



HEBER LIGHT & POWER COMPANY

31 South 100 West Heber
City, Utah 84032

BOARD MEETING

January 22, 2025

The Board of Directors of Heber Light & Power met on January 22, 2024, 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: Not Present
Director – Aaron Cheatwood: Present
Director – Kendall Crittenden: Present

Others Present: Jason Norlen, Bart Miller, Adam Long, Rylee Allen, Emily Brandt, Patricio Hernandez, Jake Parcell, Josh Gustin, Riley Wright and Colby Houghton.

Chair Franco welcomed those in attendance.

1. Consent agenda - approval of a) November 21, 2024, Board Meeting Minutes, b) November/December 2024 Financial Statements c) November/December 2024 Warrants. Chair Franco asked for the consent agenda to include item 5 Approval of resolution 2025-01 Street Light Energy Charge Forgiveness, item 6 Review of Cash Reserve and Dividend Calculation, item 7 Approval of 2025 Board Meeting Schedule, and item 8 Review and Approval of Fraud Assessment and Completion of Board Ethics Form.

Motion. Director Crittenden moved to add items 5,6,7, and 8 to be included in the Consent agenda. 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 – Sid Ostergaard: Not Present
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve

Motion. Director Christensen moved to accept the Consent agenda. 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: Approve
Director – Kendall Crittenden: Approve

2. Presentation and Discussion of Electric Financial Projection and Cost of Service Study. Mark Beauchamp had a meeting with the finance committee to discuss the financial projections for the years 2025 to 2029, using historical data to estimate revenues and expenses. He showed the steps involved in the rate study, focusing on the cost of service study, which analyzes the fees associated with serving different customer classes and their respective monthly charges. In the first two years, there will be a slight variation in Time of Use (TOU) rates, allowing customers to have more control over their energy consumption. During the meeting, Mark provided an overview of the assumptions made while reviewing the data, including a proposal to suspend the power cost adjustment until the second year's rate increase, which won't take effect until 2026. With Heber's rapid growth, the capital improvement plan outlines significant investments for 2025 and 2026, with some recovery expected from impact fees. Mark explained the financial modeling in detail, including the debt coverage ratio and projected cash balances, suggesting a 13% rate increase in 2025 to accommodate future employee costs and living adjustments. The discussion also covered the need to align service costs within 10% of the average for each customer class, with plans for different rate designs in the first and second years.
3. Discussion and Possible Decision on the Sale of the Admin Building. Heber Light & Power is waiting to hear back from Heber City on the purchase agreement Adam sent. The mayor mentioned that the city attorney will review the contract and provide feedback, making any necessary adjustments before finalizing the rent-back agreement. Kevin Payne believes we should get a new appraisal to confirm there hasn't been any increase since the last one in June.
4. Approval of Date and Time for the Rate Adjustment Public Hearing. Public Hearing for Rate Adjustment will be on February 26, 2025, at 6 p.m.

Motion. Director Christensen moved to accept the time and date for public hearing. 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: Approve
Director – Kendall Crittenden: Approve

5. Approval of Date Resolution 2025-01 Street Light Energy Charge Forgiveness. See Consent Agenda
6. Review of Cash Reserve and Dividend Calculation. See Consent Agenda
7. Approval of 2025 Board Meeting Schedule. See Consent agenda
8. Review and Approval of Fraud Assessment and Completion of Board Ethics Form. See Consent Agenda

9. Wholesale Power Report.3. Emily reviewed the MWh budget and found that while we exceeded some areas, we were under budget in others. The biggest factor affecting the budget is the federal hydro. She analyzed the wholesale power costs per kilowatt-hour over the past decade, noting the fluctuations. This year, we've seen a 16% increase in costs.
10. GM Report.
- UAMPS Report. UAMPS budget meeting has started for the year. Jason was elected the Chair of the project management committee on Hunter Power Project.
- System Improvement Award. HLP was honored to receive an award from UAMPS for our work on the transmission line and the point of delivery substation.
- IPA Update. Not a lot has shifted; they're just ramping up testing on some of the units. The hydrogen segment and ACES are still on track. We've managed to lower our callback for the IPP plant as we head into summer. We're aiming for 2 megawatts, but costs are soaring—jumping from \$64 to \$90. As they get closer to bringing the units online, expenses have spiked.
- Building Update. Jason updated that the walls of the admin building were up. They talked about the HVAC setup and figured out where to place the units, which they managed to sort out. 2. There have been some changes to the costs involved as well.

Chair Franco called for a motion to adjourn the meeting.

Motion: Director Cheatwood moved to adjourn the meeting. 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: Not Present

Meeting adjourned.

Rylee Allen
Board Secretary