

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

September 16, 1977

The regular meeting of the Board of Directors of Wells Rural Electric Company was called to order on September 16, 1977, at 9:05 a.m. in the Board Room. President James Ballard presided over the meeting.

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

Darrel Pierce, REA Field Engineer, was also present at the meeting.

Corrections to the minutes: The wording of the motion concerning the donation to the Wendover Medical Center was changed. GENE PENGELLY MOVED THAT WE CHANGE THE MINUTES TO READ \$50.00 OR THEIR POWER BILL WHICHEVER IS LESS. CLARENCE SWETT SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The words "138 KV" should be added to the motion concerning the Contact-O'Neil line. The minutes were approved as corrected.

Additions to the Agenda: Change names on signature card at the bank and the names on the check signer were added to the agenda.

Board Officer Election: Nominations were open for the offices of President, Vice-President, and Secretary-Treasurer. GENE PENGELLY NOMINATED VERNON DALTON FOR PRESIDENT. JESSE LARSEN SECONDED THE NOMINATION. GENE PENGELLY NOMINATED JIM BALLARD FOR VICE-PRESIDENT. CLARENCE SWETT SECONDED THE NOMINATION. GENE PENGELLY NOMINATED CLARENCE SWETT FOR SECRETARY-TREASURER. DARYL ERIKSEN SECONDED THE NOMINATION. CLARENCE SWETT NOMINATED GENE PENGELLY FOR SECRETARY-TREASURER. GENE PENGELLY DECLINED THE NOMINATION. There were no other nominations. The officers of the board are: Vernon Dalton - President; Jim Ballard - Vice-President; and Clarence Swett - Secretary-Treasurer. These officers are elected for a term of one year.

Pine Valley/Carlin: We bid \$60,000 on the Carlin system, and Carlin has accepted our bid over Sierra Pacific's bid. The tentative wheeling agreement with Nevada Power is only for four (4) years and has a ceiling of 1500 KW. The contract can be cancelled by either party after the four years. A meeting has been arranged with John McCarthy of Nevada Power to try to raise the energy allowed and lengthen the time of the agreement. We have asked BPA for a point of delivery at Carlin, but we have not received an answer on this yet. It was pointed out that by taking Carlin on the system would not affect the service to our present consumers. Darrel Pierce went over the two criteria that will have to be met to get financing from REA. (1) The town must be under 1500 in population, and (2) can not already have a regional grid system in the town. Diesel generators do not fall under this category.

Tony Sestanovich, Harry Lund, Floyd Slagowski, and Joe Pieretti, residents of Pine Valley, were at the meeting to find out from the board when we could serve them now that Carlin has accepted our bid. Jim Ballard explained the present situation concerning the wheeling agreement with Nevada Power and how we would have to get this agreement increased in capacity to enable us to serve Pine Valley. We might not even be able to serve Carlin if we can't get the capacity increased. Our line extension policy was discussed and possibilities of getting power to them in ways other than through a wheeling agreement with Nevada Power, possibly through Mt. Wheeler, Sierra Pacific, or Raft River. Copies of our line extension policy will be mailed to the Pine Valley residents. We will keep them informed as to developments in the wheeling agreement.

The meeting was adjourned at 12:30 p.m. for lunch, and called back to order at 1:40 p.m.

NRECA Retirement Plan: Paul Kramer will be here on October 6 & 7 to discuss retirement plans with the employees.

Contact-O'Neil Line: Clarence Lee has not finished a feasibility study on this line as yet. He has updated his cost estimates for three-phasing the line. To tap the line at Contact with a substation will cost approximately \$853,000 instead of \$838,350. To build the three-phase line back from Wells and into the O'Neil area will be about \$1,100,000 instead of \$1,006,550. The interest alone would be about \$56,000 per year if we borrowed this amount. Clarence Lee has figured that the cost will be about \$10,600 per mile for this line.

C.F.C. Commercial Paper: We have earned \$347.00 for the five times we have used this. We will get 5.8% interest on \$100,000 for leaving the money in for a 28 day period; this would amount to about \$444.93 for the long term.

Stand By System: Paul has talked to Ron and Richard about this system and they thought we might be able to put a tape recorder on the phone that would tell the person calling who is on duty for the week and what their phone number is. This tape would be changed every time a different person is on call. If an outage is reported, the crew could go out with either an apprentice lineman or groundman to stay at the office and answer the phone to inform the people as to what is being done. Gene Pengelly has talked to the city and they do not know what they will do for a dispatch system yet. They might put the dispatch in the city office. It was also discussed installing mobile phones in the linecrew's vehicles for better communication.

Grievance Committee: The employees voted to unionize. James Copenhaver has advised the board and the manager to not take any action until we see what the union contract calls for. There is no need for a grievance committee at this time because of the union vote. Copies of a letter written by Jim Copenhaver concerning the do's and don'ts for the union will be mailed to the new directors. Mr. Copenhaver feels we should become a member of the Industrial Relations Council from Salt Lake City. This council will do the negotiations with the union for the board. Membership will cost \$20.00 per month, plus any expenses for negotiations lasting more than two days per month. The board can either reject or accept their recommendations. GENE PENGELLY MOVED THAT WE JOIN THE INDUSTRIAL RELATIONS COUNCIL. CLARENCE SWETT SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY. Lyle Johnson will be the person from the Industrial Relations Council that we will be working with.

Audit: Warren Jaynes of Ernst & Ernst will be at the next board meeting to present a proposal for doing our audit. The board felt we should also accept proposals from other auditing firms, and that we should also get a proposal from our present auditor, Jacobson, Jentzsch & Company. Some co-ops have their audits done during off seasons and get it done at a much cheaper rate. We will check with some co-ops who do it this way to see how it is handled. Paul Henson also suggested Eberhart & Brown from Tulsa, Oklahoma. They would do the audit for \$3000 plus expenses. They will also give us a formal proposal at the October meeting.

Election Results: Copies of the report of the Election Committee were given to the directors.

Rules and Regulations: There are many places in the Rates, Rules, and Regulations that need changing. The directors were asked to look over these before the next meeting to discuss any changes they feel are necessary.

PSC Rule #24: Draft copies of this rule which will be Policy 12-1 were given to the directors. It will be voted on at the next meeting whether to accept this policy as written or to make changes in it.

Appliance & Safety Report: Nothing new.

Construction: Nothing new.

Regional Power Planning: The regional plan has not been passed by Congress and probably will not pass this year. NWPPA is holding meetings at ten different locations in the Northwest concerning the Regional Power Plan and the Environmental Impact Statement on current BPA functions and several new proposals. These meetings will be held in Idaho Falls on September 26, November 2, and November 16. Vernon Dalton, Jim Ballard, and Paul Henson plan on attending the meeting in September. The November 2 meeting will be a workshop, and the November 16 meeting will be a public response meeting. The new directors were urged to attend these meetings if possible.

The minutes of the Special Meeting of August 22, 1977, were discussed. Some changes were suggested in the wording of these minutes. Final copies of these minutes will be given to the directors at the next meeting for approval.

There will be a four hour outage on October 4 & 5. Elko and Jiggs-Lee will be out on October 4, and Wells and Wendover will be out on October 5. Idaho Power will be doing some work on the substation. The time of the outage has not been decided on yet.

Hydro Plant: Jess Urresti reported that he has not been able to get in touch with Eddy Achurra, so the pipe has not been ordered. We will need approximately 700 feet of 14" pipe and 1225 feet of 16" pipe to meet Forest Service requirements.

Annual Meeting: The 4-H beef was purchased this year for \$1669.00 from one of Tom Eldridge sons. This meat is used for the dinner prepared by the CowBelles at the Annual Meeting. The Bell Ringers of Elko will provide the entertainment and Carl Weddle of the Assembly of God will do the Invocation.

Settlement with Idaho Power: We have not heard anything on Idaho Power's appeal.

Employee and Director Institutes and Schools: Reservations have been made for Gene Pengelly, Jim Ballard, Vernon Dalton, Ray Crawford, Clarence Swett, and Paul Henson for the Region IX Meeting, October 9, 10, & 11. Daryl Eriksen will also be going. Complete reservations will be made next week for all directors who are attending the meeting. Reimbursement for Richard Loveland for attending the NRECA Summer School in Snowmass, Colorado, was discussed. Paul Henson recommended that he be reimbursed for these expenses. VERNON DALTON MOVED THAT RICHARD LOVELAND BE REIMBURSED FOR EXPENSES FOR ATTENDING SUMMER SCHOOL AT SNOWMASS. GENE PENGELLY SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY. Travel expenses paid by the company were gone over for the benefit of the new directors. The CFC Voting Delegate for the Region IX Meeting will be Gene Pengelly. Clarence Swett will be the alternate voting delegate.

Service Report: Nothing new.

Power Source: We still have no definite plan from BPA as to how they plan on serving us. They say they will take care of us, but they don't say how. The board has decided many times to write to our congressmen to put some pressure on BPA to solve the problem, but this has not been done yet. Vernon Dalton felt we should write to our congressmen with reports from Clarence Lee to back us up. Raft River is still willing to build the line through Montello which would give us an alternate source and would also put Elko in good shape. We can also write to the Utah statewide association and get some help from Utah and Idaho. GENE PENGELLY MOVED THAT WE GO TO OUR CONGRESSMEN FOR SUPPORT IN OUR VOLTAGE PROBLEM WITH BPA. THE STEPS THAT SHOULD BE FOLLOWED IN THIS MATTER ARE: (1) GET CLARENCE LEE TO GO THROUGH A STUDY OF BPA MATERIAL TO SEE WHAT WE NEED AND HOW ALTERNATE PLANS OF GOING TO RAFT RIVER LOOK LIKE, (2) HAVE CLARENCE LEE TALK TO THE ENGINEERING DEPARTMENT FROM RAFT RIVER AND GET A CONSENSUS BETWEEN THE TWO COMPANIES (RAFT RIVER AND WREC) AS TO WHERE THE ROUTE SHOULD GO, (3) INCLUDE INFORMATION FROM BPA IN THIS REPORT AND (4) CONDENSE THIS MATERIAL SO A SENATOR WILL READ THE REPORT AND RECOMMEND HIS PLAN OF ACTION, (5) GET WITH RAFT RIVER AND THE UTAH RURAL ELECTRIC ASSOCIATION AGAIN AND TELL THEM TO GIVE THIS INFORMATION TO THEIR SENATORS AND HAVE THEIR CONGRESSIONAL DELEGATION TO SUPPORT IT WHOLEHEARTEDLY. JESSE LARSEN SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

Cost of Service Study: We need to start getting cost estimates for this study so it can be done next year. Paul Henson will get estimates for this.

Manager Selection Committee: David Hamil, REA Administrator, has sent copies of Bulletin 109-4 to the directors for their use in helping them select a new manager. The board was asked to study this bulletin carefully before the new manager is selected. The NRECA Manager Search was explained to the new directors.

Policy Changes: CLARENCE SWETT MOVED THAT POLICY 1-3, II-A.13 BE CHANGED TO READ: ALL DIRECTORS WILL SUPPORT THE POLICIES AND BY-LAWS OF THE COMPANY; AND THAT THE PRESENT POLICY 1-3, II-A.13 BE CHANGED TO 1-3, II-A.14. RAY CRAWFORD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. The board decided to take no action concerning adopting a policy to form a grievance committee. It was felt this wasn't necessary because of the union vote; the union will act as the employees grievance committee. Adopting Robert's Rules of Order as a procedure for the board to follow in the board meetings was discussed. VERNON DALTON MOVED THAT WE ADOPT ROBERT'S RULES OF ORDER AS PROCEDURE FOR THE BOARD. RAY CRAWFORD SECONDED THE MOTION AND THE MOTION CARRIED. TOM ACHURRA OPPOSED THE MOTION. Each board member was urged to get a condensed copy of this book.

The names on the Check Signer and Signature Card at the bank need to be changed. GENE PENGELLY MOVED THAT THE NAMES OF VERNON DALTON, JAMES BALLARD, CLARENCE SWETT, AND PAT NOLZ BE ON THE SIGNATURE CARD AT THE BANK. TOM ACHURRA SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY. Vernon Dalton's and Clarence Swett's names will appear on the check signer.

Manager's Report: Paul Henson discussed the situation concerning Bud Calton. He has not made a decision on this matter yet and asked the board for their opinion. The board declined to give their opinion stating that they did not have the authority to hire and fire employees; this is the decision of the manager.

GENE PENGELLY MOVED THAT THE 22 NEW MEMBERSHIPS FROM WELLS AND 18 FROM WENDOVER BE APPROVED. VERNON DALTON SECONDED THE MOTION AND THE MOTION CARRIED UNANIMOUSLY.

The T'n'T Program sponsored by NRECA was explained to the new board members. A motion was made in January to contribute 10¢ per meter to this program when the funds were available. The board felt the funds were available to contribute to this program now.

Jim Ballard read a letter of correspondence from Golka Associates. They would like us to donate the power for their research program. The board did not wish to do this stating that if we do this we would have to donate to all research programs. This company is funded through government research grants. Letters were also read from Senators Howard Cannon and Paul Laxalt concerning the construction of the Sierra Pacific 230 kV transmission line. They stated they will do what they can to get the BLM to waive the requirement of studying roadless areas to expedite the construction of this line.

The meeting was adjourned at 7:20 p.m.

  
JAMES L. BALLARD

  
CLARENCE C. SWETT

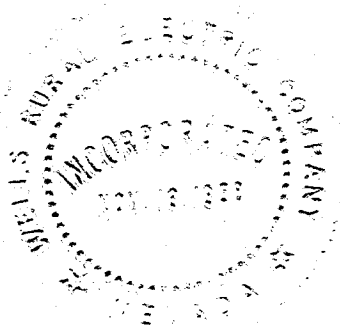
RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF  
WELLS RURAL ELECTRIC COMPANY

Board Resolution - Names on Bank Card

NOW THEREFORE, BE IT RESOLVED, That this organization establish in its name one or more deposit accounts with FIRST NATIONAL BANK OF NEVADA, Reno, Nevada, upon such terms and conditions as may be agreed upon with said bank and that the organization be and they are hereby authorized to establish such an account. D. Vernon Dalton, President, James L. Ballard, Vice-President, Clarence C. Swett, Secretary and Patricia Ann Nolz, Staff Assistant of this organization be, and they are hereby authorized to withdraw funds of this organization from the said account upon checks of this organization, signed as provided herein with signatures duly certified to said bank by the Secretary of this organization and said bank is hereby authorized to honor and pay any and all checks so signed, including those drawn to the individual order of any officer or other person authorized to sign the same.

I, Clarence C. Swett, Secretary of Wells Rural Electric Company, do hereby certify that the foregoing is a full, true and correct copy of the resolution adopted by the Board of the Wells Rural Electric Company at a meeting of said Board regularly held on the 16th day of September, 1977, at which meeting a quorum was present.

  
CLARENCE C. SWETT



ELECTION COMMITTEE REPORT

Meeting held 1:00 P.M. September 9, 1977, at Vaughan, Hull, Marfisi & Miller, Ltd. Offices, 530 Idaho Street, Elko, Nevada.

PRESENT COMMITTEE MEMBERS: Bill Bellinger, Miriam Cavallero,  
Herbert Hawkins  
COMPANY ATTORNEY - Robert O. Vaughan  
COMPANY PRESIDENT - James L. Ballard  
COMPANY RECORD CLERK - Mary Zearing

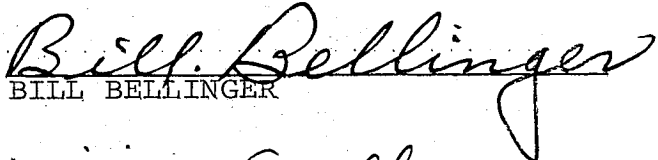
Ballots Counted-----415  
Ballots Rejected----- 63  
Total Ballots-----478

VOTE COUNT:

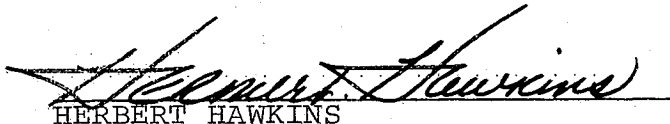
Kenneth L. Johns----- 90  
Howard D. Gibson----- 83  
Ester Quilici-----198  
Darlene B. Sharp-----118  
Ferris T. Brough-----176  
Daryl Ericksen-----196  
Jesse R. Larsen-----140  
John Krenka (incumbent)-----114  
John Neff----- 84  
Albert B. Smith----- 30  
M. Dale Callister----- 46  
Vernon H. Westwood----- 72  
R. Dirk Agee-----120  
Mark E. Dahl----- 70  
Donald F. Dean----- 93

ELECTED:  
DARYL ERICKSEN  
ESTER QUILICI  
FERRIS T. BROUGH  
JESSE R. LARSEN

Respectfully submitted,

  
BILL BELLINGER

  
MIRIAM CAVALLERO

  
HERBERT HAWKINS