

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

October 17, 1980

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on October 17, 1980 at 1:00 p.m. in the board room. Vice President Daryl Eriksen presided over the meeting.

Directors present were: Daryl Eriksen, Gene Pengelly, Ester Quilici, Vernon Scott, Joe Riordan, Ray Crawford, Ferris Brough, John Krenka, Wanda Borden and Bill Wright. Vernon Dalton was unable to attend.

Present from the staff were Dan Bryan and Patti Blackett.

Corrections to the minutes: There was a typographical error on page 3, third paragraph. The minutes of the September 19, 1980 board meeting will stand approved as corrected.

Energy Search Committee: The committee met this morning at 10:00 a.m. REA has informed us that we have to sign an all power requirements contract with them before we can join the Moon Lake Project. Dan B. is going to put a documented report together and send it to Washington with Vernon to see if they will waive it. REA has said all members will have to sign an all power requirements contract. They also discussed the MX and what effect it might have on us. It was recommended we continue attending the Deseret G & T meetings. The contract has been signed for Hunter II.

Community & Area Development: They also met this morning. Daryl talked to Carl Uhlig about building a dam in Metropolis. Carl is going to get the other two parties who are involved for a meeting. There are only three ranches involved. Carl will set up a meeting with these ranchers to meet with the committee. Wanda also mentioned that Carlin has a lot of hot water. Chilton Engineering checked into it at one time and said the water was hot enough to generate power. A grant has been received by the state to do some feasibility studies on small hydro projects. They promised us one day of the engineers time to look into these small generating facilities.

Policy Committee: The committee met on Tuesday. They discussed Policy 1-3 dealing with the number of directors attending Region IX and NRECA Annual Meetings. JOE RIORDAN MOVED WE ADOPT THIS POLICY. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED WITH 8 IN FAVOR AND 1 OPPOSED, Gene Pengelly. A physical policy was discussed. Employees would have a physical every 3 years on a rotating basis and also prior to employment. The insurance covers the first \$75 of the cost of the physical. The insurance company has recommended this to us. This would be added into Policy 7-3, 3A. After some discussion, it was suggested that we adopt the policy and explain it to the employees. ESTER QUILICI MOVED WE ADOPT THIS POLICY. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. We will have an employees meeting before the next board meeting and present this to the employees.

REA won't accept our present line extension policy. It is all right for irrigation, small commercial and large power but not for a permanent residence. They also said we will treat underground the same as overhead. They want us to take the gross plant and divide that by the net meters. In 1979, it came to \$1,928. That is what we would allow for a permanent house, updated annually. REA does not care what we call indeterminate. There were a few words added to the policy. GENE PENGELLY MOVED WE APPROVE THE LINE EXTENSION CORRECTIONS AND HAVE THEM GO INTO EFFECT TODAY. BILL WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. We have not refiled the rules and regulations in the State of Utah. When REA approves the line extension policy, we will refile them.

We have advertised the logo rules. We heard a very interesting speaker at the Region IX Meeting. Chuck Spets spoke on nuclear energy. Dan B. has also heard a very good speaker by the name of Dr. Margaret Maxey. She also spoke on nuclear energy. It would cost \$500 to \$1,000 if we wanted to get one of them to speak at the Annual Meeting. The committee will meet and discuss this. The committee met during the break. They would like to know exactly how much it will cost, if they are available and they would also like to have more time to think about it.

Safety Report: The Safety Meeting for September was held on October 2nd. Al Crocker, from Ruralite, was not able to be here. His vehicle only made it to Winnemucca where it had to undergo major repairs. The Safety Meeting was called to order by Bud Calton at 8:00 a.m. There were no lost time accidents reported but one minor accident. As of this meeting, we have logged 622 accident free days. Safety equipment that will be used for 1981 was discussed and will be turned into the office for the 1981 budget. The base station in Wendover has been installed and in operation as of October 1, 1980. This is another important step in respect to the safety of our line crew as well as communication between Wendover and Carlin. Traffic violations were also discussed and what effect it would have on an employee if he had over four violations - possible termination. Lockers have been ordered for outside employees for Wells, Wendover and Carlin as outlined in the union contract. All fire extinguishers will be inspected and recharged by Lee's Fire Extinguisher Service as soon as possible. The Apprentice Linemen are doing very well on their apprentice training course. Bruce Widmer and Roger Dickinson just completed No. 5 & 6 in the first series with very good grades. Eleven pairs of rubber gloves have been sent in for electrical testing. The meeting adjourned at 9:45 a.m. Tests were then given to the Apprentice Linemen. The next meeting will be Tuesday, October 21. Bill Thomas, Safety Inspector for the State of Nevada and OSHA will be here to present a slide presentation on multi rim tires - on how to breakdown and assemble these large rim tires the safe way. Personnel from Parson's Construction will also attend this meeting.

Construction Report: The construction of the Motel 6 expansion is expected to start on October 8th and be complete during the following week. Our crews have finished building and sagging the new line 3 from the substation to Crested Acres. The 1Ø extension to serve Arnold Milling on 20 mile hill was completed as was the 1Ø extension to D.K. Anderson and 3Ø extension to Nevada Milling, both of Clover Valley. In Carlin, we retired some poles for the Dept. of Highway, made some progress on upgrading the line by the Cavalier Motel as well as a large variety of normal system upgrading. Lutes will be starting Monday on upgrading the Carlin line. In Wendover, the dual feed to the Patio Motel was completed as well as 7 security lights for the proposed James Taylor Casino in west Wendover. Also 2 Zeyer signs were energized.

Engineering Report: Our wind test tower on the Pequops is up and is awaiting the installation of the instruments. This should be done the week of October 6th then data will start to be recorded. Staking has been completed on 2 1Ø extensions to Ned Smiley and Ray Conley, both of Starr Valley for new residences. Three new Temoke housing units in Lee are staked as well as a line to upgrade the Delbert Zunino Ranch in Jiggs. Two underground services at the Ruby Marshes are staked and ready for construction. The 5 pivot irrigation system for Rulon Brown is staked and awaiting transformers. This system should be operational by November for testing. The 25 unit Temoke housing development for Wells is in the preliminary engineering stage. This development will be totally underground. There is also a lot of system upgrading also being done by our crews.

Outage Report: In September, we had 12 outages, of which 6 were scheduled. The causes of these outages were normal system maintenance and upgrading, a crow contact in Ruby Valley, a rotten pole which fell over, transformer faulting in Contact, CPN losing a phase to Carlin and moving a water tank which was 46' tall and required us to cut and resplice our primary lines in four different spots on the route. Our crews handled all outages in a timely and professional manner and are responsible for keeping outages to a minimum.

Member Services Report: A presentation was made to the Western Sun Solar Energy Conference by Dan Kessler on September 25th. Data, graphics, photographs and a manuscript concerning wind data, design of Mod 2 wind turbine generators, design and cost were presented to about 200 conference enrollees. The poster from the conference is in the foyer on an easel for anyone interested in looking at it. The American Red Cross bloodmobile is scheduled in Wells on November 6th from 2 p.m. - 6 p.m. Confirmation was given by Barbara Roberts on the W.R.E.C. Service Center being the draw center. Dan K. is currently preparing a slide presentation on our wind test tower for presentation to the Board of Directors, civic clubs and high schools. Also a presentation on "Electric Power Supply, Issue of the 80's," is ready for presentation. Dan K. contacted people from Boise-Winnemucca Stage Lines regarding chartering a bus to tour the Valmy coal-fired generation plant. Cost is \$444.05 for a 39 passenger coach. Also, Mike Reid, of Sierra Pacific, was contacted regarding tours of the plant and we were informed that there would be no problem accomodating a Saturday tour.

Hydro Plant: The bentonite has been placed in the area that seems to be leaking. There are a couple of seals and meters that need some work in the power house. Once that is done, provided the leak is taken care of, we will be ready to go.

Power Source: DOE has invited us to a session in Carson City on November 5th regarding the 2 small generating units we discussed earlier this year.

"The next business to come before the meeting concerned the matter of the White Pine County Power Project, the election of the Company to continue participation and the matter of the Power Supply Development Agreement. Changes in the Election Letter and the Agreement were discussed as well as the advisability of continuing in the Project. On motion duly made by Ester Quilici and seconded by Gene Pengelly and passed, it was:

RESOLVED: That the Company continue participation in the White Pine County Power Project to the extent of One Percent (1%) thereof and that in that regard, the execution by the President of the Amended Election Letter dated September 8, 1980 which obligates the Company to enter into the Power Supply Development Agreement, if approved by the Rural Electrification Administration and the Utah Public Service Commission, is hereby ratified, approved and confirmed.

BE IT FURTHER RESOLVED: The approval of the Rural Electrification Administration and the Utah Public Service Commission having been received, the Power Supply Development Agreement is hereby approved, and the President and Secretary of the Company are authorized to execute the Power Supply Development Agreement and any other necessary documents relating thereto or which may be required or reasonably requested by White Pine County and/or other participants in the Project."

At the last meeting, we discussed the representation on the Management Committee. Dan B. talked to Sierra Pacific to see if they wanted to carry our proxy. They took it to their board and they would be glad to have it. He also talked to Gil McBay of Mt. Wheeler. GENE PENGELLY MOVED WE ASSIGN OUR PROXY TO SIERRA PACIFIC. VERNON SCOTT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We are going to try to have a NREA meeting in November on PURPA. They have issued Section 210 which sets out procedures for us to participate in small hydro projects. We have to accept any power from these projects. BPA says we cannot accept the power. BPA has to buy the power and then we have to accept that power. We have to have a statement of avoided costs in our office by November 1st. By March 20th, we have to have all of the rules in effect as to how we will work with this power. Bob Vaughan has agreed to attend the NREA meeting with us.

Region IX Meeting Report: Joe, Gene and Dan B. talked with Noreen Leary of BPA at the meeting about the problems with Carlin and Lee/Jiggs. She is going to check on it and get back to us.

CFC Report: There are 1,913 systems in CFC. They have recently reorganized their departments. They have been raising their lending rates, 4 times in the last year. Private investors can invest in CFC.

Data Processing Report & Recommendation: Pat and Dan have spent a considerable amount of time looking into systems to improve our situation. They have studied the idea of leasing, buying in-house or going to a data center. REA recommends that for a company our size, we should go to a data center. The data center Pat and Dan recommend is in St. Louis. We would sign a one year contract. Central will send people out to train us and make as many trips as possible. The easiest conversion takes place at the end of the year and beginning of another year. If we went with an in-house computer, there are a number of problems to be solved including the space for storing all the paper. It is the recommendation that we go with Central. VERNON SCOTT MOVED WE GO WITH DAN BRYAN'S RECOMMENDATION. JOE RIORDAN SECONDED THE MOTION. THE VOTE WAS 4 IN FAVOR, 4 OPPOSED AND 1 ABSTAINING. DARYL ERIKSEN VOTED TO BREAK THE TIE AND OPPOSED THE MOTION SO THE MOTION FAILED. Gene Pengelly, Daryl Eriksen and Ester Quilici will be a committee and check in to this further.

Employee & Director Institutes & Schools: Those who would like to attend the NRECA Annual Meeting are Gene Pengelly, Ester Quilici and Joe Riordan. Joe would also like to attend the 500.2 school.

There was a good response from the employees on the Patty Smith school. Dan B. has Dr. Gayle Dunning on a tentative hold. Mt. Wheeler is going to have him after he comes here. This would reduce the costs. GENE PENGELLY MOVED WE GO AHEAD AND HAVE HIM COME. BILL WRIGHT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Gene Pengelly will be attending the UREA Annual Meeting on November 13 & 14.

There will be a BPA Workshop in Portland on December 1 & 2. Vernon D. would like to attend. PPC will hold it's year end meeting December 3rd.

Dan B. was invited to attend a geothermal-alternate energy workshop in San Diego October 21-23.

60 GENE PENGELLY MOVED WE APPROVE THE 30 MEMBERSHIPS FROM WELLS, 14 FROM WENDOVER AND 16 FROM CARLIN. WANDA BORDEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: We received a thank you note from Holly Sorensen for buying her beef and also a thank you note from Jim Jund, Wells High School, for moving the scoreboard.

We received a bid from Ernst & Whinney for the 1980 audit. It is \$8,900, an increase of \$900. They do an excellent job and Dan B. recommends we hire them. GENE PENGELLY MOVED WE HAVE THE SAME AUDITORS. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

On behalf of the employees, Dan B. thanked the board for the safety jackets awarded for safety awards.

We have the ACRE cards available for those who would like to join. Joe and Ester have paid and the other directors would like it deducted from their checks.

There was a question raised at the school the other day on meter tampering. We checked with Bob Vaughan to see if we have a law in the state and we do.

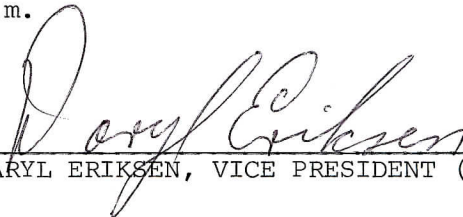
We received a letter from REA saying we could keep the money from Idaho Power. We have to put it in our construction fund trustee account.

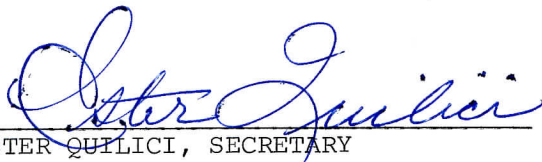
We have an enrollment form for the Nevada Cattlemen's Association of Woolgrowers Annual Meeting if anyone would like to attend.

The Stateline has approached us. There are two sections of land that are fenced. We have one fenced and they have one fenced. Our fence is on our land and some of their land. They want us to trade property. It is the same amount of land. RAY CRAWFORD MOVED WE GIVE THE PORTION FENCED IN BACK TO THEM. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

The TNT Program is trying to get more money. They are forseeing a deficit in the near future. They are proposing a 15% surcharge for the NRECA members to help cover the advertising cost. This would be \$240-260 per year on our dues. There would be no TNT donation as has been in the past.

The meeting adjourned at 4:50 p.m.


DARYL ERIKSEN, VICE PRESIDENT (PRESIDING)


ESTER QUILICI, SECRETARY

MEMBERSHIPS TO BE APPROVED

OCTOBER 17, 1980

WELLS

1. April K. Adkin
2. Gene Allerkamp
3. Roger Britton
4. R. A. Conley
5. Enrique Corral
6. Ken E. Davis
7. Jay Eriksen
8. Darlene Flanigan
9. Mike D. Gambill
10. Ross Gilliland
11. Arthur E. Hodgetts
12. Barry Iddins
13. Charles Jensen
14. James R. Lydon
15. Joe G. McDade
16. Lowell E. McLain
17. Edward R. Miller
18. Gary Moore (Sharon Motel)
19. Motel 6, Inc.
20. Lacy Neff
21. Perry Ogden
22. Michael Perkins
23. Marian Reynolds
24. Yvonne Sanders
25. Robert Supp
26. Shonna Sutton
27. Rodney A. Swasey
28. Marty A. Wallace
29. Virginia Walter
30. Tim C. Young

WENDOVER

1. Charles E. Arkinson
2. Grace Christiansen (Dr.)
3. Joseph Cioffi
4. Anita Cunningham
5. Vaughn H. Gardner
6. Ray Gilson
7. John B. Hanson
8. Eugene McGillivray
9. Richard H. Morgan (Jr.)
10. Jerrie Vera
11. Norma Weinheimer
12. Marion M. Wilson
13. Gail Woods
14. Zeyer Trust

CARLIN

1. Rosina G. Barlow
2. Larry K. Cremer
3. Jerry B. Dillard
4. Dale Eklund
5. Zella Fawn Graves
6. Mike Hackworth
7. Pedro Haro
8. Richard Hickson
9. B. E. Lamb
10. Debbie Leatherwood
11. Robert Montgomery
12. Kenneth Neeser
13. Loa D. Russell
14. James M. Sellers
15. Judy Wilmoth
16. David S. Wright