

REGULAR MEETING OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY
OCTOBER 20, 1972

A regular meeting of the Board of Directors of Wells Rural Electric Company was held in the company office in Wendover, Utah on October 20, 1972 at 1:50 P.M.

The meeting was called to order by James L. Ballard, President, who presided and Clarence C. Swett, Secretary acted as Secretary of the meeting.

Upon calling the roll the Secretary reported the following directors present: James L. Ballard, Ray Crawford, John Krenka, Robert Wright, Jess Urresti, Clarence Swett, Joe Quilici, and Vernon Dalton.

Absent were: Thomas Achurra, William Gibbs, and Arthur Grock.

Also present were: Manager Blackett, F.T. Murphy and Fred Toombs.

The minutes of the September meeting were approved as written.

President Ballard announced that it was time to elect the officers of the Board and asked for nominations for President.

Vernon Dalton nominated James Ballard. Robert Wright moved that nominations be closed and James Ballard be elected by acclamation. Vernon Dalton seconded the motion. Motion passed.

President Ballard asked for nominations for Vice-President. Robert Wright nominated Jess Urresti. Joe Quilici seconded the motion and moved that nominations be closed and Jess Urresti be elected by acclamation. Motion passed.

President Ballard then asked for nominations for Secretary-Treasurer. Vernon Dalton nominated Clarence Swett. Robert Wright seconded the motion and moved that nominations be closed and Clarence Swett be elected by acclamation. Motion passed.

Robert Wright asked that an executive meeting of the Board be added to the agenda. This was approved.

Power Use: Robert Wright said that Calta Mines has given Phelps Dodge a 99 year lease on the Contact Properties. They are to spend 15 million dollars in the next 10 years for exploration and development work.

Gund Ranch has requested an underground extension about 3/4 mile long. This will cost about \$11000.00 per mile.

John Carpenter asked for 3/4 mile extension:

Stateline hookup delayed by receiving wrong equipment.

Construction: Spratling tap completed. Clover Valley Fire House connected. New services in Wells and Wendover connected. Pole replaced in Wendover. New house at Bell Brand Ranch in O'Neil connected. Hot Line School held. Broken wire on line 8 repaired. Extension at Carpenter Ranch completed. Trying to get together with ranchers and get started on Tobar line.

Sale of Diesel Engine: Nothing new.

Doug Mitchell Line Extension: Nothing new.

Settlement with Idaho Power Company: Nothing.

City Street Lights: Proposed to City that we maintain street light bulbs on the basis of average hourly cost of digger truck plus labor of two men and material at cost. Pius Nolz, Councilman in charge, thought this very favoragle.

Jess Urresti moved that an agreement on this basis be worked up. Joe Quilici seconded the motion. Motion passed.

The City does not see how they can afford additional street lights at this time. To keep working on this with City and work up proposal for next year.

Insurance for Members: Margarita Calzacorta said she was trying to obtain more information to present to us. We have not heard from her.

An application from B.P.A. for membership was presented. It is necessary for B.P.A. to become a member.

Vernon Dalton moved that the B.P.A. membership be approved upon payment of the membership fee. Jess Urresti seconded the motion. Motion passed.

23 Vernon Dalton moved that the seven memberships from Wells and the sixteen from Wendover be approved. Robert Wright seconded the motion. Motion passed.

Managers Report: Region 9 meeting in Billings attended. Management Meeting attended. Dick Smith of REA stated that Co-ops should look at rate of return on investment. This should be between $3\frac{1}{2}$ and 7% depending on interest cost. The chief things to watch are Debt Service Coverage and Times Interest Earned Ratio as indicators of financial condition.

Chuck Gill of CFC spoke on Managing Resources. He asked what can be done when you can't raise rates due to competition of neighboring utilities. Must be looked at.

It now costs an average of \$61.00 more per year per consumer than it did in 1967. Non-Profit operation is impossible. A number of Co-ops, about 140, are reaching a point where they will not be able to meet debt service.

Ratio of margins to revenue must run 10-15%. The amount of margins is not a good indicator. Rate of return on investment should be used.

Vernon Dalton reported on meeting he attended. This was OSHA meeting. He concluded that as long as a genuine interest was being shown in safety they would not bother us.

In CFC meeting it was apparent that we made a good move in joining CFC.

President Ballard and Manager Blackett attended Public Service Commission meeting in Carson City. This meeting was to make uniformity in the deposits required by the different types of utilities including electric, gas, water and cable television. An agreement must be reached by January 1, 1973 or the PSC will issue an order on it.

A meeting of the electric utilities and their attorneys will be held in Reno on November 8th.

The Hot Line School was very successful with over 40 attending. This was the biggest group to attend any hot line school held. Want to come back next year.

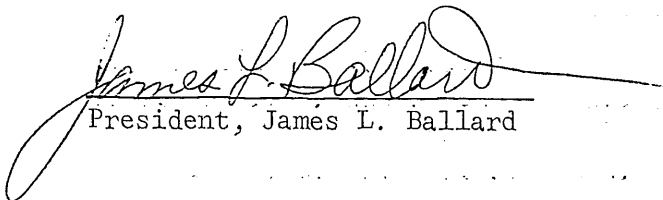
Fred Toombs reported that roof on Wendover office must be replaced as it is beyond repair.

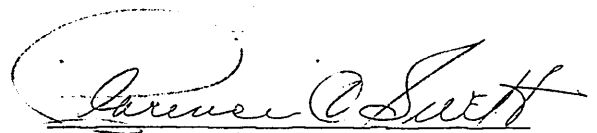
Fred is authorized to get contractors opinion on roof repairs.

Robert Wright brought up slow payment on service department bills.

Robert Wright moved that interest of $1\frac{1}{2}$ % per month be charbed on all service department accounts after 30 days; Joe Quilici seconded the motion. Motion passed.

Meeting adjourned at 3:30 P.M.


President, James L. Ballard


Secretary, Clarence C. Swett

MEMBERSHIPS TO BE APPROVED

OCTOBER 20, 1972

WELLS

1. Darrell C. Brown
2. Ronald Enderlin
3. Robb Gordon
4. Bill Hodges
5. Michael Murray
6. Clarence Riggins
7. James K. Stonier, Jr.
8. Bonneville Power Administration

WENDOVER

1. Steven G. Anderson
2. Fred D. Blangeres
3. Tom Byrd
4. Steven G. Denkers
5. Desert Gas & Oil
6. Al Franks
7. Alton Hanson
8. Elaine Howlett
9. Gene L. Jones
10. William Kippley, Jr.
11. Christopher Lopez
12. D. E. Lyon
13. Perry Mitchell
14. Steven Sweat
15. John D. VanWeerd
16. Sam Velazquez