

2025 Cost of Service Executive Summary

Rate Change Outlook

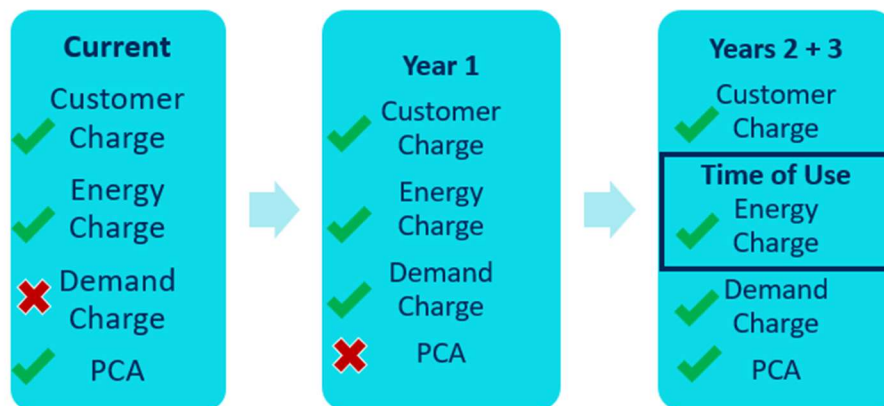
In Fall 2024, Heber Light & Power (HLP) engaged Utility Financial Solutions, LLC (UFS) to conduct a third-party review of financial standing, cost of service, and rates. HLP conducts these studies every three years. At that time, rate increases of 5.5% each year were approved for October 2022, 2023, and 2024. Since the last study, HLP has experienced large, unexpected increases in non-power supply related expense due to rising labor cost. Actual 2024 cost in these categories came in 30% above the 2022 study projections. As a result, revenue has not been sufficient to recover the cost of rising expenses and larger revenue adjustments are needed.

UFS and HLP are proposing the following system rate adjustments:

Implementation	Adjustment
April 2025	13.0%
April 2026	3.5%
April 2027	3.5%

Adjustments to Rate Structures

In addition, HLP is proposing adjustments to the standard residential rate structure. In year 1, the power cost adjustment mechanism (PCA) will be suspended for a period of one year and a demand charge will be added. In year 2, the PCA will be reimplemented, and the current energy block structure will be replaced with time-based energy charges. Residential time of use will follow the same structural changes but will maintain the time-based energy component throughout. Residential pumping will be billed based on the standard residential rate.



General service pumping classes will be transitioned to a time based rate in year 1. Large commercial customers will be transitioned to a time based rate in year 2. All other standard rate customers will maintain their current rate structure.