



HEBER LIGHT & POWER COMPANY

31 South 100 West
Heber City, Utah 84032

BOARD MEETING

April 23, 2025

The Board of Directors of Heber Light & Power met on April 23, 2025, at 4:00 pm at the Heber Light & Power Business Office, 31 S 100 W, Heber City, Utah.

Board Member Attendance: Board Chair – Heidi Franco: Present
Director – Kevin Payne: Present
Director – Brenda Christensen: Present
Director – Sid Ostergaard: Present
Director – Aaron Cheatwood: Present
Director – Kendall Crittenden: Present

Others Present: Jason Norlen, Bart Miller, Adam Long, Karly Schindler, Rylee Allen, Patricio Hernandez, Jake Parcell, Lane Lythgoe, Barret Blake, and Colby Houghton.

Chair Franco welcomed those in attendance.

1. Consent agenda - approval of a) March 26, 2025, Board Meeting Minutes, b) March 2025 Financial Statements) March 2025 Warrants.

The Board Chair requested to include item 6: Approval of Surplus Equipment Sale on the consent agenda.

Motion. Director Christensen moved to approve the consent agenda with item 6 included.

Director Crittenden seconded the motion. The motion carried with the following vote:

Board Chair – Heidi Franco: Approve
Director – Kevin Payne: Approve
Director – Brenda Christensen: Approve
Director – Sid Ostergaard: Not Present
Director – Aaron Cheatwood: Not Present
Director – Kendall Crittenden: Approve

*Director Aaron Cheatwood joined the meeting.

2. Review and Approval of Wage Study Proposed Pay Ranges. Clay Johnson from GBS went over the wage study for HLP. He talked about the process, methodology, key findings, and recommendations. The study is to recommend pay ranges for each position and how to stay competitive with the market. The method involves market pricing to derive components using data from several salary surveys, with jobs benchmarked based on their content.

Recommendations: modify the pay ranges for 2025 to align with the HLP compensation philosophy,

ensuring midpoints are set within +/- 5% of the market median for all roles. Adjust midpoints to keep up with market changes in recent years, particularly for industry-specific and leadership roles. The average midpoint increase is 5.8%. With the proposed updates, the average comp ratio will be 1.00, indicating a strong alignment between our pay philosophy and practice. The reference point is on track to be competitive and target the midpoint. The board had several questions and asked Karly Schindler to collaborate with Clay to gather more data and report back next month.

Motion: Director Crittenden moved that item 2 be moved to next month. Director Cheatwood seconded the motion. The motion carried with the following vote:

Board Chair – Heidi Franco: Approve
Director – Kevin Payne: Approve
Director – Brenda Christensen: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve
Director – Sid Ostergaard: Not Present

The Board discussed agenda item 5:

5. Review and Acceptance of 2024 Audited Financial Statements. Matt Geddes from Squire reported on the findings with auditing HLP's finances for the year ending December 31, 2023-2024. Squire found that there were no deficiencies in internal controls. They examined Utah's state compliance requirements, which include Budgetary Compliance, Fund Balance, and Fraud Risk Assessment. Squire assesses that HLP complied with all significant state requirements.

Motion: Director Christensen moved to accept the 2024 audited financial statements. Director Payne seconded the motion. The motion carried with the following vote:

Board Chair – Heidi Franco: Approve
Director – Kevin Payne: Approve
Director – Brenda Christensen: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve
Director – Sid Ostergaard: Approve

*Director Sid Ostergaard entered the meeting.

The Board returned to agenda item 3:

3. Approval of General Manager Merit Increase.
The board agreed to give Jason Norlen, HLP General Manager, a 2% raise. There was no increase last year.

Motion: Director Christensen moved to accept the 2% increase. Director Crittenden seconded the motion. The motion carried with the following vote:

Board Chair – Heidi Franco: Approve
Director – Kevin Payne: Approve
Director – Brenda Christensen: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve
Director – Sid Ostergaard: Not Present

4. Review and Approval of 2025 Insurance Renewal. Bart Miller said that securing general liability coverage is becoming more challenging due to fire-related issues, affecting not just HLP but the entire industry. We have four potential insurers: AIG, Allied World, ASIC/Zurich, and Liberty/Zurich. ASIC/Zurich has the best offer at a premium of \$392,102.00, providing a \$5,000,000 limit with a \$100,000 retention and no wildfire coverage. There were worries about the steep premium. Jason explained that our smart system reduces the likelihood of causing damage during outages by continuously collecting data. Director Cheatwood proposed that we set aside the difference in premiums as savings. HLP is self-insured for a few older transformers. The board is interested in establishing a self-insured account for added security.

Motion: Director Payne moved to accept the proposed insurance coverage with ASIC/Zurich with no increase in liability. Director Crittenden seconded the motion. The motion carried with the following vote:

Board Chair – Heidi Franco: Approve
Director – Kevin Payne: Approve
Director – Brenda Christensen: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve
Director – Sid Ostergaard: Approve

*Director Aaron Cheatwood exited the meeting

6. Wholesale Power Report. Emily Brandt reported that we are slightly below or right on budget for power costs. Natural gas is under budget, so we bought more. System load is over 3% higher than we expected, but overall, we're doing well.
7. Discussion on Updated Capital Plan. Jason Norlen reviewed the Capital plan. We're in the process of updating it, and there are several ticket items to consider, like replacing Plant 1, which is estimated to cost around 31 million. We also had a meeting with Staker Parson about the southern substation, where they plan to extend a 3-phase line to a future gravel pit that will be quite large. This would connect us to the 3-phase at the base of the Daniel Canyon, estimated at 15 million dollars. If Independence moves forward, this could bump it up on the Capital Plan. Chair Franco has asked us to rename the substation to the Daniel Canyon Substation and wants us to provide figures on the substation along with our expected return on investment.
8. GM Report.
UAMPS Report. Jason informed us of all the ongoing changes in the organization of the energy day-ahead market, which is set to launch in May 2026. Chair Franco and Jason were at the UAMPS toolkit event, and he shared some insights from what they learned there.
- Building Update. Jason gave a quick update on the building: we're still waiting for more info about the train, so we're making some educated guesses to keep things moving forward on our building. Jason highlighted a few changes we need, like a retaining wall, and some of the changes that would take place. If the train still wants to move forward, Jason plans to go to Heber City to request a larger north entrance to prevent our big trucks from crossing the tracks. The train will be responsible for these expenses, which are expected to be about \$345,564.00.

Lane Lythoge requested sometime in the meeting and presented a different approach for the train growth, which he will go to the county with later this month.

Motion: Director Ostergaard moved that we go into a closed session. Director Payne seconded the

motion. The motion carried with the following vote:

Board Chair – Heidi Franco: Approve
Director – Kevin Payne: Approve
Director – Brenda Christensen: Approve
Director – Aaron Cheatwood: Not Present
Director – Kendall Crittenden: Approve
Director – Sid Ostergaard: Approve

Motion: Director Crittenden moved to come out of closed session and adjourn. Director Christensen seconded the motion. The motion carried with the following vote:

Board Chair – Heidi Franco: Approve
Director – Kevin Payne: Approve
Director – Brenda Christensen: Approve
Director – Aaron Cheatwood: Not Present
Director – Kendall Crittenden: Approve
Director – Sid Ostergaard: Approve

Meeting adjourned.

Rylee Allen
Board Secretary