

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

October 21, 1977

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on October 21, 1977 at 9:05 a.m. in the Board Room. President Vernon Dalton presided over the meeting.

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

Corrections to the minutes: The words 138 KV should be deleted from page 2 concerning Contact-0'Neil Line.

Resolution for Signature Card at Bank: JIM BALLARD MOVED THAT THE NAMES OF D. VERNON DALTON AND CLARENCE C. SWETT BE ON THE CHECK SIGNER. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

GENE PENGELLY MOVED THAT THE NAMES OF D. VERNON DALTON, JAMES L. BALLARD, CLARENCE C. SWETT AND PATRICIA ANN NOLZ BE ON THE BANK CARD. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Community Grievance Committee: Kenneth Johns and Bud Reynolds were present representing the Community Grievance Committee. A copy of the grievance report was sent to each director with the agenda for them to go over before the meeting. Much discussion was held concerning the various questions the community had. The representatives were satisfied with the answers that were given.

Vernon Dalton presented a program on points where the board could improve. He would like to set up ten committees. He would like to set up an executive committee composed of the officers. He would call on them when a decision was to be made without calling a special board meeting.

Contact-0'Neil Line: Marla Boies was unable to attend the meeting. The Contact-0'Neil residents would like some assistance to project their needs. Marla would like to have a meeting at her home with Clarence Lee to help them.

Rules and Regulations: Vernon Dalton thought that we should let the committee that was formed have time to work on these.

Appliance and Safety Report: JIM BALLARD MOVED THAT WE CHANGE THE RATE OF COMMISSION ON THE SALE OF APPLIANCES FROM 9% TO 5% ON ALL APPLIANCES. TOM ACHURRA SECONDED THE MOTION. After much discussion on this motion, Jim Ballard withdrew his motion and Tom Achurra withdrew his second. Vernon Dalton suggested that Jim Ballard and his committee go over this policy. It was suggested that we put on a safety school for the office employees and other people involved in Rural Electrics. Paul mentioned that there is a 30 minute film on office safety that we could show to the office employees and also show it at a BPW meeting.

The meeting was adjourned for lunch at 12:00 noon and called back to order at 1:00 p.m.

Audit: Warren Jaynes and Jay Smith of Ernst and Ernst were present at the meeting to give the board their proposal for the audit. Both men gave a run down on the Company and gave the board the cost for them to do the audit for Wells Rural Electric Company. Their fee, including out of pocket expenses was \$6000. We also received two other proposals. One from Alexander Grant from Elko. Their fee was \$6000 to \$6500 plus any directly related out of pocket expenses. The other proposal received was from Jacobsen & Jentzsch, the Company who did our audit last year. Their bid was about \$5000 plus cost of lodging, meals, and travel between Wells and Walla Walla, Washington @ 15¢ per mile.
GENE PENGELLY MOVED THAT WE ENLIST ERNST & ERNST AS OUR AUDITORS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

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NRECA Retirement Plan: Gene Pengelly gave a report on the meeting with Paul Kramer and the employees. Four of the employees are unsure, three would still like to stay with IRA and twelve of the employees are interested in NRECA. We are not sure whether we can get back in to this program. Paul Kramer will check this out and will be at the December board meeting to report.

C.F.C. Commercial Paper: We received our money on October 3 and we earned \$230.14 interest plus the \$347.02 which is a total of \$577.16. Pat Nolz explained the C.F.C. Commercial Paper for the benefit of the new directors. Gene Pengelly reported on his C.F.C. meeting. He stated that 888 systems participate in this C.F.C. program. 450 of them are active in purchase of Commercial Paper through C.F.C.

Stand By System: Gene Pengelly talked to the city about their dispatch system. They do not know what they are going to do yet. Jess Urresti and Paul Henson went to the Police Department. They were told that all dispatching would come from Elko as of December 1. Paul discussed with the board the use of the tape recorder. DARYL ERIKSEN MOVED THAT WE ADOPT THE TAPE RECORDER SYSTEM FOR AFTER HOURS COMMUNICATION. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Nothing was done concerning the mobile phone.

Board Representation: The board should form a group to study this, then make several proposals and one recommendation to the community. We should give them some answers and perhaps they would like to leave it as it is. Gene Pengelly will be the chairman of this committee. Ray Crawford and Ferris Brough will serve on this committee. Paul Henson mentioned that the Eastern Iowa Power and Light Co-op use the districts. They have five districts. Paul has some information that he will avail to the committee.

MODU Insurance: This insurance costs \$1656 annually. This insurance was explained to the new directors. GENE PENGELLY MOVED THAT WE RENEW THE CONTRACT FOR THIS INSURANCE. JIM BALLARD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Director Emeritus: GENE PENGELLY MOVED THAT WE ELECT ROBERT R. WRIGHT A DIRECTOR EMERITUS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

JIM BALLARD MOVED THAT WE CHANGE POLICY 11-1, II-B FROM 15 YEARS TO 12 YEARS AND POLICY 11-1, II-C FROM 21 YEARS TO 18 YEARS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Pine Valley/Carlin: Paul read a letter from Nevada Power dated October 17 stating "that we (Nevada Power) are not in a position to offer more than 1500 KW." Paul also read a letter from REA concerning Pine Valley/Carlin. If we can get a source of power adequate to serve the town of Carlin plus the unserved rural area around this town, REA will give consideration and make the loan funds available for the acquisition of Carlin and the necessary rehabilitation and integration of this system plus new facilities to serve the unserved people in the rural area. Vernon would like to get together with Clarence Lee and go to the Pine Valley people and put a proposal to them. We would tell them what we wanted to do and they would either accept it or reject it. Once we get that commitment out of Pine Valley, Vernon will go to Nevada Power and negotiate a contract with them.

Construction Report: Nothing new.

Regional Power Planning: Gene Pengelly brought up the point that he read where Senator Jackson has introduced the bill.

Hydro Plant: Nothing new.

Settlement with Idaho Power: Nothing new.

Engineering Report: Paul recommended to Richard that rather than to import someone that has an engineering background that we employ a local high school graduate who has had mechanical drawing or drafting to work in the engineering department. This would relieve Steve and give him more time to work in the field.

Employee and Director Institutes and Schools: Daryl Eriksen gave a report on the Region IX meeting held in Las Vegas. Jim Ballard also made some comments on this meeting. Handouts were given to all directors of the expenses for the Region IX meeting.

ACRE Program: Daryl Eriksen brought this program to the attention of the directors. This program is solely to elect those people or to contribute to those representatives that are in agreement with the REA program in Washington D.C. RAY CRAWFORD MOVED THAT WE DEDUCT THE FEE FOR THIS PROGRAM FROM THE DIRECTORS CHECK ANNUALLY EVERY SEPTEMBER. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Gene Pengelly gave a report on the NREA meeting which was held in the Valley Electric Office.

NRECA Annual Meeting: The NRECA Annual Meeting will be held in Las Vegas on February 5-9, 1978. Valley Electric has reserved 10 rooms for us for the Annual Meeting. Gene Pengelly, Clarence Swett, Ray Crawford, Jesse Larsen, Vernon Dalton, Ferris Brough and the Manager will be attending the Annual Meeting. Pat Nolz will also attend. Paul mentioned that he will be attending the Managers Update Conference in St. Louis, MO, on November 14-16. Jim Ballard gave a report on the BPA meeting in Idaho Falls. On November 2 will be a workshop in Idaho Falls. There will be five main topics of discussion. (1) Conservation load management jobs and lifestyle, (2) Generation alternatives, (3) Utility forecast and energy shortages, (4) Rates, industrial sales and the preference clause, and (5) The role of BPA in the regional power supply system. Those who plan to attend are Ray Crawford, Gene Pengelly, Jim Ballard and Vernon Dalton. Vernon will take his plane.

Service Report: Nothing new.

Power Source: Paul Henson sent a letter to Clarence Lee and also a copy of the plan to get a firm commitment from BPA. Clarence Lee will be here next week to start on step one.

Cost of Service Study: Nothing new.

Proposed Policy changes: A new page of the policy, page 12, was given to all directors.

GENE PENGELLY MOVED THAT THE 27 NEW MEMBERSHIPS FROM WELLS AND THE 23 FROM WENDOVER BE APPROVED. JIM BALLARD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Managers Report: Paul covered most of the things he wanted to discuss during the meeting.

Manager Selection Committee: Monday, Paul received a letter from Neil Doherty dated October 13. He stated that the ad for the Manager would not be in the October issue of the National Magazine due to an error. He sent ads to be put on the Company's bulletin board and put in the area papers. He has received some replies. He will be at the November 18 board meeting.

The subject of Bud Calton was brought up by two of the directors. Paul told the board that the employees had called a meeting and asked Paul what was going to happen pertaining to reinstating Bud. Paul took a vote of the employees and asked them if they would like to have Bud as the permanent Manager. All of the employees but one voted yes. Then Paul asked the employees if they thought Bud would be able to handle it. The same vote was given. Paul called the line crew in to the office and asked them the same two questions. The whole line crew voted yes to both questions.

Paul then asked the Board to put on a piece of paper yes or no if they thought Bud should be rehired and if so, in what capacity. Seven of the directors voted yes and two voted no.

The meeting was adjourned at 6:30 p.m.


D. VERNON DALTON, PRESIDENT


CLARENCE C. SWETT, 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 Clarence C. Swett to appear on the Check Signer Plate.

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 21st day of October, 1977, at which meeting a quorum was present.


CLARENCE C. SWETT



RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

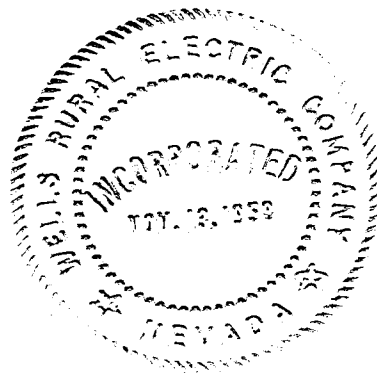
Board Resolution - Selection of Auditors

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does enlist Ernst & Ernst as our Auditors.

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 21st day of October, 1977, at which meeting a quorum was present.



CLARENCE C. SWETT, SECRETARY

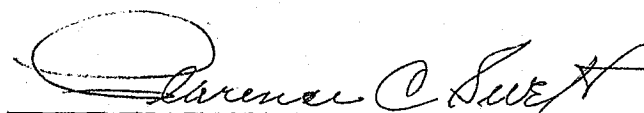


RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Director Emeritus

NOW, THEREFORE, BE IT RESOLVED, That the Board of Directors does elect to classify Robert R. Wright as a Director Emeritus.

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 21st day of October, 1977, at which meeting a quorum was present.


CLARENCE C. SWETT



MEMBERSHIPS TO BE APPROVED

SEPTEMBER 16, 1977

WELLS

1. Mahlon Boehler
2. Steve Castle
3. Frank Cimpritz
4. Mike Cox
5. Arthur E. Drown
6. Vera Garcia
7. Theresa Gibbs
8. Debra Gore
9. Dolores Higgins
10. Roni Homer
11. Stanley R. Jackson
12. Bill Jay
13. Sandra J. Knott
14. Rodney Koepnick
15. Loye B. Phifer
16. David W. Pilloud
17. Judy Rodriguez
18. Gary Short
19. Gladys M. Suarez
20. LuAnn VanMeter
21. Ray E. Whitney
22. Bob L. Wright

WENDOVER

1. Daniel A. Clark
2. Guy A. Clarke
3. Donald D. Dishman
4. Hyrum T. Dudley
5. Susan Flynn
6. Irvin Geiser
7. Sarah M. Higley
8. Jay Hale
9. Randall L. Lacy
10. Norma Luker
11. Whitey J. Miller
12. Michael D. Peckham
13. Laura Shepley
14. Fred W. Sheppard
15. Dean Stringham
16. Martin L. Turner, III
17. Tony Ventura
18. Dora Zapin

MEMBERSHIPS TO BE APPROVED

October 21, 1977

WENDOVER

1. Angela Ayala
2. Kathyne Baker
3. David Boyles
4. Sylvia Bryson
5. M. Dale Callister
6. Dave Chaplin
7. Stella H. Cozza
8. FAA Airways Facilities
9. Alice Irene Goff
10. Steve Hansen
11. Barbara J. Hoezee
12. Gary Ma
13. Mary Ann Madsen
14. Joe Davis Martin
15. Martha J. Morgan
16. Miguel Pasada
17. Joan Hager Pizzola
18. David B. Shelton
19. Shirley Swainson
20. Blaine I. Thompson
21. Donna Trujillo
22. Jose R. Vera
23. Hazel J. Woodard

MEMBERSHIPS TO BE APPROVED

October 21, 1977

WELLS

1. Gordon B. Aldrin
2. Richard E. Brandt
3. Donald D. Cooper (Old West Inn)
4. Blaire L. Cutler
5. Don Farmer
6. Jeff Ferguson
7. Raymond Franco
8. Phillip R. Frank
9. Anna M. Freier
10. Clay Garrison
11. Irvin Geiser
12. Steven L. Griswold
13. Janice Jimmy
14. Bert Kimble
15. Clifford Kjelsrud
16. Ray McKinster
17. Ray Meier
18. Connie Morgan
19. Hydie Morrow
20. David Neff
21. Frederic W. Pedri
22. Ross S. Stewart
23. Wanda Stultz
24. R.A. Tybo
25. Herbert (Bert) A. Uhlig
26. Wells Housing, Inc. % Ardith Hyde
27. Robert R. Womack