

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

September 21, 1979

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on September 21, 1979 at 10:10 a.m. in the board room.

Directors present were Joe Riordan, Gene Pengelly, Jesse Larsen, Daryl Eriksen, Ferris Brough, Ester Quilici, Vernon Dalton and Ray Crawford. Wanda Borden, John Krenka and Bill Wright were unable to attend. Present from the staff were Dan Bryan and Patti Blackett.

Approval of the minutes: GENE PENGELLY MOVED WE APPROVE THE MINUTES AS SENT OUT. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Additions to the agenda: Directors Expense Committee and Safety.

A welcome was extended to Joe Riordan, a new director and Gene Pengelly, incumbent director.

Election Committee: 568 ballots were received and 26 rejected. Gene Pengelly received 386 votes, Wanda Borden 286, Joe Riordan 239, Eloise McQueary 234, Frank Winchell 213 and Stanley Wright 189.

Election of Officers: GENE PENGELLY MOVED WE HAVE THE SAME STAFF OF OFFICERS AS IN THE PAST YEAR. FERRIS BROUGH SECONDED THE MOTION AND IT CARRIED WITH 6 IN FAVOR AND 1 OPPOSED.

CPN Proposal: We received a letter from Bob Vaughan telling us that CPN is for sale. FERRIS BROUGH MOVED WE MAKE A STUDY ON THIS AND BRING THE PROS AND CONS TO A MEETING. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED WITH 6 IN FAVOR AND 1 OPPOSED. (Jesse Larsen)

Energy Research Committee: The White Pine Project is preparing drafts for the feasibility study. Financing will be put together for presentation December 1979. Financing for the feasibility study will be presented in early 1980. Financing of the "Power Supply Development Agreement" is set for 1980. A "Power Sales Contract" will then have to be signed near the end of the feasibility study which should take approximately 2 to 4 years to complete. Construction of the plant will begin in 1984 and be completed in 1989. We sent letters to ICPA and Deseret G & T. We have not had a response from them at this time. This Committee asked what kind of power sources are available. Dan has talked to many other people about additional power sources. We do have a UREA Annual Meeting coming up. There is no date on this yet.

Area Development: At this point of time, Chromalloy is cutting back and having layoffs. We are at a stand still now on this until things pick up. Bob Vaughan would like to discuss this contract this afternoon.

Community Development Committee: There was a T.V. Meeting on September 13th. Parts of the article in the newspaper were read.

Directors Expense Committee: They had a meeting on September 18th. There was a request to attend a school, they went over the budget for directors expense and since the meeting, the committee has received 2 more requests to attend the Region IX Meeting. Ester Quilici's request for the school was approved by the committee. JESSE-LARSEN-MOVED ESTER QUILICI'S REQUEST FOR THE SCHOOL BE APPROVED. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Gene Pengelly, Ferris Brough, Ester Quilici, Ray Crawford and Vernon Dalton are attending the Region IX Meeting. Wanda Borden and Joe Riordan have indicated they would like to attend the Region IX Meeting. JESSE LARSEN MOVED THOSE NAMED BE ALLOWED TO ATTEND THE REGION IX MEETING. DARYL ERIKSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. We need to appoint a representative from the Company to vote for the National Director from the State of Nevada. Gene Pengelly will do this.

Safety: There was a meeting on the 7th and the 13th on the safety and lineman training program. We got a copy of Mt. Wheeler's apprentice and training program. We plan to adopt this to our use. We have given the 4 apprentice linemen their training books. The hard bound books will be returned to the Company. The workbooks will be kept by the lineman for reference purposes. There are 6 workbooks per year over a 3 year period. There are 18 workbooks that have to be completed in the course. This will have to be approved by the union. John Stralla was here Tuesday and he indicated it looked good and he saw no problems with it. There is not a recommendation at this time. Hopefully next month we will have something more concrete.

BPA: Vernon Dalton and Dan Bryan met with Senator Cannon on the transmission line and followed it up with a letter. We also have a BPA agreement that we have asked the attorney to look at. He will have his recommendations on it this afternoon.

Appliance & Safety Report: We sold one dishwasher, one clothes washer, one dryer and two water heaters. We had a small accident in Wendover this past month, however, it was a no time lost accident so we still continue our good record.

Construction Report: August construction ranged from the repair of fire damage to the completion of new service for the school year. The temporary service to the secondary school trailers was completed in Wells along with the installation of special metering and upgrading of the transformer pole. Replaced the pole near the Moor exit in the Wendover 69 KV line that was burned on July 17th. Potential transformers were replaced at the FAA station in Utah and metering restored to normal. The fire in Ruby Valley required the replacement of five poles in line 6. Replaced pole and service along with re-installation of transformer bank at Eisenmen Chemical in Carlin.

Hydro Plant: We haven't had much time to devote to this project, but if we continue with the leaks in the pipe, we might possibly order several sections and replace them.

The meeting adjourned at 11:55 a.m. for lunch.

Freeport Gold Company: Joe Farrell, President of Freeport Gold, Bob Vaughan and Clarence Lee joined the meeting after lunch. The meeting was turned over to Mr. Farrell. They have a prospective mine about 50 miles north of Elko. Mr. Farrell outlined what their plans are.

On motion duly made by Gene Pengelly and seconded by Ester Quilici, it was unanimously decided that:

RESOLVED: Wells Rural Electric Company (herein "WREC") is interested in pursuing the Freeport Gold Company (herein "FREEPORT") proposal as generally outlined provided that:

1. WREC will not interfere, claim or in any way attempt to invade the certificated area of CP National, and any effort or application of WREC to acquire such territory shall be conditioned upon FREEPORT first obtaining an agreement and voluntary relinquishment of the territory of CP National.

2. Service shall be further conditional upon:

- (a) The Nevada Public Service Commission granting to WREC a certificate of the required area;
- (b) Bonneville Power Administration agreeing to supply power and energy to WREC at the Humboldt tap, at the rates WREC pays at the Wells substation, and without added wheeling or other charges; and
- (c) Approval of the project and all related agreements by the Rural Electrification Administration.

3. It is understood that the maximum rates to be charged are based upon WREC's anticipated wholesale rates effective 1/1/80.

4. This resolution shall not constitute an offer or commitment by WREC upon which FREEPORT may rely, and no agreement shall be binding upon WREC until the agreements are in final drafted form and approved by counsel and the WREC Board of Directors.

Contract from BPA: BPA is asking us to sign an amendment to the net billing agreement for this purpose. The net billing agreement now says that if the commitment they have on our interest in the power plant, if our payment to them in a month does not exceed it by 115%, they have the right to sell out a part of our share on the atomic plant to get us down to where we meet this requirement. They would find a Co-op who has some excess on this billing and assign our share to them. DARYL ERIKSEN MOVED WE APPROVE CONTRACT NO. DE-MS79-79BP90019 DATED 7/3/79 RELATING TO PAYMENTS TO THE SUPPLY SYSTEM PURSUANT TO NET BILLING AGREEMENTS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

in reference to

Bob Vaughan started to draw up a contract on Chromalloy. Between what has transpired and what the committee says, he could not determine exactly what was wanted in the contract. We are at a stand still on this right now.

Proposal from CPN: We told Bob Vaughan we discussed it this morning and want to find out the advantages and disadvantages of this.

Engineering Report: We are finishing up jobs for the Stateline Apts. in Wendover and have been doing some upgrading at the Wendover High School aside from routine maintenance and upgrading. In Wells, we have jobs staked in Starr Valley for Bottari and Jones and also the Howell relocation. DeMar Dahl is moving a section of his irrigation tap underground to accomodate an air strip. There have been many service and secondary jobs locally also. Carlin has run new services and secondaries also and a job for SPRR is ready for construction. There is some upgrading needed in the Carlin system and we are trying to accomodate these needs through routine maintenance as time permits.

Power Source: We have the PON's. We had copies at the meeting. Dan talked to Mike Elliott of CH2M Hill. Mike talked to Dr. Bennett Miller, the solar and geothermal director for the DOE. His comment was that it looked very good. They have received 18 that have come in wanting both the candidate site and the actual site. There are 4 MOD 2 units to be placed. We do not know if it will be placed as 1 - 4 site cluster or 4 - 1 site test stations. Mike feels we have an excellent chance. We have also finished the second PON. It also looks very good. It is in two parts. We could know our status by the next board meeting.

Rate Study: Dave Rumolo of Miner & Miner was here for one day gathering information. He is going to put together a basic study. He will come to the board with a first draft. He will tell you what he has found and the board will tell him if they see something that needs to be changed. He will take that information back and get the final report and present it. If we have to go before the UPSC, he will be there.

Employee & Director Institutes & Schools: We need names for the Annual Meeting. Ray Crawford and Ester Quilici are interested in attending. Jess Urresti will be the staff member attending this year. Directors Update will be in Denver October 29-31. Vernon would like to attend this. The committee recommends he attend. DARYL ERIKSEN MOVED WE APPROVE THIS. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Hotline School: We had a real good turnout. Nine of our people attended the school. The comments were that it was a real good school.

⁵¹ GENE PENGELLY MOVED WE APPROVE THE 23 MEMBERSHIPS FROM WELLS, 29 FROM WENDOVER AND 19 FROM CARLIN. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Manager's Report: We need a slight modification in the table of organization. We will modify the Operations side. Lee is going to run the Engineering Department. We want to hire a Line Superintendent. He would work under Lee. It is a management position. We have posted the position pending the board approval today. GENE PENGELLY MOVED WE APPROVE THE RE-DESIGN OF THE ORGANIZATIONAL CHART. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We have a flier from the DOE. Anyone interested in nominating someone for the district post Citizens Advisory Council should do so by October 5th. They are going to put six district offices in Nevada, one will be based in Elko County.

We had a request from the Elko County Fair Board for a donation. We donated \$20.

Carlin has been paid in full for their electrical system.

We took 4th place in the 1st Wells Invitational Softball Tournament.

We have a letter from UREA. They are going to have their elections for state director if we want to submit any nominations.

The board needs to name Clarence Swett a Director of Emeritus. ESTER QUILICI MOVED WE DO THIS. GENE PENGELLY SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

We have word from the tax commission that they have pretty well bought our entire program. They are going to go exactly the way we proposed it this year except we proposed a capitalization rate based on the investor owned utilities. They changed that to use small investor owned. They said it would be in our favor.

The question was raised about having a Christmas Party this year. We will send out a questionnaire to see what the employees want this year.

The directors are in charge of the picnic this year. Jesse Larsen will be in charge of this. Jess Urresti will assist from the staff.

We sent out letters to the irrigation consumers about setting up a pump testing program. We are acting as the coordinator through the extension office. We have received 5 requests at this time.

Pat and Dan will be attending an NRECA Insurance Meeting in October.

We had a break-in in the office over the weekend. The insurance will cover everything.

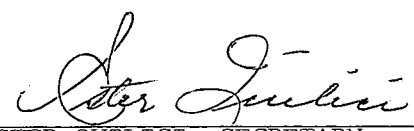
We had a new director orientation on Wednesday and followed it up with an employee meeting. We presented the ACRE Program to the employees to see what kind of a response we would get from them. We are 4 short of having 100%.

We sent a memo out on energy conservation. We will take energy conservation measures.

We have talked to G.E. They are getting ready to start work on the substation.

The meeting adjourned at 3:42 p.m.


D. VERNON DALTON, PRESIDENT


ESTER QUILICI, SECRETARY

ELECTION COMMITTEE REPORT

Meeting held 1:00 P.M. September 14, 1979, at Vaughan, Hull, Marfisi & Copenhaver, Ltd. Offices, 530 Idaho Street, Elko, Nevada.

PRESENT:

COMMITTEE MEMBERS - Marie Merkley, Deby Johns and Vernon Scott

COMPANY ATTORNEY - Robert O. Vaughan

ATTORNEY STAFF - Debbie Bitton, Sue Able

COMPANY RECORD CLERK - Mary Zearing

Ballots Counted -----542

Ballots Rejected ----- 26

Total Ballots -----568

VOTE COUNT:

Frank F. Winchell -----213

Wanda Borden -----286

Stanley Wright -----149

Eloise McQueary -----234

Gene Pengelly -----386

Joe Riordan -----239


ELECTED:

GENE PENGELLY

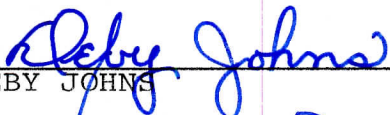
WANDA BORDEN

JOE RIORDAN

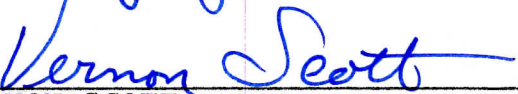
Respectfully submitted,



MARIE MERKLEY



DEBY JOHNS



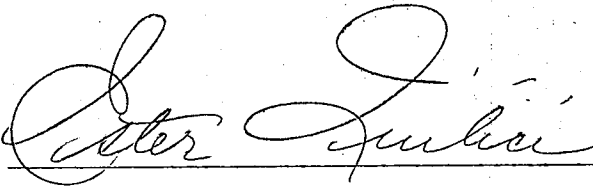
VERNON SCOTT

RESOLUTION
OF THE BOARD OF DIRECTORS
OF
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Net Billing Agreement

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Wells Rural Electric Company does approve Contract No. DE-MS79-79BP90019 dated 7/3/79 relating to payments to the supply system pursuant to net billing agreements.

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 regular meeting of the Board of Directors of Wells Rural Electric Company, held on the 21st day of September, 1979 at which meeting a quorum was present.

A handwritten signature in cursive script, reading "Ester Quilici", written over a horizontal line.

ESTER QUILICI

MEMBERSHIPS TO BE APPROVED

SEPT. 21, 1979

WENDOVER

13. Mascaro, Greg
14. Melville, Reese
15. Moore, Carolyn
16. Pearson, Jeffrey M.
17. Peasnall, Iris
18. Peck, Eileen M.
19. Peebles, Andy
20. Richman, Allen
21. Salas, Jose
22. Schumacher, Robert J.
23. Slaton, Anita
24. Spiller, Dana A.
25. Troye, William F.
26. Wayman, Paul
27. Woolf, Dora J.
28. Yates, Dean
29. Young, Kenelie

CARLIN

1. Armstrong, C.C.
2. Colyer, Marvin
3. Davis, Everald
4. DeRoos, Frank L. III
5. Doxey, Wren
6. English, Steven L.
7. Gagner, Jene P.
8. Jensen, Thomas
9. Loughborough, Ralph
10. Mason, Walt
11. Paulson, John C.
12. Pittman, Roy S.
13. Rial, Frank M.
14. Siler, Ralph
15. Sirotek, David
16. Sloan, Kelly
17. Taylor, Stella
18. True, Myron E.
19. Yocum, Carrie

MEMBERSHIPS TO BE APPROVED

SEPT. 21, 1979

WELLS

1. Beckstrand, Grant C.
2. Berry, Alfred L.
3. Capron, David
4. Catello, Charles J.
5. Christensen, Ben D.
6. Evans, Raylene
7. Ferguson, Jim
8. Flynn, William H.
9. Harker & Harker
10. Jewell, Leonard W.
11. Leon, David
12. McGuire, A. L. (Red)
13. Olsen, Even O.
14. Schloder, Ron
15. Shorey, David
16. Smith, Leo V.
17. Suarez, Gladys M.
18. Terril, Robert
19. Thornal, Denise
20. Trueblood, Lee
21. Wolzen, Gordon
22. Wright, Stephen G.
23. Zeitler, Charles

WENDOVER

1. Allen, Thomas R.
2. Arellano, Bernadette
3. Bridges, B. W.
4. Christensen, H.
5. Daniels, Terri
6. Fox, Charles John
7. Gonzalez, Francisco
8. Gonzales, Jesse
9. Kimberlin, Kirk
10. Lopez, Trinidad
11. Lyons, Margaret
12. McNerney, Joseph