

Heber Light & Power

Draft Presentation

Electric Financial Projection and Cost of Service Study

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Rate Study Process

Financial Projection	Historic data used to project revenues and expenses for five years (2025 – 2029)
	Capital improvement program
	Determination of financial targets

Cost of Service	Cost to provide service to each class of customers
	Monthly customer charges for each class

Rate Design	Balance movements toward cost of service with revenue requirements
	Current structures, demand options, TOU options

Power Cost Adjustment

- Requesting to suspend the power cost adjustment until the Year 2 rate increase, due to the rate increase required in this current year.
- Prior to implementation of the power cost adjustment in Year 2, UFS will review HLP financials and assist with implementing the PCA.
- PCA base would be adjusted to reflect the Year 1 adjustment
 - Current base = \$0.0571 / Year 2 base = \$0.0631

Assumptions

Calendar Year	Inflation	Growth	Power Supply Cost Change	Investment Income	Capital Improvements Plan	Impact Fees
2024	8.4%	2.0%	7.7%	0.5%	\$ 24,386,000	\$ 4,678,998
2025	6.6%	5.0%	5.2%	0.5%	\$ 16,797,000	\$ 3,000,000
2026	6.6%	2.3%	4.4%	0.5%	14,163,750	3,000,000
2027	6.6%	4.6%	3.0%	0.5%	13,869,000	3,000,000
2028	3.0%	3.0%	0.5%	0.5%	15,264,000	3,000,000
2029	3.0%	3.0%	0.9%	0.5%	25,597,000	3,000,000

Financial Projection

Current Rates

Calendar Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted Operating Income	Target Operating Income	Projected Cash Balances	Recommended Minimum Cash
2025	0.0%	0.14	\$ 149,716	\$ 4,153,373	\$ 26,434,183	\$ 16,570,554
2026	0.0%	0.54	2,231,081	4,752,057	14,525,803	17,202,536
2027	0.0%	0.46	2,020,426	5,277,714	12,047,432	18,271,753
2028	0.0%	0.48	1,940,607	5,877,475	(1,737,919)	18,575,674
2029	0.0%	0.41	1,633,266	6,930,146	(9,158,316)	20,113,185

Calendar Year	Bond Issues Including Fees	Period	Rate
2025	26,010,000	25	5.00%
2026			
2027	10,200,000	25	5.00%
2028			
2029	18,360,000	25	5.00%

Financial Projection



Calendar Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted Operating Income	Target Operating Income	Projected Cash Balances	Recommended Minimum Cash
2025	13.0%	0.80	\$ 3,625,927	\$ 4,153,373	\$ 29,910,394	\$ 16,570,554
2026	3.5%	1.37	6,877,617	4,752,057	22,665,931	17,202,536
2027	3.5%	1.42	8,059,881	5,277,714	26,267,715	18,271,753
2028	3.5%	1.67	9,418,933	5,877,475	20,031,791	18,575,674
2029	3.5%	1.59	10,676,691	6,930,146	21,754,979	20,113,185

Calendar Year	Bond Issues Including Fees	Period	Rate
2025	26,010,000	25	5.00%
2026			
2027	10,200,000	25	5.00%
2028			
2029	18,360,000	25	5.00%

A Closer Look at Cash

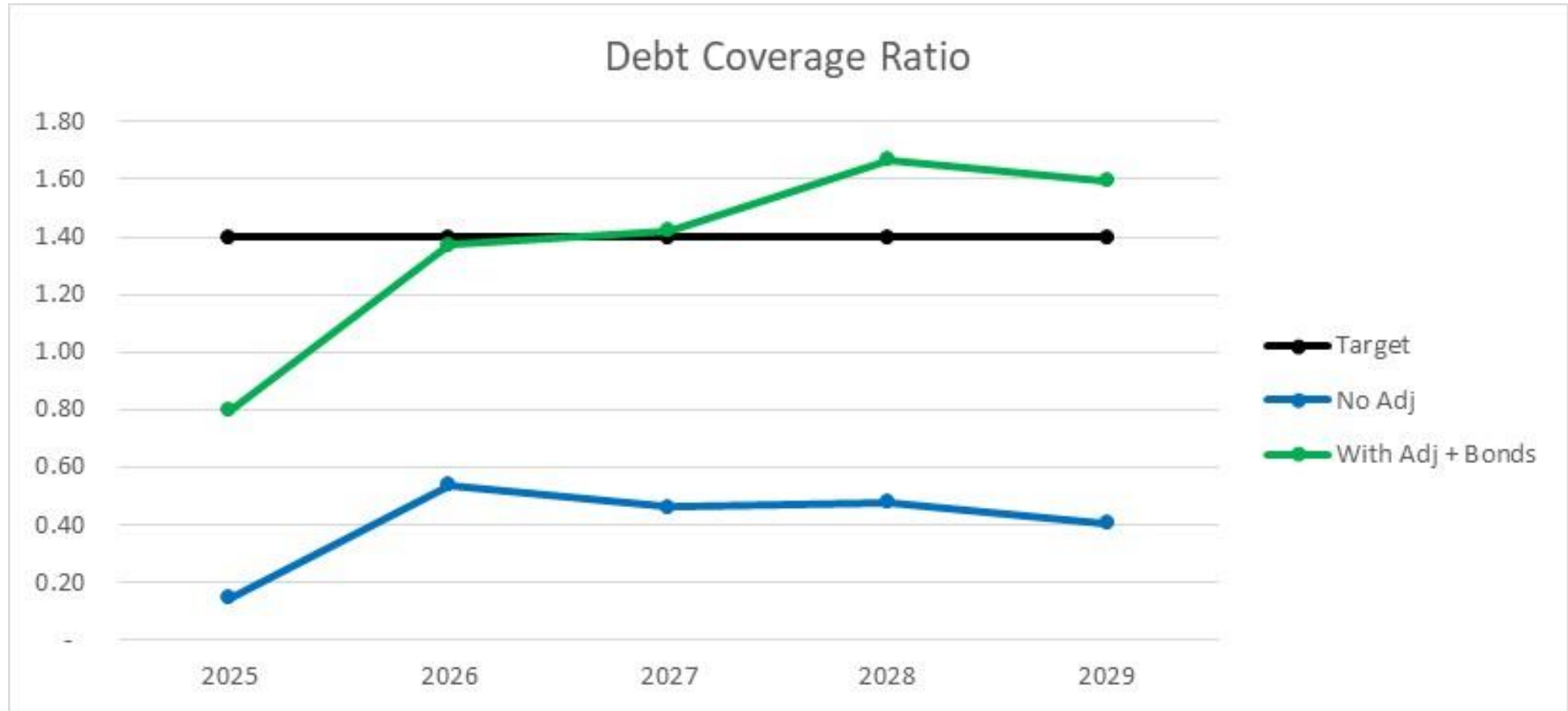


Financial Projection

Minimum Cash Determination

Description	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Minimum Cash Reserve Allocation					
Operation & Maintenance Less Depreciation Expense	12.3%	12.3%	12.3%	12.3%	12.3%
Purchase Power Expense	17.6%	17.6%	17.6%	17.6%	17.6%
Historical Rate Base	1%	1%	1%	1%	1%
Current Portion of Debt Service Payment	83%	83%	83%	83%	83%
Five Year Capital Improvements - Net of bond proceeds	20%	20%	20%	20%	20%
% Plant Depreciated	44%	43%	41%	40%	38%
Calculated Minimum Cash Level					
Operation & Maintenance Less Depreciation Expense	\$ 1,732,021	\$ 1,842,604	\$ 1,954,735	\$ 2,014,647	\$ 2,074,197
Purchase Power Expense	2,699,027	2,881,037	3,096,695	3,201,596	3,321,054
Historical Rate Base	1,493,506	1,635,143	1,773,833	1,926,473	2,182,443
Current Portion of Debt Service Reserve	4,421,851	4,619,601	5,222,339	5,208,807	6,311,342
Five Year Capital Improvements - Net of bond proceeds	6,224,150	6,224,150	6,224,150	6,224,150	6,224,150
Minimum Cash Reserve Levels	\$ 16,570,554	\$ 17,202,536	\$ 18,271,753	\$ 18,575,674	\$ 20,113,185
Projected Cash Reserves No Changes	\$ 26,434,183	\$ 14,525,803	\$ 12,047,432	\$ (1,737,919)	\$ (9,158,316)
HLP Required Minimum	\$ 16,694,658	\$ 17,379,727	\$ 18,469,900	\$ 18,880,137	\$ 20,580,688

A Closer Look at Debt Coverage

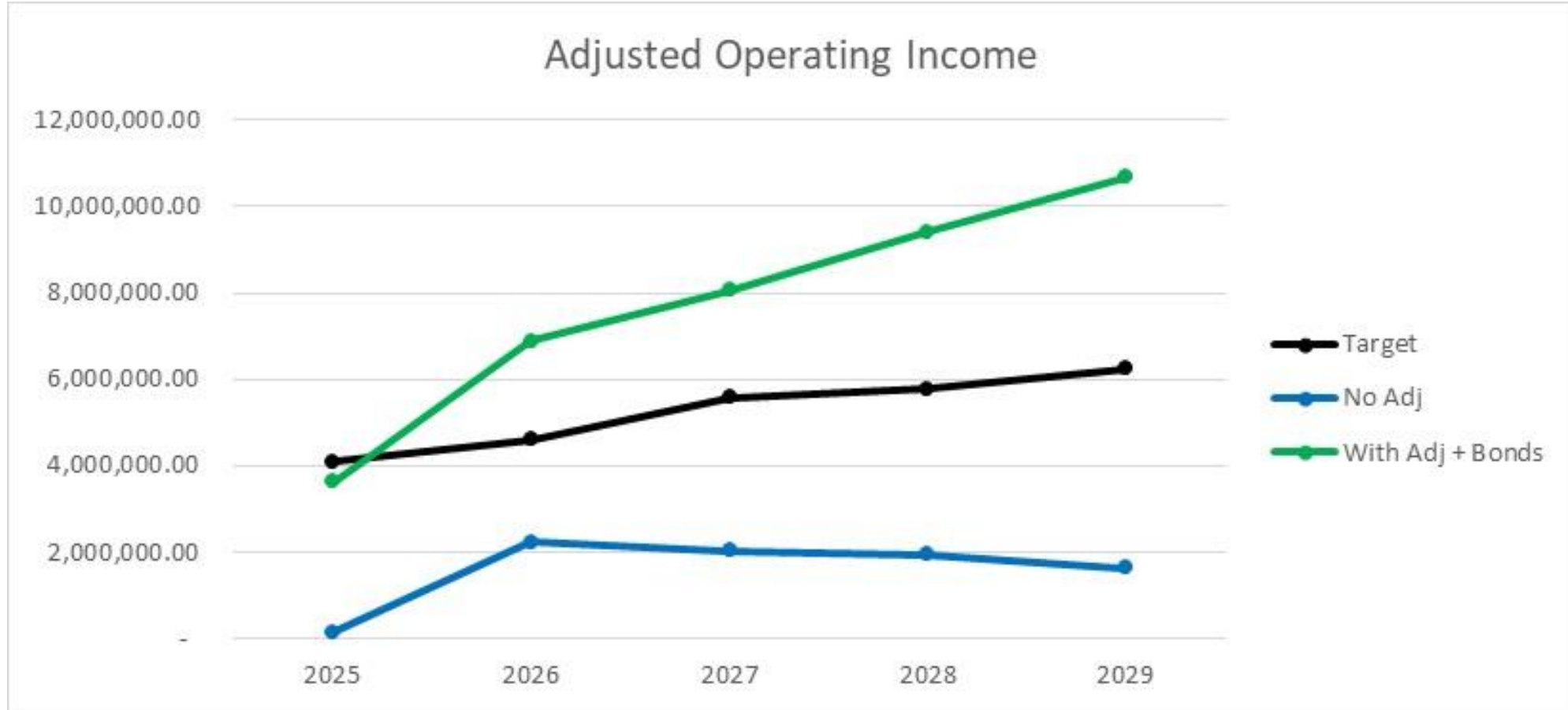


Financial Projection

Debt Coverage Calculation, current rates

Description	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Debt Coverage Ratio					
Net Income	\$ (3,979,619)	\$ (1,401,577)	\$ (2,422,416)	\$ (2,334,914)	\$ (3,972,334)
Add Depreciation/Amortization Expense	5,543,631	5,826,906	6,104,286	6,409,566	6,921,506
Interest and Other Income	(87,505)	(132,171)	(72,629)	(60,237)	-
Bond Issuance Costs	510,000	-	200,000	-	360,000
Distribution to Owners	300,000	300,000	300,000	300,000	300,000
Capital Contributions	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Impact Fees	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Add Interest Expense	3,483,701	3,395,826	3,800,733	3,679,667	4,471,457
Cash Generated from Operations	\$ 770,208	\$ 2,988,984	\$ 2,909,975	\$ 2,994,083	\$ 3,080,629
Debt Principal and Interest	\$ 5,327,532	\$ 5,565,785	\$ 6,291,975	\$ 6,275,671	\$ 7,604,026
Projected Debt Coverage Ratio (Covenants)	0.14	0.54	0.46	0.48	0.41
Minimum Debt Coverage Ratio	1.40	1.40	1.40	1.40	1.40

A Closer Look at Operating Income



Financial Projection

Operating Income, current rates

Description	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029
Target Operating Income Determinants					
Net Book Value/Working Capital	\$ 83,480,162	\$ 93,886,009	\$ 103,865,460	\$ 115,075,984	\$ 136,225,620
Outstanding Principal on Debt	70,070,028	67,900,069	75,608,827	73,012,823	88,240,254
NBV Contributed Capital Estimated	14,013,043	15,037,299	15,981,556	16,845,812	17,630,069
Historical Investment in CC	22,680,958	24,680,958	26,680,958	28,680,958	30,680,958
System Equity	\$ (602,909)	\$ 10,948,640	\$ 12,275,077	\$ 25,217,348	\$ 30,355,297
Debt:Equity Ratio	84%	72%	73%	63%	65%
Target Operating Income Allocation					
Interest on Debt	4.97%	5.00%	5.03%	5.04%	5.07%
Contributed Capital Estimated	3.10%	3.10%	3.10%	3.10%	3.10%
System Equity	5.55%	5.40%	5.29%	5.19%	4.97%
Target Operating Income					
Interest on Debt	\$ 3,483,701	\$ 3,395,826	\$ 3,800,733	\$ 3,679,667	\$ 4,471,457
Contributed Capital Estimated	703,110	765,110	827,110	889,110	951,110
System Equity	(33,438)	591,121	649,872	1,308,698	1,507,580
Target Operating Income	\$ 4,153,373	\$ 4,752,057	\$ 5,277,714	\$ 5,877,475	\$ 6,930,146
Projected Operating Income	\$ 149,716	\$ 2,231,081	\$ 2,020,426	\$ 1,940,607	\$ 1,633,266
Rate of Return in %	5.0%	5.1%	5.1%	5.1%	5.1%

Cost of Service

Electric Cost of Service Results

Customer Class	Cost of Service	Projected Revenues	% Change
Street Lighting	\$ 156,140	\$ -	0.0%
Yard Lighting	20,004	17,523	14.2%
Residential Pumping	26,198	15,944	64.3%
Small General Service	3,730,700	3,379,842	10.4%
Small General Service Pumping	122,789	93,317	31.6%
Medium General Service	4,166,155	3,746,011	11.2%
Medium General Service Pumping	367,347	267,852	37.1%
Large General Service	2,631,381	2,207,807	19.2%
General Service Net Metering	12,352	9,202	34.2%
Electric Vehicle Charging	161,263	134,551	19.9%
Residential Demand	18,472,045	16,115,838	14.6%
Residential Demand over 400 AMPS	241,474	231,932	4.1%
Residential TOU Demand	543,899	480,870	13.1%
Total	\$ 30,651,747	\$ 26,700,689	14.8%

Note:

Residential Demand refers to all standard residential customers.

Residential Demand over 400 AMPS refers to Residential 400 AMP customers.

Residential TOU Demand refers to Residential TOU customers.

Monthly Charge

Customer Class	COS Customer Charge	Average Customer Charge
Residential Pumping	\$ 40.60	\$ 26.00
Small General Service	47.94	24.70
Small General Service Pumping	58.39	38.50
Medium General Service	193.93	145.00
Medium General Service Pumping	201.81	145.00
Large General Service	471.15	342.00
General Service Net Metering	51.07	24.70
Electric Vehicle Charging	22.77	17.90
Residential Demand	22.73	17.90
Residential Demand over 400 AMPS	39.74	33.90
Residential TOU Demand	22.72	17.90

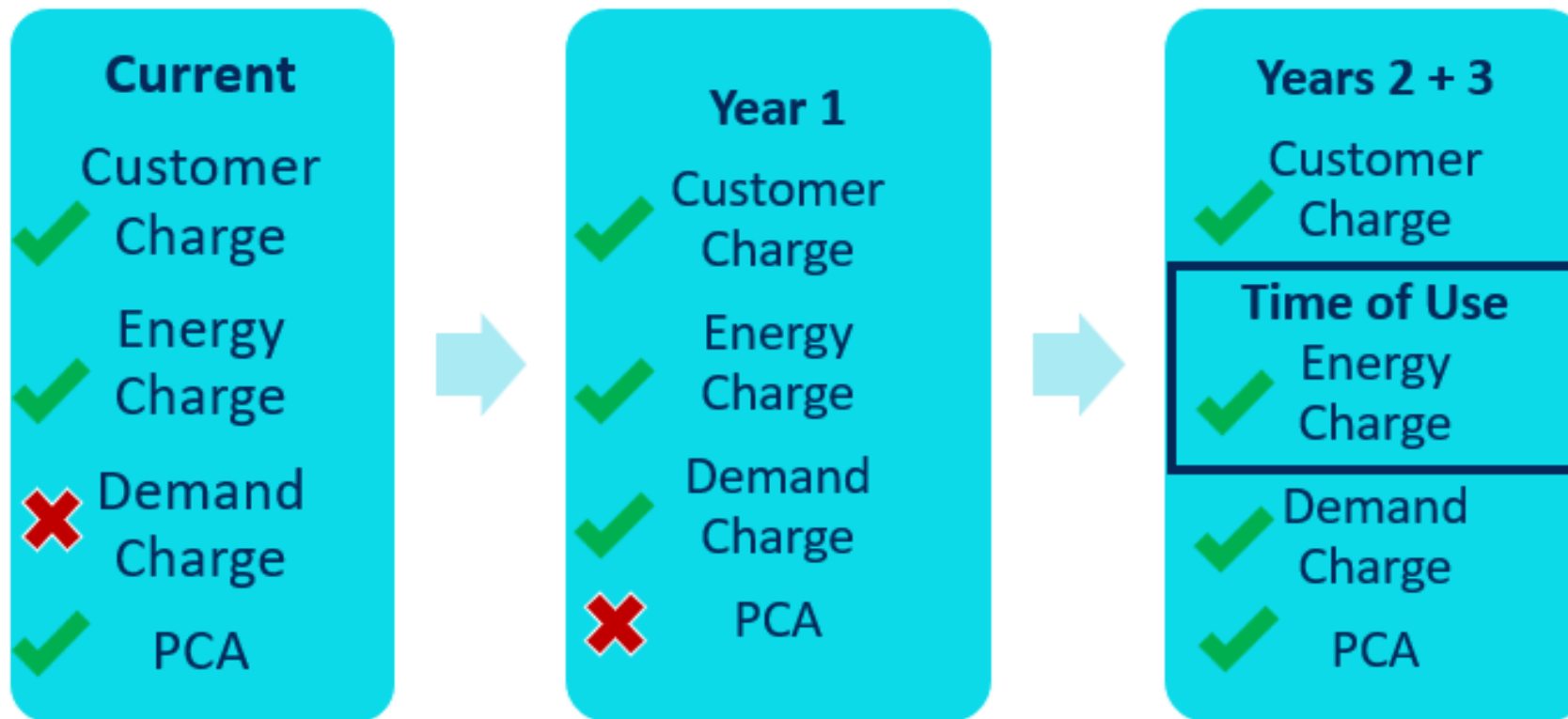


Rate Design Samples

Sample Rate Summary

Customer Class	Projected Percentage Change Year 1	Projected Percentage Change Year 2	Projected Percentage Change Year 3
Residential	13.1%	3.5%	3.5%
Residential TOU	13.1%	3.5%	3.5%
Residential Pumping	-8.8%	0.8%	3.1%
Small General Service	12.0%	3.0%	3.0%
Small General Service Pumping	13.1%	6.1%	6.0%
Medium General Service	12.8%	3.2%	3.2%
Medium General Service Pumping	14.5%	5.0%	5.0%
Large General Service	14.0%	4.5%	4.5%
Yard Lighting	12.7%	3.8%	3.6%
Totals	13.0%	3.5%	3.5%

Residential Rate Progression



Residential Rate Progression

Standard -> Demand -> TOU

On Peak Hours

3PM - 10PM MT

Monday - Friday

Off Peak Hours

All other hours & Holidays

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
Below 400 AMP	\$ 17.90	\$ 18.40	\$ 18.90	\$ 19.40
400 AMP and Greater	\$ 33.90	\$ 35.40	\$ 36.90	\$ 38.40
Energy Charge:				
Block 1 (0 - 1000 kWh)	\$ 0.10436	\$ 0.11820		
Block 2 (Excess)	\$ 0.12476	\$ 0.14130		
Non Summer On-Peak			\$ 0.14029	\$ 0.15652
Non Summer Off-Peak			\$ 0.12199	\$ 0.12040
Summer On-Peak			\$ 0.14029	\$ 0.15652
Summer Off-Peak			\$ 0.12199	\$ 0.12040
Demand Charge:				
Below 400 AMP		\$ 0.25	\$ 0.50	\$ 0.75
400 AMP and Greater		\$ 0.75	\$ 1.50	\$ 2.25
Power Cost Adjustment:				
All Energy	\$ -		\$ -	\$ -
Revenue from Rate	\$ 16,347,770	\$ 18,488,632	\$ 19,134,949	\$ 19,803,862
Change from Previous		13.1%	3.5%	3.5%
Non Summer Differential		-	1.15	1.30
Summer Differential		-	1.15	1.30

PCA assumed to be \$0 but will be calculated per the power supply cost in Year 2

Residential Rate Progression

Customer Impacts

Monthly Energy	LF	Year 1	Year 2	Year 3		
243	5%	\$ 5.52	\$ 3.46	\$ 2.83		
485	10%	\$ 8.88	\$ 4.75	\$ 3.50		
728	15%	\$ 12.24	\$ 6.04	\$ 4.17	Average Usage	871
971	20%	\$ 15.59	\$ 7.33	\$ 4.84	Average Demand	7
1,213	25%	\$ 19.53	\$ 3.70	\$ 5.50	Average LF	18.0%
1,456	30%	\$ 23.54	\$ (0.62)	\$ 6.17		
1,699	35%	\$ 27.56	\$ (4.93)	\$ 6.84		
1,941	40%	\$ 31.57	\$ (9.25)	\$ 7.51		
2,184	45%	\$ 35.58	\$ (13.56)	\$ 8.18		
2,427	50%	\$ 39.60	\$ (17.87)	\$ 8.84		

Existing Residential TOU Rate

Adding demand charge to current TOU

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
Below 400 AMP	\$ 17.90	\$ 18.40	\$ 18.90	\$ 19.40
400 AMP and Greater	\$ 33.90	\$ 33.90	\$ 34.90	\$ 34.90
Energy Charge:				
Non Summer On-Peak	\$ 0.15251	\$ 0.18984	\$ 0.20625	\$ 0.22196
Non Summer Off-Peak	\$ 0.07663	\$ 0.08629	\$ 0.08250	\$ 0.07927
Summer On-Peak	\$ 0.21256	\$ 0.24207	\$ 0.26667	\$ 0.29007
Summer Off-Peak	\$ 0.10489	\$ 0.10525	\$ 0.10063	\$ 0.09669
Demand Charge:				
Below 400 AMP	\$ -	\$ 0.25	\$ 0.50	\$ 0.75
400 AMP and Greater	\$ -	\$ 0.75	\$ 1.50	\$ 2.25
Power Cost Adjustment:				
All Energy	\$ -	\$ -	\$ -	\$ -
Revenue from Rate	\$ 480,870	\$ 543,864	\$ 562,899	\$ 582,600
Change from Previous		13.1%	3.5%	3.5%
Non Summer Differential	1.99	2.20	2.50	2.80
Summer Differential	2.03	2.30	2.65	3.00

On Peak Hours	3PM - 10PM MT	Off Peak Hours	Monday - Friday	All other hours & Holidays
LF	Year 1	Year 2	Year 3	
5%	\$ 4.36	\$ 2.19	\$ 2.22	
10%	\$ 6.91	\$ 2.58	\$ 2.64	
15%	\$ 9.47	\$ 2.96	\$ 3.06	
20%	\$ 12.02	\$ 3.34	\$ 3.47	
25%	\$ 14.58	\$ 3.73	\$ 3.89	
30%	\$ 17.13	\$ 4.11	\$ 4.31	
35%	\$ 19.68	\$ 4.50	\$ 4.73	
40%	\$ 22.24	\$ 4.88	\$ 5.14	
45%	\$ 24.79	\$ 5.26	\$ 5.56	
50%	\$ 27.35	\$ 5.65	\$ 5.98	

Residential Pumping

Move Residential pumping to Residential rate

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 26.00	\$ 18.40	\$ 18.90	\$ 19.40
Energy Charge:				
Block 1 (0 - 1000 kWh)	0.06092	0.11820		
Block 2 (Excess)	0.06092	0.14130		
Non Summer On-Peak			\$ 0.14029	\$ 0.15652
Non Summer Off-Peak			\$ 0.12199	\$ 0.12040
Summer On-Peak			\$ 0.14029	\$ 0.15652
Summer Off-Peak			\$ 0.12199	\$ 0.12040
Demand Charge:				
Distribution Demand	\$ 9.85	\$ 0.25	\$ 0.50	\$ 0.75
Power Cost Adjustment:				
All Energy	\$ -	\$ -	\$ -	\$ -
Revenue from Rate	\$ 15,944	\$ 14,543	\$ 14,659	\$ 15,112
Change from Previous	15,944	-8.8%	0.8%	3.1%
Non Summer Differential			1.15	1.30
Summer Differential			1.15	1.30

Small Commercial Pumping

Move pumping classes to TOU rate

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 38.50	\$ 41.00	\$ 44.50	\$ 48.00
Energy Charge:				
All Energy	0.06092			
Non Summer On-Peak		\$ 0.11397	\$ 0.12314	\$ 0.13279
Non Summer Off-Peak		\$ 0.05698	\$ 0.06157	\$ 0.06639
Summer On-Peak		\$ 0.13901	\$ 0.15019	\$ 0.16197
Summer Off-Peak		\$ 0.06950	\$ 0.07510	\$ 0.08098
Demand Charge:				
Distribution Demand	\$ 9.85	\$ 9.85	\$ 9.85	\$ 9.85
Power Cost Adjustment:				
All Energy	\$ -	\$ -	\$ -	\$ -
Revenue from Rate	\$ 93,317	\$ 105,588	\$ 112,063	\$ 118,755
Change from Previous		13.1%	6.1%	6.0%
Non Summer Differential		2.00	2.00	2.00
Summer Differential		2.00	2.00	2.00

Year 1 Customer Impacts - Monthly				
Customer 1	\$ 45.77	23.9%	Customer 17	\$ 72.50 19.3%
Customer 2	\$ 44.75	20.5%	Customer 18	\$ 2.58 5.3%
Customer 3	\$ 47.55	21.6%	Customer 19	\$ 31.88 14.1%
Customer 4	\$ 51.45	21.2%	Customer 20	\$ 26.75 14.5%
Customer 5	\$ 63.56	17.9%	Customer 21	\$ 8.63 8.7%
Customer 6	\$ 19.66	12.4%	Customer 22	\$ 66.23 10.6%
Customer 7	\$ 2.59	6.6%	Customer 23	\$ 4.92 6.2%
Customer 8	\$ 2.50	6.5%	Customer 24	\$ 38.29 12.4%
Customer 9	\$ 2.50	6.5%	Customer 25	\$ 10.30 8.2%
Customer 10	\$ 2.50	6.5%	Customer 26	\$ 8.06 6.6%
Customer 11	\$ 2.50	6.5%	Customer 27	\$ 26.26 10.3%
Customer 12	\$ 13.58	8.9%	Customer 28	\$ 7.68 7.9%
Customer 13	\$ 6.94	9.9%	Customer 29	\$ 8.13 4.3%
Customer 14	\$ 6.70	9.7%	Customer 30	\$ 2.61 1.5%
Customer 15	\$ 5.18	8.5%	Customer 31	\$ 15.71 7.3%
Customer 16	\$ 97.60	15.5%	Customer 32	\$ 5.42 1.1%

Medium Commercial Pumping

Move pumping classes to TOU rate

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 145.00	\$ 150.00	\$ 155.00	\$ 160.00
Energy Charge:				
All Energy	0.06092			
Non Summer On-Peak		\$ 0.11397	\$ 0.12314	\$ 0.13279
Non Summer Off-Peak		\$ 0.05698	\$ 0.06157	\$ 0.06639
Summer On-Peak		\$ 0.13901	\$ 0.15019	\$ 0.16197
Summer Off-Peak		\$ 0.06950	\$ 0.07510	\$ 0.08098
Demand Charge:				
Distribution Demand	\$ 9.85	\$ 9.85	\$ 9.85	\$ 9.85
Power Cost Adjustment:				
All Energy	\$ -	\$ -	\$ -	\$ -
Revenue from Rate	\$ 267,899	\$ 306,745	\$ 322,082	\$ 338,186
Change from Previous		14.5%	5.0%	5.0%
Non Summer Differential		2.00	2.00	2.00
Summer Differential		2.00	2.00	2.00

Monthly Customer Impacts - Year 1		
Customer 1	\$ 642.74	17.9%
Customer 2	\$ 129.73	14.1%
Customer 3	\$ 129.20	14.4%
Customer 4	\$ 395.73	14.2%
Customer 5	\$ 35.03	10.1%
Customer 6	\$ 293.45	12.5%
Customer 7	\$ 106.91	8.5%
Customer 8	\$ 208.49	13.9%
Customer 9	\$ 832.53	14.5%
Customer 10	\$ 163.36	11.4%
Customer 11	\$ 26.54	5.9%
Customer 12	\$ 298.97	11.4%
Customer 13	\$ 27.45	4.8%
Customer 14	\$ 70.86	7.5%
Customer 15	\$ 262.59	4.7%
Customer 16	\$ 12.76	2.2%

Small Commercial

Merge energy blocks 1 and 2

Rates	Current	Year 1	Year 2	Year 3
Monthly Base Charge:				
Single Phase	\$ 23.00	\$ 26.00	\$ 29.00	\$ 32.00
Three Phase	\$ 31.00	\$ 35.00	\$ 39.00	\$ 43.00
Energy Charge:				
Block 1 (0 - 500 kWh)	\$ 0.07800	\$ 0.08549	\$ 0.07815	\$ 0.07198
Block 2 (Excess)	\$ 0.05544	\$ 0.06839	\$ 0.07034	\$ 0.07198
Demand Charge				
All Demand	\$ 11.60	\$ 12.10	\$ 12.60	\$ 13.10
Power Cost Adjustment				
All Energy	\$ -	\$ -	\$ -	\$ -
Revenue from Rate	\$ 3,379,842	\$ 3,785,423	\$ 3,898,986	\$ 4,015,955
Change from Previous		12.0%	3.0%	3.0%

Medium Commercial

No change to current rate

Rates	Current	Year 1	Year 2	Year 3
Monthly Base Charge:				
All Customers	\$ 145.00	\$ 150.00	\$ 155.00	\$ 160.00
Energy Charge:				
All Energy	\$ 0.05662	\$ 0.06841	\$ 0.07048	\$ 0.07266
Demand Charge				
All Demand	\$ 13.95	\$ 14.45	\$ 14.95	\$ 15.45
Power Cost Adjustment				
All Energy	\$ -	\$ -	\$ -	\$ -
Revenue from Rate	\$ 3,746,011	\$ 4,225,500	\$ 4,360,716	\$ 4,500,259
Change from Previous		12.8%	3.2%	3.2%

Large Commercial

Move LC Customers and GS NEM to TOU rate

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 342.00	\$ 357.00	\$ 372.00	\$ 387.00
Energy Charge:				
All Energy	0.05289	0.06541		
Non Summer On-Peak			\$ 0.08199	\$ 0.10147
Non Summer Off-Peak			\$ 0.06073	\$ 0.06150
Summer On-Peak			\$ 0.10000	\$ 0.12377
Summer Off-Peak			\$ 0.07408	\$ 0.07501
Demand Charge:				
All Demand	\$ 15.10	\$ 15.35	\$ 15.35	\$ 15.35
Power Cost Adjustment:				
All Energy	\$ -	\$ -	\$ -	\$ -
Revenue from Rate	\$ 2,207,807	\$ 2,516,900	\$ 2,630,160	\$ 2,748,517
Change from Previous		14.0%	4.5%	4.5%
Non Summer Differential			1.35	1.65
Summer Differential			1.35	1.65

Monthly Year 2 Impacts	\$ Change	% Change
Customer 1	\$ 1,017.96	5.2%
Customer 2	\$ 901.25	5.2%
Customer 3	\$ 849.32	4.8%
Customer 4	\$ 697.27	4.9%
Customer 5	\$ 431.32	3.8%
Customer 6	\$ -	0.0%
Customer 7	\$ 409.29	3.6%