH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: At the last meeting, Vernon was appointed the Registered Agent for the State of Utah. We cannot have a registered agent for the State of Utah who is a resident of Nevada. JIM BALLARD MOVED WE SOLICIT GLENN WADSWORTH TO BE THE REGISTERED AGENT FOR THE STATE OF UTAH. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED BY A VOTE OF 8 IN FAVOR AND 1 OPPOSED.

We sold unit 13 for \$5,025 to a firm in Reno. We received one other bid for \$3,650.

We are looking at the possibility of a wheeling agreement with Utah Power and Light. They have come to us trying to come up with some kind of agreement to wheel power over our 69 line to Wendover for service to some pump installations about 20 or 25 miles north of Wendover. Clarence Lee has done some figuring on it and it looks quite attractive as far as additional revenue. We want to be very cautious as to what it does to our transformer capacity in Wendover. Raft River was approached on this first but they were not interested. This will be quite expensive for them. We will look into it.

Back in October, 1977, there was some correspondence between the Nevada Public Service Commission and W.R.E.C. Members of the staff wrote to the Public Service Commission and wanted to know what information they needed for their files from us. The Public Service Commission wrote back and said it was necessary for us to file a request to cancel our existing tariff rates, rules and regulations on file with the Commission. Such filing shall then be noticed to the public according to law and a hearing held if required. Mike presented this to Bob Vaughan for his opinion. Mike read the letter that Bob Vaughan wrote up in response to the Public Service Commission's request. GENE PENGELLY MOVED WE SEND THIS LETTER. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The Wendover Air Base situation has progressed. We have signed copies of the deed and bill of sale. We still do not have FAA approval.

Daryl Eriksen asked if the meetings could start in the mornings. After some discussion, he withdrew his suggestion.

Daryl asked the Board what they would be willing to donate to the LDS cow cutting. DARYL ERIKSEN MOVED WE DONATE \$50.00. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Ferris Brough mentioned that we should put more of the meeting in the newspaper.

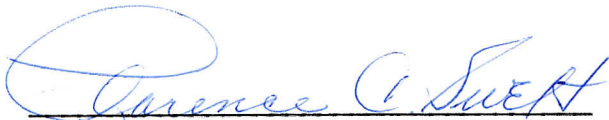
Jim Ballard mentioned that the information on the scholarship will have to go out to the high schools before the next board meeting if the applications are to be in here by May 1.

Mike said that he would like to see the Directors and the Company support the school bond issue to all the extent they can.

The meeting adjourned at 6:45 p.m.



D. VERNON DALTON, PRESIDENT



CLARENCE C. SWETT, SECRETARY

MEMBERSHIPS TO BE APPROVED

MARCH 17, 1978

WELLS

1. Chris O. Dixon
2. Milton E. McDermott
3. Pat Morrow
4. Allen Northcott
5. Ty O'Reilly
6. Charles Smalling
7. Loyd Sorensen
8. Joe A. Taylor
9. Don Vanhoutean
10. Callie White

WENDOVER

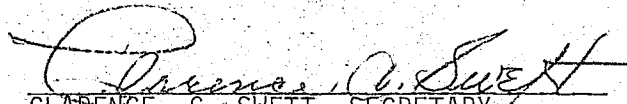
1. Robert L. Anderson
2. Frank Byrd
3. Brenda Castillo
4. Robert K. Golka
5. C. Hicks
6. Patricia Lawlor
7. David Matthews
8. Marcia Merrill (Patio Motel)
9. Jeanne Minniear
10. Lauren W. Moore, Jr.
11. Dale Nash
12. Jim E. Naveran
13. Peter E. Oliver
14. Wendell D. Olsen
15. Amado Palafox
16. Patricia M. Quintero
17. Orasa Rice
18. Lloyd Shelton
19. John M. Stevenson
20. Alvin Wood
21. Julie Wood

RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF  
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Change of Registered Agent

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does appoint Glenn Wadsworth to be the Registered Agent for the State of Utah.

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 17th day of March, 1978, at which meeting a quorum was present.

  
CLARENCE C. SWETT, SECRETARY

