



Heber Light & Power

Fiscal Year 2018

Fees/Rates, Operating and Capital Budgets

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2018 Rates/Fees

Fees

Description	Amount	Comments
<u>Billing/Office Fees</u>		
Convenience Fee	3%	Used on Impact Fee credit card payments only
Late Payment Charge (Compounded)	1.5%	Applied on any past due amounts
Returned Payment Charge	15.00	Included in current schedule
Reconnect Fee	20.00	Included in current schedule
Service Application Fee	20.00	Included in current schedule
<u>Construction Fees</u>		
Impact Fee	Amperage Calc	Included in current schedule
Line Extension/New Development - Installation/Additional Design	Bid Estimate	Estimate for Labor, Materials, and Overhead provided upon request
Line Extension/New Development - Job Initiation Fee	200.00	Included in current schedule.
Truck Roll Fee	50.00	Set fee for extra vehicle trips, i.e. reinspection, meter verification, troubleshooting customer side, etc...
<u>Meter Related Fees</u>		
Meter Installation Fee	70.00	All new meter issuances regardless of reason, does not include replacement meters.
Meter Fee	Meter Cost Plus	Cost of Meter rounded up to nearest \$10
Meter - Nonstandard Meter - Monthly Meter Reading Charge	20.00	Typically those meters that must be manually read
Net Metering - Application Fee	300.00	Included in current schedule.
<u>Device Fees</u>		
Generation Transfer Switch - Preliminary Inspection Fee	100.00	Verification trip for sizing and device appropriateness
Generation Transfer Switch - Installation Fee	100.00	Installation and meter re-installation
Outside Lighting (Yard Lights)	\$6.50/Month	Set fee regardless of consumption levels

Rates

Residential

Base/Customer Charge	\$12.70
1st 1,000 kWh	\$0.0798/kWh
All Additional	\$0.1002/kWh

Renewable Energy

100 kWh block	\$0.90
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General Service - Small ($\leq 30kW$)

Base/Customer Charge	\$8.00
Demand Rate	\$8.90/kW
1st 1,000 kWh	\$0.078/kWh
All Additional	\$0.046/kWh

General Service - Medium ($>30kW$ & $\leq 250kW$)

Base/Customer Charge	\$15.20
Demand Rate	\$10.0/kW
1st 10,000 kWh	\$0.0604/kWh
All Additional	\$0.046/kWh

General Service - Large ($> 250kW$)

Base/Customer Charge	\$26.90
Demand Rate	\$13.50/kW
All kWh	\$0.046/kWh

Heber Light & Power Company

2018 Budget – Executive Summary

	2016 Actual	2017 Budget	2017 Projected	2018 Budget
REVENUES				
Electricity Sales	\$18,010,587	\$16,850,000	\$18,161,380	\$18,732,000
Connect Fees	30,881	35,000	38,660	51,000
Receivables Penalty Income	45,735	42,000	51,570	70,000
Other / Miscellaneous Income	333,881	299,000	443,640	452,000
<i>Total Revenues</i>	<i>\$18,421,084</i>	<i>\$17,226,000</i>	<i>\$18,695,250</i>	<i>\$19,305,000</i>
COST OF ELECTRIC SERVICE				
Power Production Expense	(886,301)	(1,090,271)	(921,570)	(967,000)
Cost of Purchased Power	(8,055,239)	(8,008,035)	(8,562,270)	(9,704,000)
Dist Expense – Operations	(466,952)	(265,500)	(370,340)	(467,000)
Dist Expense – Maintenance	(1,940,414)	(1,405,700)	(1,587,200)	(1,449,000)
Customer Account Expense	49,355	(20,000)	(20,000)	(25,000)
Admin & General Expense	(3,319,380)	(4,024,155)	(3,613,220)	(4,052,000)
<i>Total Operating & Maint. Expense</i>	<i>(14,618,931)</i>	<i>(14,813,661)</i>	<i>(15,074,600)</i>	<i>(16,664,000)</i>
Depreciation	(1,936,921)	(1,580,000)	(2,068,380)	(2,100,000)
Interest on Long-Term Debt	(547,515)	(517,039)	(534,460)	(522,000)
Other Deductions	(14,531)	(20,200)	(15,250)	(31,000)
<i>Total Cost of Electric Service</i>	<i>(17,117,898)</i>	<i>(16,930,900)</i>	<i>(17,692,690)</i>	<i>(19,317,000)</i>
OPERATION MARGIN	<i>1,303,186</i>	<i>295,100</i>	<i>1,002,560</i>	<i>(12,000)</i>
Interest Income	29,548	25,000	44,570	25,000
Non-Operating Margins-Other	2,898,064	1,570,000	2,609,390	1,570,000
Dividends	(300,000)	(300,000)	(300,000)	(300,000)
OPERATING MARGIN	<i>3,930,798</i>	<i>1,590,100</i>	<i>3,356,520</i>	<i>1,283,000</i>
CAPITAL EXPENDITURES				
Generation - Hydro	1,100	30,000	5,660	31,000
Generation – Gas Plant	60,059	312,000	331,700	573,000
Distribution	1,002,722	1,172,000	1,555,800	971,000
Substation	(12,804)	125,000	786,000	153,000
Metering	135,857	104,664	71,900	133,000
Buildings	158,232	1,078,000	36,400	438,000
Vehicles	24,442	350,000	58,800	410,000
Tools	20,733	61,200	9,300	199,000
Technology – IT	(211,399)	176,500	107,800	196,000
<i>Total Capital</i>	<i>1,178,942</i>	<i>3,409,364</i>	<i>2,963,360</i>	<i>3,104,000</i>

Operating Expenditures Budget

Revenues

The 2018 electricity revenues are budgeted to increase 4% over the projected 2017 revenues for residential and 3% for general service accounts. This represents a conservative estimate for the trended load growth.

Revenues associated with Capital in Aid of Construction and Impact Fees are not included as these revenues are not regular and are typically subject to external economic conditions.

	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2017 Projected</u>	<u>2018 Budget</u>
REVENUES				
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Receivables Penalty Income	45,735	42,000	51,570	70,000
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<i>Total Revenues</i>	<i>\$18,421,084</i>	<i>\$17,226,000</i>	<i>\$18,695,250</i>	<i>\$19,305,000</i>

Expenses

Power Purchased

Power Purchased expense is calculated by analyzing supply requirements, identifying the cost of supply from individual sources and adding contingency pricing for market fluctuations.

Wages and Board Compensation

Included in the wages and board compensation expense are amounts for the current complement of employees.

Board Compensation

<u>Board Position</u>	<u>Stipend Amount</u>
Chair	7,295.04
Member 1	5,703.84
Member 2	5,703.84
Member 3	5,703.84
Member 4	5,703.84
Member 5	<u>5,703.84</u>
	\$35,814.24

Repairs & Maintenance

Repairs and maintenance are anticipated to continue in 2018.

Travel & Training

To maintain the advanced technical knowledge required in the industry, various training initiatives for staff are included in the 2018 Budget.

Capital Expenditures Budget

The Capital Budget for 2018 totals \$3,397,000. Heber Light & Power anticipates utilizing revenue from energy sales, capital in aid of construction and through impact fees to complete the 2018 capital program. In the event these resources are insufficient to meet these anticipated capital addition expenditures, Heber Light & Power has two other payment mechanisms at its disposal. The first, Heber Light & Power has the ability to use debt-financing in the event energy rates are unavailable to fund the needed capital expansion projects. The second is through reserve accounts of which Heber Light & Power maintains two such funds. The first such fund is a contingency fund with a current balance of roughly \$2.5 million which is available to address certain large capital purchases and /or reserve requirements associated with internal generation, rate stabilization and power market escalation. The second such fund is a capital reserve fund meant to supply quick access to funds in order to complete major projects considered in the Company's current Strategic Plan.

Also included in the table below are principal payments relating to the Company's long-term debt.

<u>Classification</u>	<u>Expenditure</u>	<u>Impact</u>	<u>CIAC</u>	<u>Net Amount</u>
Generation - Hydro	31,000	-	-	31,000
Generation – Gas Plant	312,000	-	-	573,000
Distribution	971,000	(619,000)	-	352,000
Substation	153,000	(70,000)	-	83,000
Metering	133,000	-	(112,000)	21,000
Buildings	438,000	-	-	438,000
Vehicles	410,000	-	-	410,000
Tools	199,000	-	-	199,000
Technology – IT	196,000	-	-	196,000
Total Capital Expenditures:				\$2,303,000
Principal Payments on Long-Term Debt:				484,000
Total Cash Requirements:				<u>\$2,787,000</u>

Detailed capital project descriptions in support of these amounts are included on the following pages.



Distribution

- 1) Cloyes 401 Rebuild (Charleston Reconductor)
- 2) Tie from 702 up to 500 East in Heber (HB304)
- 3) Distribution Capacitors / VAR Control
- 4) Additional Circuits out of Jailhouse to the East
- 5) Underground Distribution System Improvements
- 6) Aged & Environmental Distribution Replacement / Upgrade
- 7) Fault Indicator - Underground System
- 8) Heber Substation Additional Circuits (South & West)
- 9) Midway Substation - Get Aways
- 10) South Line Rebuild (2nd POI Line Support)
- 11) Reconductor Center Street to 1200 South
- 12) Reconductor Pine Canyon Road - Midway
- 13) Reconductor River Road

Heber Light & Power

Project Analysis Form

Project Name: CL 401 Rebuild (Charleston Reconductor)

Project Driver: Upgrade

Priority Level: High

Purpose & Necessity:

Age and capacity of CL 401 has become an issue. With the Commercial growth around the Cloyes substation as well as schools, care centers, and residential areas the need to upgrade this line has become important. Because of the existing design flaws we will be forced to put a large portion of this circuit underground.

* This is the final year of work in this multi-year project.

Risk Assessment:

This is the first phase in completing an upgraded tie with the Midway substation. To comply with our N-1 goal this is a needed tie for our system.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	14,000.00	-	-	-	-	-	14,000.00
Materials	60,000.00	-	-	-	-	-	60,000.00
Subcontractor	26,000.00	-	-	-	-	-	26,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000.00
Impact Fee %	60%						60%
Net Amount:	<u>\$ 40,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Tie From 702 up to 500 East in Heber (HB304)

Project Driver: Growth

Priority Level: Medium

Purpose & Necessity:

This tie will complete a necessary loop on the North end of Heber City to enhance the system reliability brought upon by the growth in that area of the system.

By completing this project in 2017, the customer intends on providing an easement to enable the building of this line.

Risk Assessment:

Without completing this tie, an outage in North Heber City could result in an extended outage due to the current strain on the system capacity. A series of careful switching maneuvers would be necessary to shed the load sufficient to bring this area back online while increasing the risk of failure in other areas of the system.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	55,000.00	-	-	-	-	55,000.00
Materials	-	100,000.00	-	-	-	-	100,000.00
Subcontractor	-	95,000.00	-	-	-	-	95,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ -	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ 250,000.00
Impact Fee %		100%					100%
Net Amount:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Heber Light & Power

Project Analysis Form

Project Name: Distribution Capacitors / VAR Control

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

This system improvement project is meant to update older capacitor banks as well as older control devices to enable the company to efficiently manage power factor issues that have arisen through the increased load placed upon the distribution system.

Risk Assessment:

By refusing to correct power factor concerns, the risk of system inefficiency is increased resulting in unwanted power losses.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	17,000.00	-	-	-	-	-	17,000.00
Materials	69,000.00	-	-	-	-	-	69,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 86,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,000.00
Impact Fee %	80%						80%
Net Amount:	<u>\$ 17,200.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,200.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Additional Circuits out of Jailhouse to the East

Project Driver: Growth

Priority Level: Medium

Purpose & Necessity:

The development of the South end of Heber City has necessitated additional circuits out of the Jailhouse Substation.

Risk Assessment:

Insufficient capacity to serve the numerous additional customers seeking service on the South side of Heber City.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	56,000.00	28,000.00	28,000.00	-	-	-	112,000.00
Materials	224,000.00	112,000.00	112,000.00	-	-	-	448,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 280,000.00	\$ 140,000.00	\$ 140,000.00	\$ -	\$ -	\$ -	\$ 560,000.00
Impact Fee %	100%	100%	100%	0%	0%	0%	100%
Net Amount:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Heber Light & Power

Project Analysis Form

Project Name: Underground Distribution System Improvements

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

Underground equipment becomes subject to the elements and thus begin to show signs of aging and breakdown. Thus HL&P monitors the underground equipment for aging and periodically retires worn out assets by replacing them.

Risk Assessment:

By refusing to correct the installation issues in the underground assets, HL&P is at risk of unintentional outages and potential hazardous conditions for both employees and customers.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	-	85,000.00
Materials	33,000.00	33,000.00	33,000.00	33,000.00	33,000.00	-	165,000.00
Subcontractor	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	-	125,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 375,000.00
Impact Fee %	0%	0%	0%	0%	0%	0%	0%
Net Amount:	<u>\$ 75,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ -</u>	<u>\$ 375,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Aged & Environmental Distribution Replacement/Upgrade

Project Driver: Reliability

Priority Level: Medium

Purpose & Necessity:

Distribution poles are subject to aging and decomposition. In addition, the equipment framing on some of the structures are of such an age in which proper safeguards were not put into place to ensure raptor protection and safety. After having recently completed an avian study on the entire system as well as a pole density test on 50% of the system, it is imperative that replacement structures are installed in place of those identified as failing on either of the two studies.

A six year replacement plan has been developed and this represents the first four years of the plan.

Risk Assessment:

By refusing to correct the failing structures, HL&P is at risk of unintentional outages and potential hazardous conditions for both employees, customers, and wildlife.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	-	100,000.00
Materials	130,000.00	130,000.00	130,000.00	130,000.00	130,000.00	-	650,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$ -	\$ 750,000.00
Impact Fee %	0%	0%	0%	0%	0%	0%	0%
Net Amount:	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ -</u>	<u>\$ 750,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Fault Indicator - Underground System

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

Underground equipment becomes subject to the elements and thus begin to show signs of aging and breakdown. Thus HL&P monitors the underground equipment for aging and periodically retires worn out assets by replacing them. This project would put into place an annual amount that can be added to the system to help identify where faults are occurring on the underground portions of the distribution schedule.

Risk Assessment:

By refusing to correct the installation issues in the underground assets, HL&P is at risk of unintentional outages and potential hazardous conditions for both employees and customers.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	-	10,000.00
Materials	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	-	40,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 50,000.00
Impact Fee %	0%	0%	0%	0%	0%	0%	0%
Net Amount:	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ -</u>	<u>\$ 50,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Heber Substation Additional Circuits (South & West)

Project Driver: Upgrade

Priority Level: Low

Purpose & Necessity:

The system continues to grow and require additional feeders out of the substation. The recent addition of the 2nd transformer will facilitate the future energization of these feeders. These feeders will also facilitate the switching efforts required during outages, thus minimizing customer inconvenience.

Risk Assessment:

Stranded energy as a result of the excess capacity brought on by the 2nd transformer in 2016/2017. Lengthened outages due to lack of looped feed on different circuits. Overloaded circuits of existing feeders as a result of continued growth in the area.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	55,000.00	-	55,000.00
Materials	-	-	-	-	225,000.00	-	225,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ -	\$ -	\$ -	\$ -	\$ 280,000.00	\$ -	\$ 280,000.00
Impact Fee %					100%		100%
Net Amount:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Heber Light & Power

Project Analysis Form

Project Name: Midway Substation - Get Aways

Project Driver: Upgrade

Priority Level: Medium

Purpose & Necessity:

The current get aways from the Midway Substation are becoming undersized and aged. This project will replace the existing get aways with new, more appropriately sized conductor and other necessary equipment.

Risk Assessment:

Imminent failure due to the age and under-sized nature of the existing get aways. Outage and repair efforts will be determined by the type of failure which could be extensive.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	32,000.00	-	-	-	-	32,000.00
Materials	-	128,000.00	-	-	-	-	128,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ -	\$ 160,000.00	\$ -	\$ -	\$ -	\$ -	\$ 160,000.00
Impact Fee %		50%					50%
Net Amount:	<u>\$ -</u>	<u>\$ 80,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: South Line Rebuild (2nd POI Line Support)

Project Driver: Upgrade

Priority Level: High

Purpose & Necessity:

The transmission system that is currently used to energize the HLP distribution system is undersized and aged in most locations. This project will replace those structures that are in an advanced state of pre-failure while increasing capacity for the next quarter-century.

Risk Assessment:

The conductor itself will be out of capacity in the next 5 years as a result of regional growth. A risk of prolonged outage as a result of failure due to aged and dilapidated poles is also present.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	6,000.00	75,000.00	10,000.00	-	-	-	91,000.00
Materials	72,000.00	900,000.00	120,000.00	-	-	-	1,092,000.00
Subcontractor	42,000.00	525,000.00	70,000.00	-	-	-	637,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 120,000.00	\$ 1,500,000.00	\$ 200,000.00	\$ -	\$ -	\$ -	\$ 1,820,000.00
Impact Fee %	100%	100%	100%				100%
Net Amount:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Heber Light & Power

Project Analysis Form

Project Name: Reconductor Center Street to 1200 South

Project Driver: Upgrade

Priority Level: High

Purpose & Necessity:

Growth on the south end of Heber City has began to exceed the acceptable conductor size for the existing assets. In order to continue to provide uninterrupted service along this feeder, the conductor needs to be upgraded.

Risk Assessment:

Failure of the existing assets will result in outages with a high likelihood of a prolonged outage.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	30,000.00				-	-	30,000.00
Materials	120,000.00				-	-	120,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 150,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000.00
Impact Fee %	60%						60%
Net Amount:	<u>\$ 60,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Reconductor Pine Canyon Road - Midway

Project Driver: Upgrade

Priority Level: Low

Purpose & Necessity:

Growth in the vicinity of Pine Canyon Road has begun to exceed the acceptable conductor size for the existing assets. In order to continue to provide uninterrupted service along this feeder, the conductor needs to be upgraded.

Risk Assessment:

Failure of the existing assets will result in outages with a high likelihood of a prolonged outage.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	36,000.00	-	-	-	36,000.00
Materials	-	-	144,000.00	-	-	-	144,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ -	\$ -	\$ 180,000.00	\$ -	\$ -	\$ -	\$ 180,000.00
Impact Fee %			60%				60%
Net Amount:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Reconductor River Road

Project Driver: Upgrade

Priority Level: Medium

Purpose & Necessity:

Growth along River Road has began to exceed the acceptable conductor size for the existing assets. In order to continue to provide uninterrupted service along this feeder, the conductor needs to be upgraded.

Risk Assessment:

Failure of the existing assets will result in outages with a high likelihood of a prolonged outage.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	56,000.00	-	-	-	-	56,000.00
Materials	-	224,000.00	-	-	-	-	224,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ -	\$ 280,000.00	\$ -	\$ -	\$ -	\$ -	\$ 280,000.00
Impact Fee %		60%					60%
Net Amount:	<u>\$ -</u>	<u>\$ 112,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,000.00</u>



Substation

- 1) 2nd Point of Interconnect
- 2) Replacement Recloser for Joslyn Reclosers
- 3) Replacement Breaker - System Spare
- 4) Line Reclosers
- 5) Cloyes LTC Rebuild
- 6) Midway Substation - High Side Rebuild
- 7) Substation Bird Guard

Heber Light & Power

Project Analysis Form

Project Name: 2nd Point of Interconnect Substation(POI)

Project Driver: Growth

Priority Level: High

Purpose & Necessity:

Growth within the system has been steadily increasing for numerous years. The system is currently fed off of a single point of interconnect to the RMP system. This point of interconnect is fed from a radial (meaning single line) service line. In addition the transformer at the end of the radial line is quickly becoming undersized for the local load on our system. This project will provide a second interconnect substation thus reducing the loading on the existing substation transformer. Numerous engineering studies have been conducted on the system and each has drawn the conclusion that the current system will be over-capacity by 2022 at the latest.

Risk Assessment:

This point of interconnect has two significant risks associated with it; 1) risk of damage to the radial feed thus causing immediate outages to all customers, and 2) interconnect site is currently sized to be out of capacity by 2022. If the single interconnect transformer becomes overloaded, RMP will begin to remove load from the transformer which will result in regular prolonged rolling brown-outs. All customers in the system will have a daily outage lasting up to 6 hours during peak load windows.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	10,000.00	15,000.00	35,000.00	-	-	-	60,000.00
Materials	-	800,000.00	1,350,000.00	-	-	-	2,150,000.00
Subcontractor	90,000.00	150,000.00	3,000,000.00	-	-	-	3,240,000.00
Miscellaneous	-	-	50,000.00	-	-	-	50,000.00
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 100,000.00	\$ 965,000.00	\$ 4,435,000.00	\$ -	\$ -	\$ -	\$ 5,500,000.00
Impact Fee %	70%	70%	70%				70%
Net Amount:	<u>\$ 30,000.00</u>	<u>\$ 289,500.00</u>	<u>\$ 1,330,500.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,650,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Replacement Recloser for Joslyn Reclosers

Project Driver: Replacement

Priority Level: Medium

Purpose & Necessity:

HL&P has a series of Joslyn Reclosers that have historically been less than reliable. The company has been swapping out these reclosers as they fail so as to maximize the usage of these reclosers. This program will spread the cost of replacement of these defective reclosers across multiple years.

Risk Assessment:

Without a spare recloser, a failure of one of the remaining Joslyn Reclosers will see a prolonged outage for a series of HL&P circuits.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	25,000.00	25,000.00	25,000.00	25,000.00			100,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	\$ 100,000.00
Impact Fee %	0%	0%	0%	0%			0%
Net Amount:	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ 25,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Replacement Breaker - System Spare

Project Driver: Reliability

Priority Level: High

Purpose & Necessity:

Breakers are a long lead item that have potential to fail during operation. Prudent utility practice is to maintain a spare on site in the event of a failure. This purchase will replace the last spare that was placed into service during a failure.

Risk Assessment:

Prolonged outage as critical equipment for the safe operation of the system would not be available when needed.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	4,000.00	-	-	-	-	-	4,000.00
Materials	16,000.00	-	-	-	-	-	16,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00
Impact Fee %	0%						
Net Amount:	<u>\$ 20,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Line Reclosers

Project Driver: Reliability

Priority Level: High

Purpose & Necessity:

Line reclosers are used on the system to better distribute control of the system. This helps to reduce the impact and magnitude of outages on the system. This project will permit the addition of a few reclosers to the system to help out in a few key areas.

Risk Assessment:

Outages in excess of necessity will result by keeping system control limited to current assets.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	400.00	-	-	-	-	-	400.00
Materials	1,600.00	-	-	-	-	-	1,600.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 2,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000.00
Impact Fee %	0%						
Net Amount:	<u>\$ 2,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Cloyes LTC Rebuild

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

The Load Tap Changer (LTC) in a transformer allows automatic adjustment of voltage regulation. The Cloyes LTC needs to be rebuilt due to age and wear.

Risk Assessment:

Automatic voltage regulation of the transformer will fail during different loading scenarios. This will ultimately result in an outage so as to protect the assets.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	8,000.00	-	-	8,000.00
Materials	-	-	-	32,000.00	-	-	32,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ -	\$ -	\$ -	\$ 40,000.00	\$ -	\$ -	\$ 40,000.00
Impact Fee %				0%			0%
Net Amount:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Midway Substation - High Side Rebuild

Project Driver: Growth

Priority Level: Low

Purpose & Necessity:

The Midway Substation has slowly taken on more load until it has reached its capacity on the high-side of the transformer. It is estimated that by 2022 the high-side will need to be rebuilt to serve the loads being placed on the transformer.

Risk Assessment:

The high side of the transformer is the side receiving energy from the grid. If the feed to the transformer is compromised, a prolonged outage will be experienced on the substation thus affecting all of the circuits.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	100,000.00	-	100,000.00
Materials	-	-	-	-	400,000.00	-	400,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00	\$ -	\$ 500,000.00
Impact Fee %					0%		0%
Net Amount:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000.00</u>	<u>\$ -</u>	<u>\$ 500,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Substation Bird Guard

Project Driver: Safety

Priority Level: High

Purpose & Necessity:

In order to be more environmentally friendly, the company is undertaking efforts to add protective devices where reasonable.

Risk Assessment:

Higher than necessary mortality rates of wildlife accidentally located within the substation. Increased number of outages resulting from accidental wildlife exposure to the energized elements of the system.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	1,200.00	-	-	-	-	-	1,200.00
Materials	4,800.00	-	-	-	-	-	4,800.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 6,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000.00
Impact Fee %	0%						
Net Amount:	<u>\$ 6,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000.00</u>



Generation

- 1) Unit Overhauls
- 2) Annual Generation Capital Improvements
- 3) Lower Snake Creek Plant Upgrade
- 4) Upper Snake Creek Capital Improvements
- 5) Lake Creek Capital Improvements
- 6) New Generator
- 7) Operations Center Rooftop Solar Installation

Heber Light & Power

Project Analysis Form

Project Name: Unit Overhauls

Project Driver: Reliability

Priority Level: Medium

Purpose & Necessity:

2018 - Units 5, & 7 are approaching the usage hours that will qualify them for the overhaul of the top-end of the engine. This is a standard preventative maintenance interval that will extend the useful life of the units.

2019 - Units 4 & 6 top-end overhaul (Unit 6 is much like Unit 5 in its use and required overhaul timing)

2020 - Units 1 & 2 top-end overhauls

Risk Assessment:

Equipment will wear down to a point of non-function thus requiring additional expense to restore them to functionality again. An additional risk is that of an untimely outage of either of these two units. By scheduling the overhaul, control of the outage/loss of production can be managed.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	60,000.00	60,000.00	90,000.00	-	-	-	210,000.00
Materials	202,000.00	100,000.00	150,000.00	-	-	-	452,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 262,000.00	\$ 160,000.00	\$ 240,000.00	\$ -	\$ -	\$ -	\$ 662,000.00
Impact Fee %	0%	0%	0%				0%
Net Amount:	<u>\$ 262,000.00</u>	<u>\$ 160,000.00</u>	<u>\$ 240,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Capital Improvements - Generation

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

Each year various generation related assets are needed in order to prolong the life, meet additional environmental requirements, and increase capacity. As such a blanket amount is approved in order to increase response time when upgrades are required. Furthermore it eliminates the multiple approvals that could present themselves during the course of a year for minor capital asset additions.

Risk Assessment:

Equipment will wear down to a point of non-function thus requiring additional expense to restore them to functionality again. An additional risk is that of an environmental penalty or sanction resulting from tardiness installing needed equipment.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	-	50,000.00
Materials	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	-	200,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 250,000.00
Impact Fee %	0%	0%	0%	0%	0%		0%
Net Amount:	<u>\$ 50,000.00</u>	<u>\$50,000.00</u>	<u>\$50,000.00</u>	<u>\$50,000.00</u>	<u>\$50,000.00</u>	<u>\$ -</u>	<u>\$ 250,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Lower Snake Creek Plant Upgrade

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

Each year various generation related assets are needed in order to prolong the life, meet additional environmental requirements, and increase capacity. As such a blanket amount is approved in order to increase response time when upgrades are required. Furthermore it eliminates the multiple approvals that could present themselves during the course of a year for minor capital asset additions.

Risk Assessment:

The facility will become unusable and thus eliminate the generating capacity that it provides to our system.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	-	5,000.00
Materials	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	-	20,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 25,000.00
Impact Fee %	0%	0%	0%	0%	0%		
Net Amount:	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ -</u>	<u>\$ 25,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Upper Snake Creek Plant Upgrade

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

Each year various generation related assets are needed in order to prolong the life, meet additional environmental requirements, and increase capacity. As such a blanket amount is approved in order to increase response time when upgrades are required. Furthermore it eliminates the multiple approvals that could present themselves during the course of a year for minor capital asset additions.

Risk Assessment:

The facility will become unusable and thus eliminate the generating capacity that it provides to our system.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	1,200.00	1,000.00	1,000.00	1,000.00	1,000.00	-	5,200.00
Materials	4,800.00	4,000.00	4,000.00	4,000.00	4,000.00	-	20,800.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 6,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 26,000.00
Impact Fee %	0%	0%	0%	0%	0%		
Net Amount:	<u>\$ 6,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ -</u>	<u>\$ 26,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Lake Creek Improvements

Project Driver: Reliability

Priority Level: Low

Purpose & Necessity:

Each year various generation related assets are needed in order to prolong the life, meet additional environmental requirements, and increase capacity. As such a blanket amount is approved in order to increase response time when upgrades are required. Furthermore it eliminates the multiple approvals that could present themselves during the course of a year for minor capital asset additions.

Risk Assessment:

The facility will become unusable and thus eliminate the generating capacity that it provides to our system.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	5,000.00	1,000.00	1,000.00	1,000.00	-	-	8,000.00
Materials	4,000.00	4,000.00	4,000.00	4,000.00	-	-	16,000.00
Subcontractor	11,000.00	-	-	-	-	-	11,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 20,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -	\$ 35,000.00
Impact Fee %	0%	0%	0%	0%			0%
Net Amount:	<u>\$ 20,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Operations Center Rooftop Solar Installation

Project Driver: Growth

Priority Level: Low

Purpose & Necessity:

The Company has recently received bids for the installation of rooftop solar on the operations center roof. This is in response to a series of factors, most notably the recent approval of a renewable energy rate by the Board of Directors. This project would enable the company to offset additional market purchases of needed generation. The value of this expenditure requisition represents the firm bid provided by Alpenglow. They were selected by the Board as the successful bidder.

Risk Assessment:

Continued reliability on volatile energy markets for needed energy purchases.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	1,000.00	-	-	-	-	-	1,000.00
Materials	2,500.00	-	-	-	-	-	2,500.00
Subcontractor	257,084.00	-	-	-	-	-	257,084.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 260,584.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,584.00
Impact Fee %	0%	0%	0%	0%	0%	0%	0%
Net Amount:	<u>\$ 260,584.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,584.00</u>



Information Technology

- 1) IT Upgrades
- 2) OT Upgrades
- 3) Smart Grid Investment

Heber Light & Power

Project Analysis Form

Project Name: 2018 Capital Improvements - IT

Project Driver: Reliability

Priority Level: Medium

Purpose & Necessity:

The following collective list of minor capital assets are various technology components that will be purchased over 2017 for installation:

- iVUE Upgrades...\$53,000
- Computer Replacement Program...\$13,000
- Camera Server Replacement...\$23,580
- Offsite Back-up Hardware/Software Install...\$10,000
- Fiber Loop to Office...\$15,000
- Fiber into Jailhouse...\$13,000

Risk Assessment:

These assets help HL&P to safely manage and maintain the system and each component carries its own risk if failure to secure said item happens.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	14,562.00	20,000.00	20,000.00	10,000.00	10,000.00	-	74,562.00
Materials	109,018.00	80,000.00	80,000.00	40,000.00	40,000.00	-	349,018.00
Subcontractor	4,000.00	-	-	-	-	-	4,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 127,580.00	\$ 100,000.00	\$ 100,000.00	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 427,580.00
Impact Fee %	0%	0%	0%	0%	0%		
Net Amount:	<u>\$ 127,580.00</u>	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ -</u>	<u>\$ 427,580.00</u>

Heber Light & Power

Project Analysis Form

Project Name: 2018 Capital Improvements - OT

Project Driver: Reliability

Priority Level: Medium

Purpose & Necessity:

The following collective list of minor capital assets are various technology components that will be purchased over 2018 for installation:

- Virtualize SCADA Terminals...\$6,000
- SCADA Changes/Upgrades...\$25,000
- Plant 2 RTU Upgrade...\$12,000

Risk Assessment:

These assets help HL&P to safely manage and maintain the system and each component carries its own risk if failure to secure said item happens.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	6,500.00	6,000.00	6,000.00	6,000.00	6,000.00	-	30,500.00
Materials	34,500.00	24,000.00	24,000.00	24,000.00	24,000.00	-	130,500.00
Subcontractor	2,000.00	-	-	-	-	-	2,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 43,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ 163,000.00
Impact Fee %	0%	0%	0%	0%	0%	0%	0%
Net Amount:	<u>\$ 43,000.00</u>	<u>\$30,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 30,000.00</u>	<u>\$30,000.00</u>	<u>\$ -</u>	<u>\$ 163,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: 2018 Smart Grid Investment

Project Driver: Growth

Priority Level: Medium

Purpose & Necessity:

Electrical utilities are connected to a grid of assets established to transfer and supply energy where needed. Technological advances continue to make additional control features available in an automated format. These automated features are otherwise known as Smart Grid. For the foreseeable future, HLP anticipates needing funds to implement these annual Smart Grid adjustments in order to appropriately serve our customers' needs.

Risk Assessment:

The grid technology is advancing so quickly that without concentrated effort on the incorporation of these changes, HLP will be operating in a risk scenario or will ultimately require a significant grid upgrade investment later.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	15,000.00	2,000.00	2,000.00	2,000.00	2,000.00	-	23,000.00
Materials	10,000.00	8,000.00	8,000.00	8,000.00	8,000.00	-	42,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 25,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 65,000.00
Impact Fee %	0%	0%	0%	0%	0%		0%
Net Amount:	<u>\$ 25,000.00</u>	<u>\$10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ -</u>	<u>\$ 65,000.00</u>



Tools / Equipment

- 1) 2018 Annual Program
- 2) Vehicle Maintenance Tool Set-Up

Heber Light & Power

Project Analysis Form

Project Name: 2018 Capital Improvements - Tools

Project Driver: Replacement

Priority Level: Medium

Purpose & Necessity:

The following collective list of tools are planned to be purchased over 2018:

- Generation
 - Emission Analyzer...\$38,000
 - Man Lift ...\$10,000
- Meter
 - Sensus Meter Programmer...\$8,796
- Substation
 - Flir Camera...\$15,000
 - Drone Materials...\$5,000
 - Power Quality Testers...\$10,000
 - Battery Tester ... \$6,000
- Distribution
 - Hot Stick Trailer Retool...\$9,000
 - Battery Powered Cutters...\$3,000

Risk Assessment:

These tools are required in order to keep the various crews working efficiently and safely.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-		-	-	-	-	-
Materials	104,796.00	110,000.00	45,000.00	45,000.00	45,000.00	-	349,796.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 104,796.00	\$ 110,000.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00	\$ -	\$ 349,796.00
Impact Fee %	0%	0%	0%	0%	0%		0%
Net Amount:	<u>\$ 104,796.00</u>	<u>\$ 110,000.00</u>	<u>\$ 45,000.00</u>	<u>\$45,000.00</u>	<u>\$ 45,000.00</u>	<u>\$ -</u>	<u>\$ 349,796.00</u>

Heber Light & Power

Project Analysis Form

Project Name: 2018 Vehicle Maintenance Tools

Project Driver: Replacement

Priority Level: High

Purpose & Necessity:

HLP has grown its fleet to a point at which it has become economical to have a full-time fleet mechanic on staff. In order for this employee to function effectively, proper tooling must be acquired first. This project would cover the acquisition and set-up of all the necessary tooling.

Risk Assessment:

Stranded labor resource as the employee would not have the proper tooling to complete their tasks.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	94,000.00	-	-	-	-	-	94,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 94,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,000.00
Impact Fee %	0%						
Net Amount:	<u>\$ 94,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,000.00</u>



Vehicles

- 1) 2018 Annual Program

Heber Light & Power

Project Analysis Form

Project Name: 2018 Capital Improvements - Vehicles

Project Driver: Replacement

Priority Level: Medium

Purpose & Necessity:

The following vehicles are planned to be purchased in 2018:

- Service Truck 1(\$150,000)
- Service Truck 2(\$150,000)
- (2) 1/2-ton Fleet Addition and Replacement Trucks...\$55,000 each

Risk Assessment:

These vehicles are deemed necessary to adequately service the territory. As noted, most of these are meant to replace existing vehicles that are getting enough miles that the reliability of said vehicles is now being called into question.

Cash Flow Schedule:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	410,000.00	330,000.00	220,000.00	50,000.00	220,000.00	-	1,230,000.00
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 410,000.00	\$ 330,000.00	\$ 220,000.00	\$ 50,000.00	\$ 220,000.00	\$ -	\$ 1,230,000.00
Impact Fee %	0%	0%	0%	0%	0%		0%
Net Amount:	<u>\$ 410,000.00</u>	<u>\$ 330,000.00</u>	<u>\$ 220,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 220,000.00</u>	<u>\$ -</u>	<u>\$ 1,230,000.00</u>



Buildings

- 1) Generator Fire Suppression System
- 2) New Office Building
- 3) Plant 1 Electrical Upgrades
- 4) Plant HVAC Upgrades
- 5) Gas Plant 2 Switchgear Upgrade
- 6) Training Room Furniture

Heber Light & Power

Project Analysis Form

Project Name: Generator Fire Suppression System

Project Driver: Safety

Priority Level: Medium

Purpose & Necessity:

Small fires are occasionally generated on and around the generators as a result of the excessive amounts of heat, fuel and available catalysts. As a result, the dispatchers and generation employees are using handheld extinguishing tools to extinguish these fires when they arise. Our insurance reviews are frequently critical of the lack of suppression systems on our generators and thus this project will increase safety as well as increase our insurability.

Plant 1: \$161,000

Plant 2: \$213,000

Plant 3: \$110,000

System: \$46,000

Risk Assessment:

Potential exists to have a major fire that either drastically damages the structure, equipment, or both. The damage can result from the fire itself or from the firefighting methods that will be employed by the local fire department with their water-based fighting technology. A larger risk exists in that employees are typically called upon to be the first line of defense to which they are woefully under supplied and un-trained.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	6,000.00	-	-	-	-	-	6,000.00
Materials	-	-	-	-	-	-	-
Subcontractor	150,000.00	-	213,000.00	-	161,000.00	-	524,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 156,000.00	\$ -	\$ 213,000.00	\$ -	\$ 161,000.00	\$ -	\$ 530,000.00
Impact Fee %	0%		0%		0%		0%
Net Amount:	<u>\$ 156,000.00</u>	<u>\$ -</u>	<u>\$ 213,000.00</u>	<u>\$ -</u>	<u>\$ 161,000.00</u>	<u>\$ -</u>	<u>\$ 530,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: New Office Building

Project Driver: Growth

Priority Level: Medium

Purpose & Necessity:

Heber Light & Power has outgrown the existing work space for administrative operations. In addition, the building is older and not ADA compliant. This project will provide for the engineering, procurement and construction of an office remodel thus making the space more flexible for future staffing as well as consistent with current building codes. In addition to addressing workspace for administrative office space, this project would pull all employees into one working structure. Furthermore, the development of this building will also eliminate the fiber building and cold storage remodel projects.

Risk Assessment:

Very little risk exists if this project is not approved. Efficiency is the main advantage to combining all of the administrative functions under one roof. In addition, the second use of the building is a real need as well and this project would effectively address it.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-
Subcontractor	110,000.00	3,000,000.00	-	-	-	-	3,110,000.00
Miscellaneous (CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 110,000.00	\$ 3,000,000.00	\$ -	\$ -	\$ -	\$ -	\$ 3,110,000.00
Impact Fee %	0%	0%					
Net Amount:	<u>\$ 110,000.00</u>	<u>\$ 3,000,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,110,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Plant 1 Electrical Upgrade

Project Driver: Upgrade

Priority Level: Medium

Purpose & Necessity:

The electrical system in Plant 1 is no longer sufficient for the equipment currently being used within the plant. This project will bring the system within the plant up to date as well as provide for the anticipated future equipment energy needs.

Risk Assessment:

Electrical shortages that will limit the effectiveness of the plant as well as run the risk of equipment failure due to overloaded circuits.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	40,000.00	-	-	-	-	-	40,000.00
Subcontractor	10,000.00	-	-	-	-	-	10,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000.00
Impact Fee %	0%						
Net Amount:	<u>\$ 50,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Plant 2 Evaporative Cooler

Project Driver: Upgrade

Priority Level: Medium

Purpose & Necessity:

Plant 2 is presently cooled through the use of numerous evaporative coolers. These coolers are prone to failure and inefficient due to their advancing age. This project would provide for the replacement of multiple evaporative coolers with a more energy efficient newer evaporative cooler.

Risk Assessment:

Generators require cooling in order to maintain optimal efficiency and reduce the risk of fire caused by excessive heat.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	-	-	-	-	-	-	-
Subcontractor	70,000.00	70,000.00	-	-	-	-	140,000.00
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 70,000.00	\$ 70,000.00	\$ -	\$ -	\$ -	\$ -	\$ 140,000.00
Impact Fee %	0%						
Net Amount:	<u>\$ 70,000.00</u>	<u>\$ 70,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Plant 2 Switchgear Upgrade

Project Driver: Upgrade

Priority Level: Medium

Purpose & Necessity:

The switchgear system in plant 2 is no longer sufficient to adequately operate effectively to protect the generators.
This project will upgrade the switchgear for SCADA controlled protection scheme.

Risk Assessment:

In the event a system failure occurs, the generators in Plant 2 are protected only by an outdated manual system. Thus the generators could be significantly damaged if an event happens on the grid.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	2,000.00	-	-	-	-	-	2,000.00
Materials	18,000.00	-	-	-	-	-	18,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00
Impact Fee %	0%						
Net Amount:	<u>\$ 20,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000.00</u>

Heber Light & Power

Project Analysis Form

Project Name: Training Room Furniture

Project Driver: Upgrade

Priority Level: Low

Purpose & Necessity:

No new furniture was included with the new training room that was built in 2013. In order to establish appropriate training and testing resources for continuing education and training of employees, furniture will need to be purchased. Part of the building plan encompassed a plan to purchase furniture in a future period so as to accommodate cash flow concerns.

Risk Assessment:

No apparent risk to reliability or safety exists if this project is not approved. However, the delay in approval also delays the proper training facility typically used by the industry.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	32,000.00	-	-	-	-	-	32,000.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	-	-	-	-	-	-	-
Subtotal:	\$ 32,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,000.00
Impact Fee %	0%						
Net Amount:	<u><u>\$ 32,000.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,000.00</u></u>



Metering

- 1) 2018 Metering Installs

Heber Light & Power

Project Analysis Form

Project Name: 2017 Capital Improvements - Metering

Project Driver: Growth

Priority Level: Medium

Purpose & Necessity:

The following collective list of minor capital assets are various metering components that will be purchased over 2018 for installation:

- (800)-Generation 4 CL 200 Meters...\$120,800
- (6) CL320 Meters...\$1,260
- (4) - 3S Meters...\$800
- (8) - 16S Meters...\$3,312
- (6) - 9S Meters...\$2,640
- Test Switches...\$1,130
- (19) - Current Transformers...\$3,000
- Meter Wire...\$240

Risk Assessment:

New meters are typically required to meet the new connections demand. The only risk that is involved in the purchase of these metering components is the cash flow risk as these items are purchased and stored in advance of the collection of the impact fee from the customer.

Cash Flow Schedule:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Overall</u>
Internal Labor	-	-	-	-	-	-	-
Materials	133,200.00	-	-	-	-	-	133,200.00
Subcontractor	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
(CIAC) Reim	(111,888.00)	-	-	-	-	-	(111,888.00)
Subtotal:	\$ 21,312.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,312.00
Impact Fee %	0%						
Net Amount:	<u>\$ 21,312.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,312.00</u>

Heber Light & Power

Strategic Plan

2018-2022



Executive Summary

The Company's strategic plan for 2018-2022 is driven by its mission statement which emphasizes the importance of safely providing reliable electric service at reasonable rates. To accomplish this mission, the Company must assure the safety of its employees and the public. It must maintain the high morale of the Company's workforce through employee accountability, a good work environment, training/education, career development and competitive compensation.

The Company's success is dependent upon balancing the needs of stakeholder groups which include customers, employees, regulatory agencies, environmental groups, and the Company's municipal owners. The Company adopts this Plan to ensure that the Company remains economically sound for the long-term and satisfies the needs and expectations of customers and stakeholders.

The most important group is Heber Light & Power's customers. Attending to customer needs means anticipating and preparing for economic events that may adversely affect the Company and ultimately customers. The Company will continue to maintain a diversified resource portfolio that mitigates the effect of dramatic price fluctuations for electricity. The Company has a cash reserve policy and financial plan that allows the Company to respond quickly to unexpected and uncontrollable increases in expenses and power cost. During 2016, the Company's distribution system continued to experience rapid expansion resulting from the continued population growth. A contract was entered with Rocky Mountain Power for the construction of the next one mile section of transmission line along highway 40. Negotiations continue to press forward with PacifiCorp for construction of a second interconnection to the PacifiCorp transmission system, an interconnection which would provide the company with additional capacity to serve the dramatic growth of the Heber Valley.

The Company shall continue to carefully manage expenses to avoid waste and protect ratepayers. This includes critically assessing all expenditures to obtain maximum benefits at the lowest cost. Diligent efforts will continue to be given to prudent spending practices to ensure that funds are appropriately spent on behalf of the customers.

Company Purpose

Heber Light & Power Company is a Utah energy services interlocal entity formed by Heber City, Midway City, and Charleston Town for the purpose of safely operating, maintaining and acquiring facilities and providing services and improvements that are necessary for the acquisition, generation, transmission, distribution and management of electric energy and related services for the use and benefit of the Company's customers.

Mission Statement

The Company's mission is to provide its customers with safe, reliable energy, in an open, responsible and environmentally sound manner while undertaking a commitment to the values of integrity, accountability and community service, and to promote an internal culture that fosters safety, loyalty and creativity as well as maintaining a highly skilled, motivated workforce.

SWOT Analysis



Goals

Heber Light & Power sets annual goals in order to ensure that the company continues to maintain and improve its strengths, to take advantage of its opportunities, and to address its weaknesses and threats. These goals are broken into five main categories: Financial Strength, System Reliability, System Improvement, Workforce Development and Safety. Individual goals are established between managers and their employees to ensure that these company goals are achieved. Key components of these main goals are as follow:

Financial Strength

- Reduce Revenue Requirements
- Increase Net Revenues

System Reliability

- Decrease frequency and duration of outages
- Update disaster plans

System Improvement

- Implement new technologies
- Proactively maintain system assets

Workforce Development

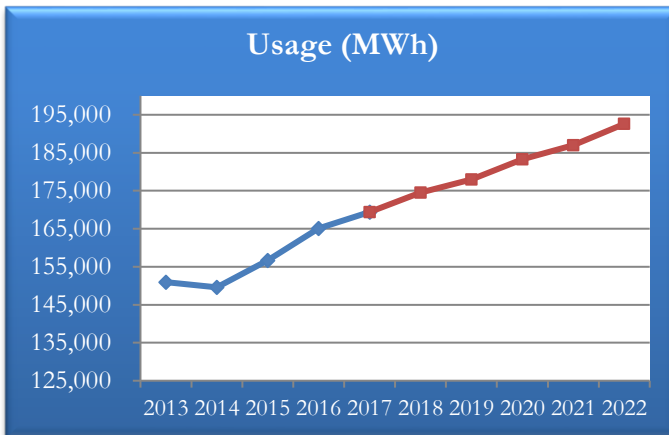
- Maintain and improve training programs
- Succession planning

Safety

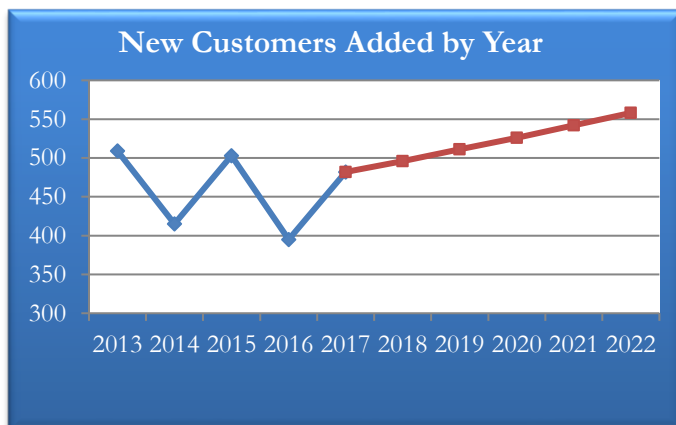
- Eliminate recordable injuries
- Eliminate vehicle collisions

Key Performance Indicators

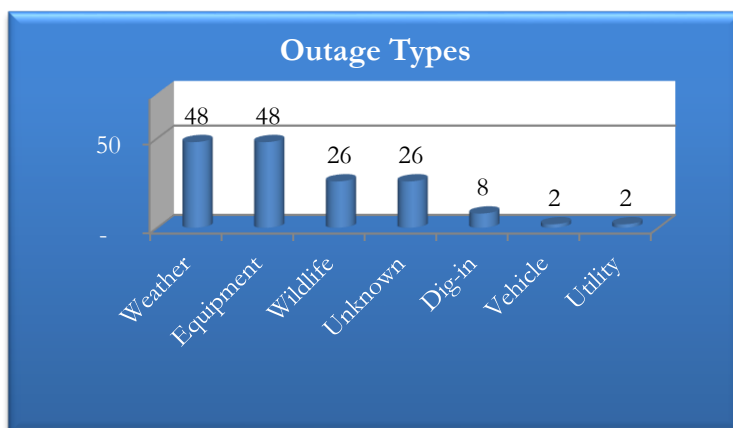
Heber Light & Power uses various key performance indicators to regularly monitor the viability and strength of the company. A few critical indicators that management uses to verify system health and viability are as follows:



The Company tracks the annual energy usage for both pattern recognition and future planning. During the period represented by the chart, the annual growth trend has shown an increase of roughly 4,000 MWh per year. Future years are forecasted to be at roughly 3% per year through 2022.



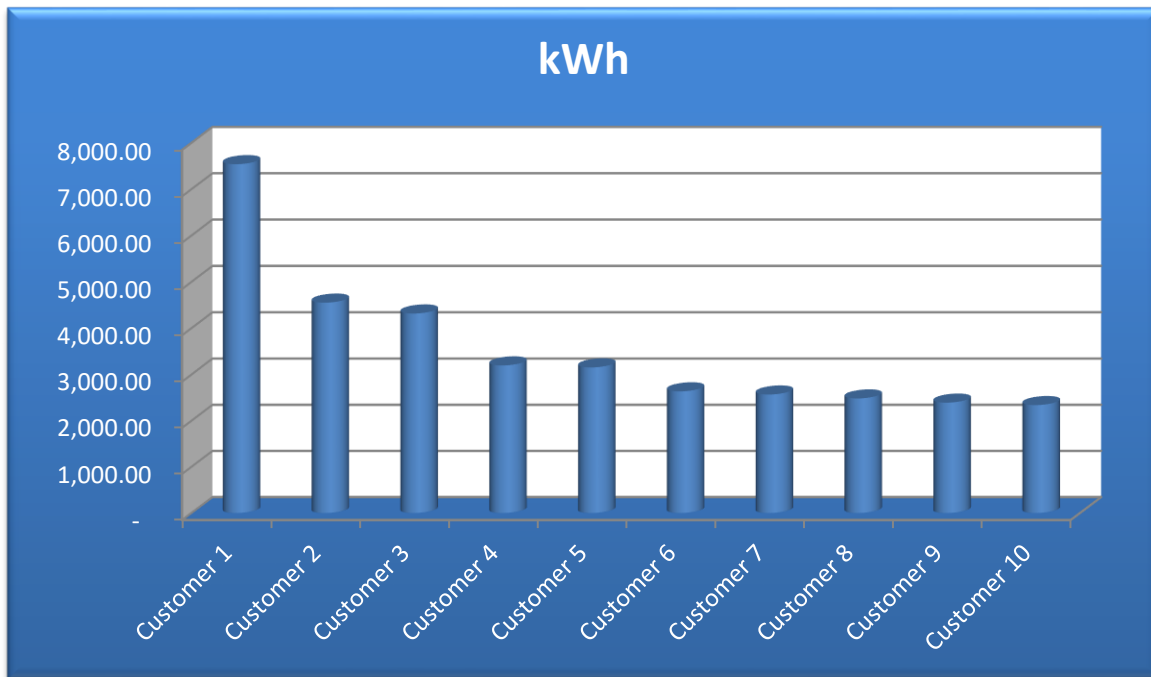
Large growth is still being recognized by the Company and is reflected in this chart. From 2013 to 2022, new accounts are anticipated to grow by 3% per year.



System reliability is a key driver for Heber Light & Power. Thus the company monitors system outages by types of outages. This chart demonstrates the outages during the last 12 months.

Key Accounts

Heber Light & Power has customers on the system that are classified as Key Accounts due to the quantity of energy that their usage patterns require. Therefore, attempts are made to monitor their usage patterns and connectivity issues to ensure adequate delivery to their meter. The chart below demonstrates the amount of energy consumed by the top 10 users. These ten customers have used 35,205 kWh of energy, accounting for roughly 19% of the entire system usage during the period of September, 2015 to August, 2016.



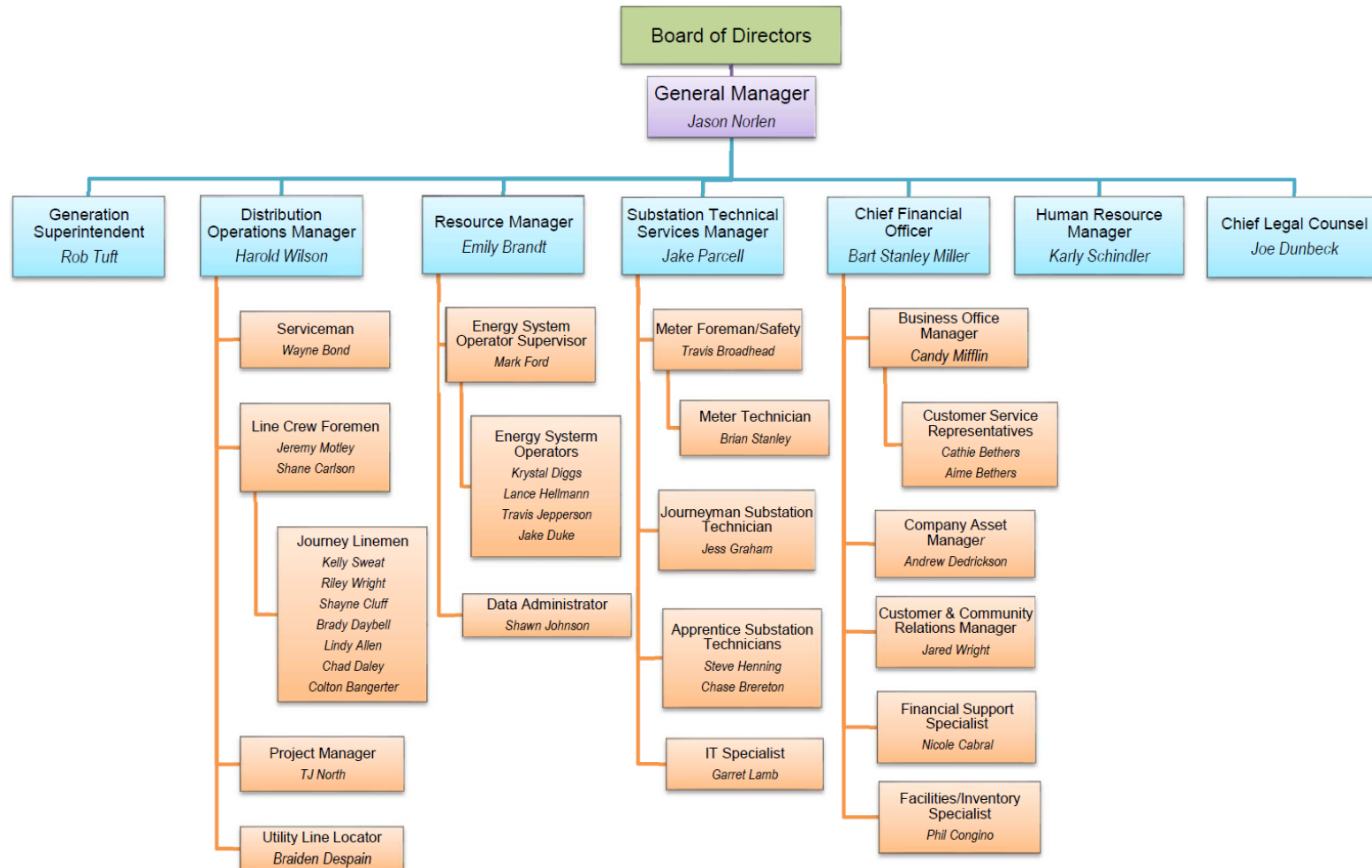
Industry Analysis

The electric energy industry has seen some significant legislative changes over the past decade that is now having a serious impact upon the industry as a whole. Environmental regulations have continued to restrict, and in many places eliminate, coal generation as an electric power source. Utilities throughout the industry are aggressively pursuing other power sources to replace coal as a base load resource. In addition, the proliferation of solar subsidies has continued to feed a distributed generation model that adds complexity to energy scheduling efforts. Furthermore, customer usage of the electrical grid has shifted thus causing a need to alter the approach by which the company deploys resources and manages energy resource development.

Even with these industry adjustments on energy resource development, technological advances provide the industry with exciting new opportunities. For example, advances in mapping and system control have made crews much more efficient in responding to outages and other system interruptions. Tools and materials continue to be developed that ease installation and maintenance of system assets. Online access to meter and other customer data is providing for the real-time analysis of usage patterns and billing information by customers and other stakeholders.

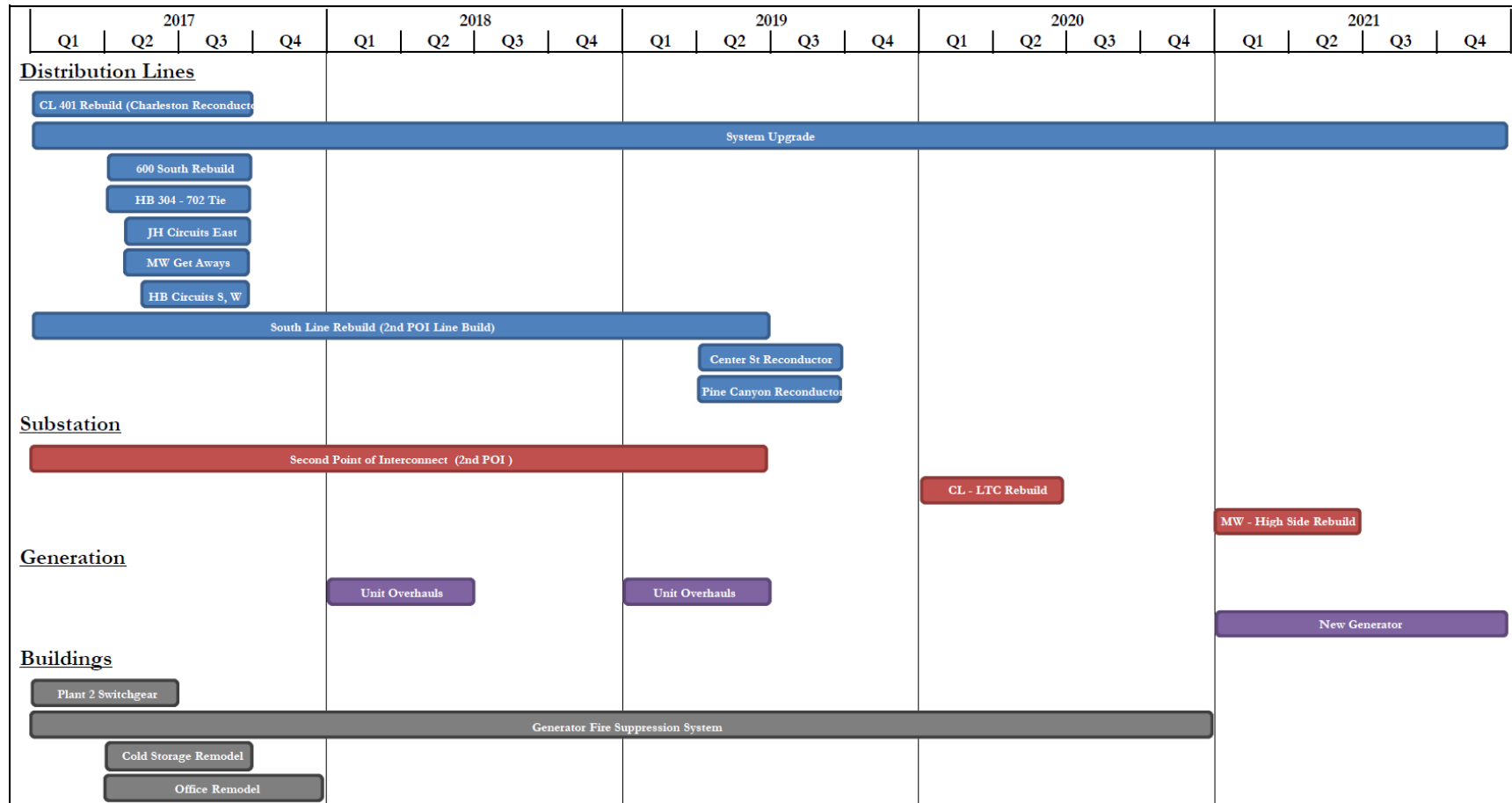
HL&P Team

The success of Heber Light & Power has been and will continue to be its reliance on a strong workforce. The Company works to ensure that staffing is adequate to achieve the goals and objectives of the organization. Below is a snapshot of the HL&P staffing plan.



Operations Plan

In order to keep up with the increased growth in the area, Heber Light & Power has an aggressive capital plan for the coming years. Expansion has recently been required in physical assets, cyber assets, human assets, and informational assets. The proliferation of new technology has expanded the role and importance of training and employee involvement. All indicators point to continued variability and adjustments in the future. Some of the key projects by department are listed below:



Financial Forecast

Heber Light and Power forecasts a continued growth trend averaging about three percent per year throughout the next five years. Estimated revenues and expenses as well as debt coverage values are as follows:

Projected Income Statement and Cash Position						
	2017	2018	2019	2020	2021	2022
OPERATING REVENUES						
Electricity Sales	\$ 18,185,132	\$ 18,548,835	\$ 18,919,811	\$ 19,298,208	\$ 19,684,172	\$ 20,077,855
Connection Fees	31,940	32,579	33,230	33,895	34,573	35,264
Other Income	422,295	430,741	439,356	448,143	457,106	466,248
TOTAL OPERATING REVENUES	18,639,367	19,012,154	19,392,397	19,780,245	20,175,850	20,579,367
COST OF SALES						
Power Purchases	(7,732,768)	(7,887,423)	(8,045,172)	(8,206,075)	(8,370,197)	(8,537,601)
Internal Generation Expense	(635,238)	(647,943)	(667,381)	(687,402)	(708,025)	(729,265)
Wages	(273,600)	(277,020)	(280,483)	(283,989)	(287,539)	(291,133)
TOTAL OPERATING EXPENSES	(8,641,606)	(8,812,386)	(8,993,036)	(9,177,467)	(9,365,760)	(9,557,969)
OPERATING EXPENSES						
Administrative Expenses	(1,880,076)	(1,936,478)	(1,994,573)	(2,054,410)	(2,116,042)	(2,179,523)
Insurance	(191,000)	(196,730)	(202,632)	(208,711)	(214,972)	(221,421)
Professional Services	(65,000)	(66,950)	(68,959)	(71,027)	(73,158)	(75,353)
Maintenance - Lines	(1,039,581)	(1,070,768)	(1,102,891)	(1,135,978)	(1,170,058)	(1,205,159)
Maintenance - Substations	(540,394)	(550,000)	(560,000)	(570,000)	(580,000)	(590,000)
Information Technology	(342,398)	(352,670)	(363,250)	(374,148)	(385,372)	(396,933)
Materials	(92,419)	(95,192)	(98,047)	(100,989)	(104,018)	(107,139)
Vehicle/Equipment Expense	(230,468)	(237,382)	(244,504)	(251,839)	(259,394)	(267,176)
Office Expense & Postage	(193,351)	(199,152)	(205,126)	(211,280)	(217,618)	(224,147)
Credit Card Fees	(78,000)	(80,340)	(82,750)	(85,233)	(87,790)	(90,423)
Travel & Training	(93,557)	(96,364)	(99,255)	(102,232)	(105,299)	(108,458)
Miscellaneous	(214,519)	(220,955)	(227,583)	(234,411)	(241,443)	(248,686)
Depreciation	(1,869,570)	(1,900,000)	(1,900,000)	(1,900,000)	(1,900,000)	(1,900,000)
TOTAL OPERATING EXPENSES	(8,641,606)	(8,812,386)	(8,993,036)	(9,177,467)	(9,365,760)	(9,557,969)
TOTAL OPERATING INCOME	\$ 5,036,998	\$ 5,571,788	\$ 5,634,792	\$ 5,697,522	\$ 5,759,926	\$ 5,821,949
TOTAL OPERATING INCOME (including Depreciation)	\$ 3,137,428	\$ 3,671,788	\$ 3,734,792	\$ 3,797,522	\$ 3,859,926	\$ 3,921,949
ROI	6.9%	8.2%	7.9%	7.7%	7.7%	7.9%
NON - OPERATING REVENUES						
Build America Bond Subsidy (35%)	110,626	118,825	118,825	118,825	118,825	118,825
Interest	33,817	34,493	35,183	35,887	36,605	37,337
Impact Fees	1,336,564	500,000	500,000	500,000	500,000	500,000
Capital in Aid of Construction	1,488,464	400,000	400,000	400,000	400,000	400,000
Gain on Sale of Assets	22,000	-	-	-	-	-
TOTAL NON-OPERATING REVENUES	2,991,471	1,053,318	1,054,008	1,054,712	1,055,430	1,056,162
FUNDS AVAILABLE FOR DEBT SERVICE	8,028,469	6,625,106	6,688,800	6,752,234	6,815,355	6,878,111
DEBT SERVICE						
Series 2010 Electric Revenue Bonds	(470,300)	(462,100)	(464,100)	(465,900)	(467,500)	(468,000)
Series 2012 Electric Revenue Bonds	(353,800)	(363,300)	(357,500)	(358,800)	(354,800)	(355,650)
Other Debt Service Financing	(168,366)	(163,567)	(163,745)	(163,901)	(164,032)	(164,140)
TOTAL DEBT SERVICE	(992,466)	(989,967)	(985,345)	(988,601)	(986,332)	(987,790)
DEBT SERVICE COVERAGE	8.09 x	6.70 x	6.79 x	6.83 x	6.91 x	6.93 x
DEBT SERVICE COVERAGE W/O IMPACT FEES	6.74 x	6.19 x	6.28 x	6.32 x	6.40 x	6.42 x
CASH AVAILABLE FOR CAPITAL ADDITIONS	\$ 9,020,935	\$ 7,614,073	\$ 7,674,146	\$ 7,740,835	\$ 7,801,688	\$ 7,870,901
Add Beginning Cash	\$ 504,104	\$ 6,986,039	\$ 11,245,112	\$ 14,764,258	\$ 16,187,092	\$ 23,428,780
Capital Expenditures						
Distribution	1,320,000	1,221,000	2,315,000	935,000	235,000	235,000
Substations	950,000	145,000	1,025,000	4,460,000	65,000	500,000
Generation	10,000	343,000	225,000	305,000	65,000	65,000
Systems & Technology	-	173,000	140,000	140,000	100,000	100,000
Vehicles	168,000	390,000	340,000	220,000	50,000	220,000
Tools	21,000	155,000	110,000	45,000	45,000	45,000
Buildings	70,000	928,000	-	213,000	-	161,000
Total Ending Cash Position	\$ 6,986,039	\$ 11,245,112	\$ 14,764,258	\$ 16,187,092	\$ 23,428,780	\$ 29,973,681