

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

November 17, 1978

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on November 17, 1978 at 1:05 p.m. President Vernon Dalton presided over the meeting.

Directors present were: Vernon Dalton, Ferris Brough, Clarence Swett, Jesse Larsen, Gene Pengelly, Bill Wright, Ray Crawford, Ester Quilici, Darlene Sharp and Daryl Eriksen. Present from the staff were Mike Fox and Patti Blackett.

The minutes of the October meeting will stand approved as written.

Additions to the Agenda: Review Auditor's Statement, Discuss our N.W.P.P.A. Membership, Contribution for Dave Hamill, Resolution for bank signatures for Carlin and discuss Faye Barger project.

Vernon would like the committees to get their reports into the agenda so the directors can get some advance information on what was discussed.

Director's Expense Committee: They met on November 3, 1978. They discussed mileage for directors to and from meetings, travel pay, 500.2 school, Institute-Seminar form and budget. In reference to the mileage, there is a possible problem with the I.R.S. at 18¢ per mile. More research is going to be done on this and travel pay. The committee recommended that all directors fill out the supplemental form for institutes. This is for informational purposes for the staff. The committee recommends that we adopt this form. JESSE LARSEN MOVED THAT THE DIRECTORS INSTITUTE AND SEMINAR SUPPLEMENTAL FORM BE USED IN ORDER TO GO TO SCHOOLS AND SEMINARS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. We received an estimate of \$3,800 to \$4,000 to hold the 500.2 school in our area. We wrote to 18 Co-ops to see if they would be interested in attending this school if we held it here. We received two responses, so far, and neither was interested. It might be cheaper if we go to Boise. No definite action was taken. A Director's Expense Forecast for the 1979 Budget was drawn up. For Board Meetings, \$8,000 would be allowed, based on a monthly average of approximately \$660 per director; Committee Meetings, \$5,000, based on a monthly average of approximately \$410; Region IX Meeting, \$3,600, based on the assumption of six directors attending at an average of \$600 each; N.R.E.C.A. Annual Meeting, \$4,100, three directors attending at approximately \$1,350 each and Institutes, \$8,800 would allow each director to spend approximately \$800 per year on institutes. JESSE LARSEN MOVED THAT WE ADOPT THIS DIRECTORS EXPENSE FORECAST FOR THE USE OF THE STAFF IN PROJECTING THE FUTURE BUDGET OF THE BOARD. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Vernon thinks that the staff, who take part in the committee meetings, should be compensated in some way for the time they spend at committee meetings. Mike will work something up on this and will present it at the next meeting.

Area Development Committee: They met on November 6, 1978. New proposals have not been sent out to the Pine Valley people yet. Clarence Lee is still making a study on O'Neil. As soon as it is available, copies will be given to all Directors. We are checking into an Area Development Study. We will see if any other companies have had a need to have an Area Development Study to establish some guidelines or procedures to handle a project like Contact-O'Neil. As soon as we can get with some Consultants, we will make a report to the board.

Member Relations Committee: They met on November 6, 1978, Many possible ways of improving relations with the consumers were discussed. Several ideas were presented. One project initiated was to hold a slogan contest. This slogan would be printed on all stationary and anything that left the Company. The rules and explanation of the contest will be put in the Ruralite Magazine on the back page in January. The deadline will be March 1. The prize will be \$100 credit on power service. Judges will be determined from consumers. Another method discussed was the idea of a newsletter being sent out quarterly following a seasonal theme. A bulk rate permit was also discussed.

Community Development Committee: It was suggested that we try to meet in conjunction with the Chamber of Commerce. A town meeting was set up for Tuesday, November 21, 1978 at 7:30 p.m. at the High School. Several subjects of real importance to the community will be discussed.

Appliance & Safety Report: For the past month, we sold a water heater, dryer, washer, dishwasher and a microwave. We had a Safety Meeting for October at the Service Center October 26, 1978 with an instructor from Ruralite. As we started the meeting, we were notified that there was a broken crossarm with a hot conductor hanging on the pole. We moved our safety meeting to the site of the problem and the job was completed while the line was hot. The Ruralite instructor was very pleased with our safety precautions taken during the course of replacing the broken crossarm.

Construction Report: The rebuilding of 2B tap poles 12 thru 19 by Eriksen's and conversion to 3Ø has been completed. The Victory Motel has installed all electric heat and the installation of the special metering with CT's is complete. A single phase line extension to Jerry Martindale has been completed. The re-routing of secondary, replacement of an anchor and ground, addition of a secondary pole has been completed for Wes Bowlen. The line crew replaced a crossarm on line 8 and did routine service, secondaries and security lights for the month of October. We are in progress with Carlin. The contractor started framing the structures and he just about has all of them framed across BLM property. We had a cause for concern because of the November 15 deadline to cross their land. They have relinquished this and allowed us to go ahead and work on the land.

Regional Power Planning: Nothing new.

Hydro Plant: The hydro project is looking good! The majority of the work is completed and we are in the process of getting ready to turn some water into the reservoir and begin the slow filling process. We had the local Forest Service personnel make the inspection of the project and were very pleased with the work. We will have another inspection from the engineering department from the Forest Service on November 8th.

Settlement with Idaho Power: Nothing new.

Engineering Report: We have been working on the Carlin line materials. The contractor began construction November 9th for Carlin. We have been busy with work order preparations, right-of-ways, new line extension contracts and new work order procedures for work on routine and proposed work orders.

Employee & Director Institutes & Schools: Ester Quilici gave a report on the directors institute in Ely. Copies of the report were given to all Directors. Patty Comstock was the instructor for this institute. She presented a case study problem about a Co-op that is having some difficulty and then she asked the directors to pick out the problem and find some solutions for it. There was a brainstorming session on public relations.

Jesse Larsen gave a report on the U.R.E.A. Meeting. A slide presentation was put on by Moon Lake Co-op. They are trying to put a power plant in that area. It showed prospective sites, hardships and hazards from outside personnel who are trying to put a stop to this. There was a gentlemen there from the Department of Energy, Western Area Power Association who presented slides of the Western Areas transmission lines and

plants and problems they were having. In 1981, W.R.E.C. is to host the U.R.E.A. Meeting in our area. There was a plan to raise the membership fee from 45¢ per meter to 50¢ per meter, but it will stay at the 45¢ per meter.

Mike Fox gave a report on the Ruralite Insurance Seminar that he attended. This was an exceptional seminar. It was designed especially for utility people to discuss insurance requirements and needs. Frank B. Hall Company volunteered some of their personnel to put this seminar on.

Ester Quilici gave a report on the school she attended in Portland. Patty Comstock gave a presentation. She told about consumers organizing against Co-ops. She mentioned the "Attitude Survey" which she feels might benefit all the Co-ops and that we should keep inviting members to come to our meetings. Charles Overland made a presentation on "Playing by the Game Rules." This dealt with what By-Laws are, what policy was, what procedure is and the philosophy behind it. "The Strategy in Load Management and Conservation" by Steven Daniels was very technical. He gave some ideas on load management and what is recognized as load management. Ray McDonald brought out the importance of key performance areas and what the board is and what it is not and what it should try to do and what it should not try to do.

Gene Pengelly gave a report on the CFC Meeting he attended. Chuck Gill, Deputy Governor will replace J.K. Smith when he retires at the end of the year. When the new CFC building is completed in Washington, it will be known as the J.K. Smith building. Glen Eaton told of different types of loans that are available. They are going to start rotating the patronage capital every 7 years starting in 1980. Bill Burple gave a report on Series E Bonds. They are not available to us yet in Nevada. These are bonds in \$1,000 increments that people in Co-ops can purchase. Elections were held and Wellan A. Jones from Montana and Don Myer from Oregon were elected.

Ferris Brough gave a report on the Region IX Meeting. We have got to educate the members and let them know what the REA system is. REA is looking for new managers.

Power Source: Vernon attended a meeting on the White Pine County Project. White Pine County owns the project. 25% of the use could be by entities other than Co-ops or public owned utilities. In the spring, if we would like to get more than the 1%, we will have another chance.

ACRE Contribution: JESSE LARSEN MOVED THAT WE MAKE THIS A UNANIMOUS CONTRIBUTION BY THE BOARD TO MAKE THIS MEMBERSHIP IN THE ACRE PROGRAM. DARYL ERIKSEN SECONDED THE MOTION. Jesse Larsen withdrew his motion. JESSE LARSEN MOVED THAT THE BOARD PARTICIPATE 100% IN THE MEMBERSHIP OF ACRE AND IF THE VOTE IS NOT UNANIMOUS, IT FAILS. DARYL ERIKSEN SECONDED THE MOTION. JESSE LARSEN MOVED TO AMEND HIS MOTION THAT WE STRIKE "IF THE VOTE IS NOT UNANIMOUS, IT FAILS" AND ADD IF THE VOTE IS A MAJORITY. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Board Vacancy: Vernon read Section 7 of the By-Laws. GENE PENGELLY MOVED WE DON'T FILL THE VACANCY UNTIL THE ELECTION NEXT YEAR. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED WE ELECT JIM BALLARD AS A DIRECTOR EMERITUS WITH THE SAME STATUS AS BOB WRIGHT. ESTER QUILICI SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Mike mentioned that we might want to present a plaque to Maxine and also something to Bob Wright. This will be done at the Annual Meeting next year.

Election of Vice-President: Those nominated for Vice-President were Daryl Eriksen, Gene Pengelly, Jesse Larsen and Clarence Swett. There was a tie between Daryl and Gene. After another ballot casting, Daryl was elected the new Vice-President.

Qualifications of Directors: To qualify for a director, the By-Laws state you must be a bona-fide resident of the corporations service area. Darlene Sharp has moved out of the service area to Elko. After discussion on the matter, it was decided to postpone any action until next month's meeting.

Select delegate to N.R.E.A.: Jim Ballard was our delegate and we need a new delegate. DARYL ERIKSEN MOVED THAT MIKE FOX BE THE DELEGATE. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Franchises: Our State franchise, which allows us to serve in Wells and the surrounding valleys, was granted in 1953 for a period of 25 years and it expires this year. We need to go back to the legislature and have a new bill presented to regrant this franchise. GENE PENGELLY MOVED WE GO AHEAD AND RENEW THIS FOR AS MANY YEARS AS WE CAN GET. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED WE APPROVE THE 15 MEMBERSHIPS FROM WELLS AND THE 20 FROM WENDOVER. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Review Auditor's Statement: We received a letter from Ernst & Ernst who performed our audit for 1977. The estimate cost for the 1978 audit is \$8,000 to \$8,500. GENE PENGELLY MOVED WE HIRE ERNST & ERNST TO DO OUR AUDIT AGAIN THIS YEAR. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Discuss N.W.P.P.A. Membership: A decision was made previously to withdraw our membership in N.W.P.P.A. At that time, there was little information available as to how involved N.W.P.P.A. was going to get in the training and educational program they are trying to develop. We may want to reconsider this. As an example, the 500.2 school costs \$185 for tuition per director. Through N.W.P.P.A., they have a sustaining educational membership for a fee of \$390. This is based on the number of employees. This allows each Co-op to send any number of employees or directors to any school N.W.P.P.A. puts on for a one year period. N.W.P.P.A. offers all the schools that N.R.E.C.A. offers. GENE PENGELLY MOVED THAT WE SEND IN OUR MONEY FOR MEMBERSHIP IN N.W.P.P.A. AND ALSO AFTER THE FIRST OF THE YEAR THE SUSTAINING EDUCATIONAL MEMBERSHIP. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Contribution for Dave Hamill: Mike received a letter from Governor Smith of CFC and Bob Partridge of N.R.E.C.A. They are having an honorarium for Dave Hamill. This is going to be held in Colorado in conjunction with the Colorado Statewide Association. They are having a dinner. It costs \$25 for the dinner and gift and if we don't send someone, they ask that we make a contribution. Vernon will be coming through Denver at that time and there will be no travel expense incurred on the Co-op. CLARENCE SWETT MOVED WE SEND VERNON DALTON. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Resolution for bank signature at Carlin: We want to establish a bank account in Carlin just like we did in Wendover for the transfer of funds so we can make daily deposits. After going through our records, we found that we have different names on the signature cards and on the check signer. We should get these changed so they are all the same. It will cost \$100 to change the names on the check signer. CLARENCE SWETT MOVED THAT WE CHANGE ALL THREE ACCOUNTS TO THE NAMES OF VERNON DALTON, DARYL ERIKSEN, ESTER QUILICI AND MIKE FOX AND THAT THE CHECK SIGNER BE IN THE NAMES OF VERNON DALTON AND ESTER QUILICI. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Faye Barger Project: At this time, Mr. Barger is operating about 1850 diesel horsepower. He expects to increase that by 800 to 900 diesel horsepower next spring. He is very interested in getting 30 power. It is going to involve 10 to 12 miles of 30 line. Just rough figures, we are talking \$80,000 to \$90,000. This type of project should be turned over to our consulting engineer. Mike was wondering if we would like Mr. Barger to put up some money on the engineering costs. Bill Wright

suggested we put him on the indeterminate contract. It was suggested that we have him pay half of the engineering costs. FERRIS BROUGH MOVED WE ASK FOR 50% OF THE ENGINEERING COSTS. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: It has been normal procedure to have a Christmas Party for employees and directors. It will be held on December 15 and the board meeting will start at 10:00 a.m.

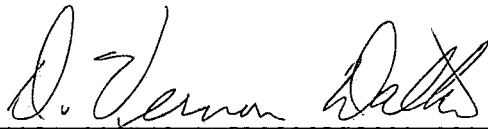
We have had several requests for service from potential consumers right along the fringe of our service area. It is not in our service area. We have had requests about including them in our service area. This is dealing with CP National's service area. They are not 100% against the idea. If we pick up some of their service area, they want to trade for some of our service area. Mike wanted to know how the board felt about relinquishing part of our service area. These people who are interested in service could talk to the PSC.

We have just about all the equipment we need for Carlin. Mike is to go to Carlin on November 18th to meet with a man who has some rental property that we might be able to rent for office space. We have not been able to find a qualified journeyman lineman. We hope to get someone started in the next few weeks.


There has been some concern about the additional work in the office on the billing machine when we take over Carlin. Our present machine is very slow. There were two representatives from Burroughs here who brought out a machine that is 3 times faster. We might have to think about going this route if the work load gets too heavy.

We have ordered new membership cards for Carlin. There were many suggestions on how we should get these signed. Vernon suggested that we send a knowledgeable person from W.R.E.C. to Carlin during the time the consumers are transferring to answer any questions the Carlin consumers have about W.R.E.C.

The meeting adjourned at 6:40 p.m.



D. VERNON DALTON



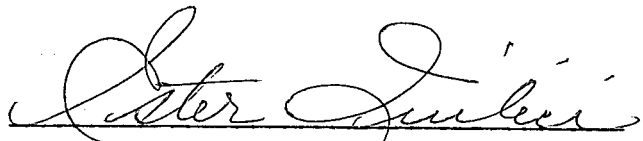
ESTER QUILICI, SECRETARY

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Names on Check Signer

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does authorize the names of D. Vernon Dalton and Ester Quilici to appear on the Check Signer Plate.

I, Ester Quilici, 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 November, 1978, at which meeting a quorum was present.

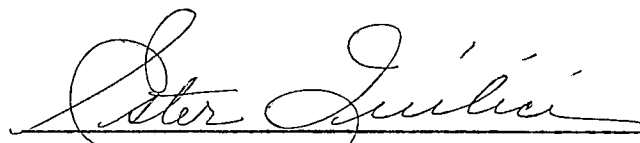

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ESTER QUILICI, SECRETARY

MEMBERSHIPS TO BE APPROVED

November 17, 1978

WELLS

1. Merlene Faye Arnold
2. Kenneth W. Bigham
3. Wayne E. Elliott
4. Deena Ferguson
5. Daniel T. Florence
6. Billy R. Garcia
7. James H. Gilbert
8. Thomas E. Hill
9. Diane Martinez
10. Hella Bahr Morris
11. Dennis Remington
12. Ernest Rowell
13. Brent Shires
14. Helga Steffee
15. Rudolf Svabensky

WENDOVER

1. Kathleen M. Beagle
2. Terre Blessington
3. James R. Bourdon
4. Wanda Cosentino
5. Carl M. Howard
6. Dennis Klick
7. Robert H. Lohrey
8. Judy Love
9. Victoria Luna
10. Mary Ann Maile
11. James E. Miller
12. Aureliano T. Ochoa
13. Leslie Potter
14. Harry Redmond
15. Toni Rebecca Richey
16. Adene Riley
17. Don Roach
18. Richard L. Taylor
19. James M. Turpin
20. Francisco Viente