

To The Editor, *Wasatch Wave*

July 28, 2014

Memo: Response to Dismissal from HL&P Board of Directors – Unanswered Questions

When Kelleen Potter and I were on the HL&P Board for the last six months we worked very hard to let the ratepayers know how their money was being spent. We pushed to release more information to the public than before. We believe very strongly in being honest, OPEN, transparent and accountable to the public who elected us.

This is why we voted against the rate increase given the incredibly high salaries, bonuses and debt that previous HL&P Boards approved. We believe that HL&P needs to get its financial house in order before asking for a rate increase. Mayor McDonald instead defended and voted for the rate increase.

It was mine and Kelleen Potter's research that showed HL&P Management has among the highest government employee salaries in Utah. We pushed to get this information released to the public before the Rate Increase Public Hearing held on May 29th. We wanted the public to know what was one of the elements driving the need for the Rate Increase.

Here are my unanswered questions now:

How long will it take for the HL&P Board to pass the rate increase now? Especially without changing anything in the current HL&P budget?

How long will it take the Board to borrow another \$10 million when we already have \$15.8 million in debt, and our Bond Rating was downgraded in May, and we only have a \$14 million yearly budget? Remember, HL&P is paying interest only on *one* of their three bonds to stretch out the payments. The Federal Government is also subsidizing that debt so we are paying interest twice on that bond—once thru our electrical bills and **twice** thru our federal taxes.

Also remember that we'll pay all of the current HL&P debt for another **21 years**. Why is more debt that necessary? Does the HL&P Board think we won't need any more debt over that next 21 years? How much more debt do they want to load on the ratepayers now?

The School Board puts their new debt for capital projects onto the ballot for citizens to approve (like new schools). If new debt is so needed why won't HL&P put their new debt on the ballot for buying generators? Are they afraid of the debate and questions ratepayers will ask?

Will Mayor Alan McDonald follow our new Heber City Resolution as of July 17th to have HL&P send his pay to the City Office for disbursement instead of sending it directly, privately to him? Will he let his Board pay show up on the new City report for everyone to see? Or will he continue to accept private Board payments that are not shown to the rest of the Board?

Why does the HL&P hide anything from the Public? Why hide the monetary payments to the Mayor? Why hide anything from the ratepayers or continue to delay, delay, delay information and cost-savings for the ratepayers? Didn't the voters set up HL&P in the first place?

Will the HL&P Board accept the help and expertise of the Heber City Manager to enforce the upcoming House Bill #17? Will the Board allow the City Manager to suggest cost-savings based on Heber City's personnel policies? This Resolution was also just passed at the July 17th City Council meeting. (Remember, Heber City is the 75% owner of the Company.)

Another question should be ask is why should HL&P employees receive 100% of their medical, dental and vision insurance paid for thru our electrical bills? Shouldn't the employees be required to make **some** payment toward their insurance premiums—just like most government and private employees?

IT APPEARS THAT by dismissing us the Mayor is trying to silence our questions about the incredible amount of spending and debt at HL&P. We feel he is very disrespectful to the concerns of many, many citizens that are amazed and outraged about this excessive spending, salaries and debt. The Mayor appears to NOT want TRANSPARENCY OR normal 'checks & balances' over the HL&P Management by the Board of Directors. Remember, the Board of Directors is elected by taxpayers who are also ratepayers. The Board should be accountable and open to **all** of the ratepayers and not just favor the top level HL&P managers who receive such high salaries, benefits and bonuses from our electrical bills which burden the other Heber Light & Power employees and ratepayers.

Over the past six months Kelleen Potter and I tried to help Mayor McDonald fulfill his campaign promises to make "**reforms ... at Heber Light & Power.... As chairman of the board I will consult with the company attorney regarding sending a bill to the individuals who still have not refunded the money they received under this policy, and I will call for any legal action necessary to collect on the debt. ...I remain committed to such reforms, and as mayor and chairman of the board over Heber Light & Power I will involve the public in every step as we bring the company back to sound governing principles.**"
<http://www.alan4mayor.com/issues/heber-light-power-scandal/>

We have waited these six months for the Mayor to do what he promised. He had the authority to change things back in January and does so now, yet we are still waiting. We've also asked for three months to put these items on the official HL&P agenda to:

1. remove employee bonuses,
2. review the payroll and benefits,
3. change the budget to fund the currently half-million in **unfunded** termination benefits and over a million unfunded OPEB costs,
4. make an insurance claim on allegedly lost embezzled moneys,
5. require conflict of interest information from other Board Members and Management (which still hasn't happened),
6. ask for a depreciation schedule & costs for capital equipment,
7. request impact fee increases to avoid rate hikes, etc.

Yet all of these agenda items were denied by the Mayor.

Also the HL&P Board of Directors voted unanimously **three** times for our cost-cutting proposals last May and June in closed sessions. Yet IT APPEARS THAT we are still waiting for the Mayor to enforce it. Again he has the authority to do it, why doesn't he do it?

Kelleen Potter also asked for additional agenda items in May, June and July to stop the private Executive Committee meetings per the Attorney General's Civil Review Office ruling. The Mayor denied that agenda item in the May and June Board meetings and continues to meet behind closed doors in Executive Committee meetings with the other two Mayors and HL&P Management.

Furthermore the Mayor promised at the June 25th Board meeting that the **Audit Committee would hold a future budget meeting that would be publicly advertised and that Kelleen and I would finally be able to attend and give input.** Again we waited for two weeks to hear when this would happen, yet the Mayor continued to delay.

Because of his delays Kelleen Potter, Erik Rowland and I proposed on July 10th two City Council Resolutions to have all Board pay for the Mayor come into the City Office (as the Council) so everyone—including taxpayers could get a report on it. We also asked the City Manager to review and make cost-saving suggestions to the HL&P Board and Management. It APPEARS the Mayor responded to the pressure of these public agenda items by finally telling us in an email on July 16th at 9:00 pm that the ***Audit Committee already held their budget meeting without public notice, without public input or allowing us as Directors to attend. Why did the Mayor break his promise of a public meeting for budgetary cost-savings? Why did he dismiss us from the Board?***

Some voters have indicated that the Mayor has a 'secret plan' or 'strategy' to fix things. My question to everyone is ***should there be any 'secret plans' that only the Mayor knows?***

His only options now are (1) reinstating two of the three remaining Council members on the Board—two of which served on previous HL&P Boards and voted for the high salaries, benefits and bonuses before or (2) not appoint anyone from the Council and continue to run things the way he wants. It's clear that if any Council Member questions the Mayor on his delays or 'strategy' they will be removed from future Boards.

Kelleen Potter and I are willing to help the Mayor fulfill his campaign promises to "reform" HL&P. It appears he doesn't want this help. We will be open and honest with the ratepayers and keep asking for these changes to improve HL&P. How long will we and the ratepayers wait for the Mayor? How much more money will be spent on excessive salaries, benefits and bonuses and debt before changes will be made? Will ratepayers continue to pay for the current high salaries, benefits, bonuses and DEBT thru future rate increases? These are my unanswered questions. I look forward to discussing this with anyone and will continue to be accountable and open to citizens.