



HEBER LIGHT & POWER COMPANY

31 South 100 West
Heber City, Utah 84032

BOARD MEETING

February 26, 2025

The Board of Directors of Heber Light & Power met on February 26, 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 (via Zoom), Karly Schindler, Rylee Allen, Patricio Hernandez, Jake Parcell, Josh Gustin, Riley Wright and Colby Houghton.

Chair Franco welcomed those in attendance.

1. Consent agenda - approval of a) January 22, 2025, Board Meeting Minutes, b) January 2025 Financial Statements c) January 2025 Warrants. Chair Franco asked for the consent agenda to include item 6 Approval of Surplus Equipment Sale.
Motion. Director Crittenden moved to add item 6 to the Consent agenda and approve the consent agenda. 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 – Sid Ostergaard: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve
2. Discussion and Possible Decision on the Sale of the Admin Building- Adam Long consulted with the appraiser regarding the possibility of re-evaluating the appraisal. However, he concluded that a new appraisal was unnecessary, as the value would likely remain unchanged. HLP will proceed with the existing appraisal. The city is proposing an offer of \$1,000 above the appraised value of \$876,000.00 and intends to lease the building back to HLP for \$1 annually. The closing deadline is set for April 31, 2025, and we will equally share all closing costs.
3. Discussion and Possible Approval of Amended Customer Rules (Rule 3-Types of Electric Service, Rule 11- Service Connections, and Rule 15- Line Extensions). Adam Long outlined

the modifications that HLP intends to introduce in the construction process for clients. Homeowners now have the option to outsource work on their homes, provided they adhere to the specified guidelines. HLP will oversee the process to ensure compliance. The proposed changes include updates to Rule 3 – Types of Electric Service, Rule 11 – Service Connections, and Rule 15 – Line Extensions.

Motion. Director Crittenden moved to accept the sale agreement. 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 – Sid Ostergaard: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve

4. Discussion and Review Risk Policies. Bart Miller has been getting bids for insurance. The underwriters requested the addition of three more policies: a wildfire management profile, a motor vehicle record review, and a fleet safety program. The broker emphasized that without the wildfire management policy, obtaining insurance would not be possible. The policies are still in the draft period.
5. Wholesale Power Report. Jason provided the January wholesale report, indicating that HLP remained below budget. A chart was presented detailing each resource along with the budgeted and actual costs per megawatt. We are currently exploring renewable energy credits for our customers. We hope to implement a swap for specific RECs, allowing us to swap our RECs to changeable RECs, so that no RECs are lost
6. Approval of Surplus Equipment Sale. See Consent agenda
7. GM Report.
UAMPS Report. HLP submitted the initial application for the diamond fork project; however, we were not selected, as noted in Jason's went over their letter. There remains a possibility for us to participate as an energy taker as the project advances. The fiscal year 2026 will commence in June and will fall within that budget. Emily and Jason will review the budget modifications at that point.
IPA Update. Both units 3 and 4 are gas-powered facilities, and the testing process is currently experiencing delays due to various issues and inspection challenges. It is likely that the entities in California and Utah will procure additional coal supplies to maintain operations until the gas units become operational.
New Employee Update. Burke Coleman transitioned to join the line crew as an apprentice. Trey Bunker was brought on board for facility maintenance. Keno Mecham is no longer working at HLP, so Kolbe Thacker was hired to take over his role in dispatch.
Building Update. Jason updated that the floors have been poured and making progress daily.

Chair Franco called for a break before the public meeting starts

6:00 p.m. Public Hearing for the Rate Increase and Rate Implementation.

Public Attendance: Jay Price, Becky Price, Kristi Miles, Grace Doerfler, Bill Goodall, Dana Graham, Micheal L. Bronson, Mick Kohler, Erick Snider, Thierry Marchone, Beatrice Marchone, Jim Church, Karen Parcell, Sandra Bertoldo, Maxine Waters, Shannon Stecki, Jody Deputy, Narciso Ginez, John Glodowski, Jamie Hewlett.

Mayor welcomed all in Attendance and noted that she allowed Bill Goodall (resident of Interlocken) some time to make a presentation regarding rates. Bill encounters two primary questions: whether the proposed rate increase is necessary and if it is equitable. He showed numbers and the necessity and fairness of the rate increase by reviewing both historical and current studies related to HLP. His findings indicated that, given the anticipated growth, HLP must be prepared. Although he believes that the current impact fees are insufficient, he acknowledged that even with their adjustment, a rate increase would still be required. He discussed several strategies for HLP to reduce expenditure, as well as considerations regarding sales and bonds. Additionally, he highlighted the benefits of the Time-of-Use (TOU) rate, suggesting it positively contributes to HLP's load management.

Jason elaborated on the impact fee study for 2024, noting that the capital plan for impact fees represents a worst-case scenario. Currently, the fees charged are at the maximum allowable under state regulations. Each year, the impact fees are reviewed and updated, with projections extending only six years into the future. These fees are intended to support capital growth moving forward.

Mark Beauchamp of Utility Financials Solutions presented his financial projections for electric services and a cost-of-service study, covering five years from 2025 to 2029. This included a capital improvement program and the establishment of financial targets. The cost of service refers to the expenses associated with providing service to each customer class, along with the monthly charges applicable to each group. The rate design aims to align the cost of service with revenue requirements, considering current structures, demand options, and TOU alternatives. The projections indicated a need for a 13% increase this year, followed by 2-3% increases in subsequent years. Regarding Power Cost Adjustments, there was a request to suspend these adjustments until the second-year rate increase, due to the necessity of the current year's rate increase. The financial projections for the next five years, assuming no rate adjustments, highlighted three critical areas: debt coverage ratio, cash reserves, and projected cash balances. The analysis suggested a decline in these areas each year, with cash reserves potentially reaching zero by 2029. A subsequent chart illustrated the impact of the proposed 13% increase and the following 3% adjustments.

Mayor Franco opened the hearing for public comments:

John Glodowski asked if any new gas generator plants have been built and if there are any plans to provide for the needs of the valley. Jason explained that a natural gas plant in the Millard County area and a combined cycle plant in Pocatello Idaho. He also explained the upgrades to our current natural gas generation on our system.

Jonathan Clegg of Midway expressed concern that the study was based on conservative numbers that might be inflating the actual costs and can be looked at or trimmed to save money.

Jay Price asked if the company policy could be changed to require bids from local contractors to allow local contractors to participate in the construction process as a way to support local businesses.

Kristi Miles asked to hear more about the time of use and how it could benefit those on a fixed income. Jared Wright directed me to talk to her.

Mike Bronson expressed concerns for those on a fixed income and asked if there could be a different rate for those on a fixed income. Chair Franco explained the lower rate for the initial residential block.

Jody Deputy asked if there was a special rate for families with both parents working and that aren't home in the hours of 8-5 p.m.

Jami Hewlett asked what classifications put you in small, medium, and large commercial rates. She also expressed concerns on how the increase would affect her power bill, and Heber City annexing without taking into account what it takes to support the growth. Jami also had some questions and concerns about Heber Light & Power 2025 Budget.

The board then discussed what had been presented to them during the meeting and asked the board if anyone had more questions for Mark BeauChamp.

Motion. Director Crittenden moved to accept the Rate Increase as presented. Director Ostergaard 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: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve

Motion. Director Cheatwood moved to agree to look at the yearly increase of 3% to see if it is needed or reevaluated. 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: Approve
Director – Aaron Cheatwood: Approve
Director – Kendall Crittenden: Approve

Motion: Director Crittenden moved to adjourn the meeting. 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: Approve

Meeting adjourned.

Rylee Allen
Board Secretary