

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

May 20, 1977

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on May 20, 1977 at 1:10 p.m. in the Board Room. President James Ballard presided over the meeting.

Directors present were Clarence Swett, Vernon Dalton, Bill Gibbs, Tom Achurra, Art Grock, Gene Pengelly, Jim Ballard, Ray Crawford, and Glenn Wadsworth. Bob Wright came at 4:30 p.m. John Krenka was unable to attend.

John Mohlman and Bobbi Samuels were present from the staff. Martin Derksema from Bonneville Power Administration was also present at the meeting.

There were two corrections to the minutes of the April 5th Special Meeting. Clarence Lee and Bob Vaughan should be added to the list of people present at the meeting. The amount of interest paid on deposits is 7.86% instead of 9%. The minutes of the April 5th meeting were approved as corrected. The April 15th minutes were approved as written.

Additions to the agenda were: Line extensions by Vernon Dalton; Irrigation Budget Billing and Steve Wright line extension by Jim Ballard; Barium Mill by Bill Gibbs; Martin Derksema, Marla Boies, Mark Dahl, Paul Moschetti and LaMont Stuart, Steve Wright, and Pine Valley were added by John Mohlman.

Martin Derksema commented concerning the Carlin situation and wheeling agreements with Nevada Power. There is some movement in Carlin to oppose our acquisition of the Carlin system. The election will be held on June 7. Martin Derksema and John Mohlman talked to John McCarthy of Nevada Power in Elko concerning wheeling agreements. Mr. McCarthy didn't really want to make any commitments at this time. A letter was sent to Mr. McCarthy at his request stating what information we will need and what Bonneville Power Administration will need. The decision on these agreements will probably be made by Nevada Power in Las Vegas. California Pacific Utilities is also a figure in these negotiations because they are considering taking over Nevada Power in Elko. Another factor in these negotiations is that 3.1 miles of the line from Elko to Carlin will have to be reconducted. Bob Vaughan does not feel we should do anything further with Carlin until after they vote. Martin Derksema stated that before a point of delivery is made for Carlin, a feasibility study and load study will have to be done. This will also help determine whether BPA or WREC will pay the wheeling charges.

The voltage problem on the 138 line was also discussed. Idaho Power is changing out a voltage regulator in the substation. The board didn't feel that this solved the problem. Idaho Power still contends that they do not want to talk to us about this problem until the litigation is resolved. Either Harold Cantrell or Martin Derksema will be talking to Idaho Power this week and will get back to us by May 27 as to what Idaho Power plans to do about the voltage problem.

Marla Boies: There was a problem in the addaphase unit and the crew made many trips out to try to fix the pump. She felt that the crew made too many trips and took longer than was necessary to get the pump working. The addaphase was in working order at the time of the board meeting. She would also like a high priority put on three-phasing the Contact O'Neil line. The board explained to her why this had not been done yet. As soon as enough applications for three-phase power have been made to make three-phasing this line feasible, it will be done.

Mark Dahl: He does not feel the length of time between billing and when a bill is considered delinquent is adequate. Also, he wanted to know the length of time required before shutting a consumer's power off. He felt we should be more diplomatic with our consumers. Mr. Dahl wondered if we could

charge a finance charge on a light bill instead of turning the power off. The board discussed different things that could be done and will look into the time situation further.

Pine Valley: Some ranchers from the Pine Valley area were at the meeting to see what their chances are of getting power there. The board explained the Carlin situation to them and explained that if we do add Carlin to our system, our ultimate goal is to add Pine Valley. If the people of Carlin vote not to sell their system, we would have no access to Pine Valley. Applications will be sent out to the ranchers in Pine Valley for them to forecast their future load. Richard Loveland will help them in forecasting their load. As soon as we find out what the projected load will be and how far the line would have to be built, we can apply for a loan for REA to build the line.

A petition with approximately 300 signatures was presented to the board. The petition read: "We the undersigned do hereby petition the Board of Directors of the Wells Rural Electric Company to defer the proposed rate increase until the general membership has been duly notified as per your By-laws to hold a public meeting." Discussion followed on what our By-laws say concerning a public meeting, how badly we need the rate increase, our reasons for getting out from under the Nevada Public Service Commission, and the fact that if the rate increase is delayed we would probably have to have a higher increase than 6 mills. TOM ACHURRA MOVED THAT WE DELAY THE RATE INCREASE UNTIL AFTER ANOTHER PUBLIC MEETING ON THE BASIS THAT WE MIGHT HAVE TO ASK FOR A LARGER INCREASE. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED. Bill Gibbs opposed the motion. Further discussion followed. GENE PENGELLY MOVED THAT TOM ACHURRA'S ORIGINAL MOTION BE RESCINDED. VERNON DALTON SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. RAY CRAWFORD MOVED THAT THE RATE INCREASE STAY IN AFFECT AND THAT A PUBLIC MEETING BE SET UP AND THE PEOPLE BE GIVEN ADEQUATE TIME AS TO THE DATE OF THE MEETING. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED. Art Grock and Tom Achurra opposed the motion.

Paul Moschetti and LaMont Stuart: They would like to know why all the work has not been completed on their laundromat. John said he will find out what the problem is and report it to them.

Budget Billing: Steve Wright would like to know why he was taken off Budget Billing. John explained that Budget Billing was originally set up for all electric residences, not to include irrigation pumps. BOB WRIGHT MOVED THAT BUDGET BILLING BE ELIMINATED IN ALL CLASSES OF CONSUMERS AS OF DECEMBER 31, 1977. CLARENCE SWETT SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY.

Demand Charge on Pumps: Some customers with irrigation pumps wanted the demand charge explained to them. When the irrigation schedule was changed to include a demand charge, the irrigators were told that it would not make a difference in their bill. BOB WRIGHT MOVED THAT THE MANAGER PREPARE A COMPLETE RESUME AND STUDY TO COMPARE THE NEW AND OLD SCHEDULES TO SEE WHAT DIFFERENCES IT MAKES WITH PUMPS. VERNON DALTON SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Delinquent Accounts: John showed the board a form that we can use for delinquent accounts. This form is to be signed by the consumer stating that he will pay his bill by a certain date. If he doesn't pay the bill by this date, his power will be shut off without further notification. Many consumers have complained about the mail service stating that they do not get their bills in time to get them back into the office before they become delinquent. The date that the delinquent notices are sent out was discussed. VERNON DALTON MOVED THAT WE CHANGE THE POLICY ON DELINQUENT ACCOUNTS TO MAIL THE NOTICES OUT 5 DAYS LATER THAN HAS BEEN DONE AND THAT WE ADOPT THE FORM AS PRESENTED AS FAR AS REMOVING THE METERS. THIS WILL GIVE THEM NO LONGER THAN 7 DAYS EXTENDED TIME AND THE CONSUMER MUST SIGN THE FORM. GENE PENGELLY SECONDED THE MOTION. THE MOTION CARRIED BY A VOTE OF 9 TO 0.

Appliance and Safety Report: GENE PENGELLY MOVED THAT WE ADOPT THE POLICY CONCERNING EMPLOYEE APPLIANCE PURCHASES. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED BY A VOTE OF 9 TO 0.

Pine Valley/Carlin: Martin Derksema and Harold Cantrell of BPA have asked for a copy of the signed contract between us and Carlin.

Regional Power Planning: There is one week until the contract must be approved by PNUCC and sent on for legislative consideration. The people who drew up the contract aren't in unison as to what it says, and the people affected by the contract aren't in unison as to its meaning either. The Small Preference Agencies felt it was a good idea to have an attorney go over the contract and explain it. A legal committee made up of members of the SPA will review the contract.

Hydro Plant: We received two quotes for renovating the hydro. WMC Company quoted \$36,473, and Worthington Construction quoted \$33,000. The cost per KW from the hydro will be about 4 mills. VERNON DALTON MOVED THAT WE GO AHEAD WITH THE HYDRO PROJECT AS PROPOSED USING REA REIMBURSED FUNDS FROM OUR CURRENT LOAN. THIS MONEY WILL BE REPLENISHED WHEN WE APPLY FOR A LOAN FROM REA TO COVER THE COST OF CONSTRUCTION. CLARENCE SWETT SECONDED THE MOTION AND THE MOTION CARRIED. G.E. will charge us \$8,500 to overhaul the generator. The total cost of renovating the hydro will be approximately \$55,000. We have received \$13,800 in Bicentennial funds, and we will get some money from the county. The hydro will be considered a national historical site.

Annual Meeting: The committee has met and discussed different ways to get better attendance. The committee wants to try the dinner again this year. There will be a consumer committee meeting sometime within the next month. The Annual Meeting is scheduled for September 10.

REA Loan: We are waiting for the first reimbursement check.

Wendover Apartment: We have received an insurance policy, but we were not listed as one of the insured, so we will send the policy back to have it redone. The people working on the apartment have asked permission to add another bedroom to the back. The board agreed with this as long as they do not block the driveway.

Settlement with Idaho Power: The trial will be reopened for further testimony on July 28, 1977.

Engineering: Nothing new.

Employee and Director Institutes and Schools: A tuition reimbursement policy for courses taken by the employees was discussed. GENE PENGELLY MOVED THAT WE ADOPT THE POLICY ON TUITION REIMBURSEMENT AS WRITTEN. BILL GIBBS SECONDED THE MOTION AND THE MOTION CARRIED 9 TO 0.

Service Report: Nothing new.

Power Source: If we do not hear anything satisfactory after BPA gets back to us, John Mohlman feels we should put pressure on our legislators.

Line Extensions: Vernon Dalton feels that when we make a line extension contract and get a certain amount of money from the person in an area that has proven to sustain itself, maybe we should pay him some type of interest rate on his money. This will be put on the agenda for the next meeting to discuss further.

Barium Mill: The owners of this mill in the O'Neil area requested power when they first opened the mill. We would have had to run a line extension across BLM land to get them power. The owner did not want to wait until a right-of-way permit had been received. They have not requested power since that time.

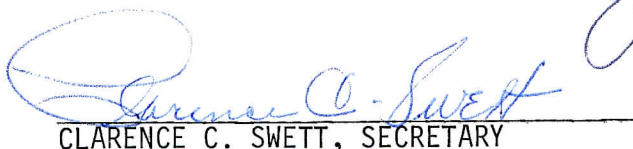
Line Extension of Steve Wright's: There is a line directly over one of Steve Wright's pumps. Steve would like to have this line moved because it gets in the way. Nobody seems to remember why we put the line there. We will have to find out if Steve requested that the line be put there or if we put the line there before we moved the line. There is also underground that would have to be moved if the other line is moved. This will be discussed further at the next meeting.

Manager's Report: Bud Calton has requested that all department heads be covered by insurance when they travel for the company. Our travel insurance currently covers the directors and general manager only. This insurance would cost \$45 to \$50 per year per person. The board feels we should look into what NIC and No-Fault Insurance would cover in case of an accident while traveling. The board will discuss this further at the next meeting. Policy on Per Diem: John wanted to know what the intent of this policy was when it was established. The policy was made originally to cover an employee who would be gone overnight. If an employee did not know when he came to work that morning that he wouldn't be able to get home for lunch he is entitled to lunch, or if an employee is called out on an emergency and does not return in time for regularly scheduled meals he is entitled to eat at company expense. Vacation Policy: A new policy was discussed where the employees would accrue vacation by the month. GENE PENGELLY MOVED THAT WE ADOPT THE VACATION POLICY AS WRITTEN. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED 9 TO 0. We have received many letters from consumers stating they feel the board should be districted when it is cut in size. We have sent letters to these people stating that this is probably what would be done. A letter was sent to the Nevada Public Service Commission by some consumers stating that they are opposed to the rate increase. It was signed by 19 consumers. The bill from Bob Vaughan was approved for payment. C.L. "Bud" Eldredge has sent us a bill for road work done to the hydro for \$350. We have received information from Motorola for a paging system. One kind would have to be connected to the police dispatch and the other kind would be connected to our phone. We will get more information from Motorola on these systems. IRA Accounts: John read a memo he is sending out to the employees concerning the rollover of the retirement accounts. The memo states that as long as you are an employee of the company you cannot take these funds out for your own use. They are to be considered a retirement fund. NRECA has sent out information on their new retirement account that will go into affect in January 1978. A committee of Vernon Dalton, Gene Pengelly, and Glenn Wadsworth will look over this information and give a report to the board on this plan. Vernon Dalton will be chairman of the committee. Home Weatherization Loan: FHA is sponsoring a plan to insulate homes. John will go to Reno to get more facts on this. Our Line of Credit from CFC needs to be renewed. John's name will be on the new form. John Mohlman, Jim Ballard, Clarence Swett, and Bud Calton will sign the form for reimbursement of construction funds. The donation to the Cowbells will be discussed at the next meeting.

GENE PENGELLY MOVED THAT WE ACCEPT THE 15 NEW MEMBERSHIPS FROM WELLS AND 12 FROM WENDOVER. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The meeting was adjourned at 9:25 p.m.

  
JAMES L. BALLARD, PRESIDENT

  
CLARENCE C. SWETT, SECRETARY

MEMBERSHIPS TO BE APPROVED

May 20, 1977

Wells

1. Dale Aslett
2. Leon Aslett
3. Diana Bowlen
4. Joe Franco
5. Gerado Frenandez
6. Irrigation Supply, Inc. (Wayne Walker)
7. James Kikumoto
8. Jeanne Koepnick
9. I. Claire Morrow
10. William Preziosi
11. Prescott Rides (Mrs. Lola Prescott)
12. Wells Progress, Inc.
13. Kim Reddin
14. Spudnut Shop (Lola F. Haynes)
15. Thousand Springs Cattle Co. (Bush Reid)

Wendover

1. Anchalee Alford
2. William DuLong
3. Marilyn Fazzary
4. Cheryl L. Green
5. Pedro Haro
6. Bobbi Hinton
7. Karen OKelberry
8. Enrique Pinedo
9. Mark Schoenaver
10. Donald Sharpless
11. Thomas H. Urie
12. Kenneth L. Wells