



Heber Light and Power  
Capital and Operating Budgets  
For Fiscal 2013

## Heber Light and Power

## Executive Summary

	2011	2012 Projected	2012 Budget	2013 Budget
<b>Revenues</b>				
Electricity Sales	\$ 12,359,002	\$ 13,183,248	\$ 13,214,241	\$ 13,247,270
Connect Fees	26,595	27,684	28,200	28,200
Interest Income	34,804	28,154	20,200	15,200
Receivables Penalty Income	41,161	39,414	42,300	40,700
Other / Misc Income	134,400	105,455	55,000	47,000
Contributed Capital & Impact Fees	1,005,091	752,194	-	-
<b>Total Revenues</b>	<b>13,601,053</b>	<b>14,136,147</b>	<b>13,359,941</b>	<b>13,378,370</b>
<b>Expenses</b>				
Power Purchased	\$ 5,818,810	\$ 5,484,701	7,146,483	\$ 6,546,178
Generation Maint / Fuel	239,955	361,292	430,000	365,000
Wages	1,785,697	2,408,860	2,574,987	2,685,138
Board Compensation	included in Wages	included in Wages	included in Wages	39,396
Retirement	316,960	413,118	407,950	479,099
Materials	34,539	337,288	345,000	365,000
Communications	73,191	68,479	70,500	70,500
Trucks Operating Expense	182,239	142,522	100,000	135,000
Insurance Cost - Employees	716,677	517,368	763,842	793,735
Insurance Cost - Liability	154,714	157,386	165,000	165,000
Payroll Taxes	140,008	199,897	198,469	215,089
Repairs and Maintenance	211,885	181,347	200,000	314,667
Building Expense	130,666	141,770	135,000	145,000
Office & Systems	34,822	58,318	63,420	63,105
Postage	34,016	35,922	39,500	41,000
Travel / Training	45,829	49,513	50,000	70,000
Misc Professional Services	301,822	257,384	100,000	200,000
Interest	509,619	552,492	590,295	518,340
Reduction of Debt	430,000	265,956	255,000	325,000
Dividends	206,273	300,000	300,000	300,000
Reserve Funding	-	-	-	-
<b>Total Expenses</b>	<b>11,367,722</b>	<b>11,933,613</b>	<b>13,935,446</b>	<b>13,836,247</b>
<b>Capital Expenditures</b>				
Distribution & Generation	3,426,564	568,838	781,573	1,375,000
Substations	292,700	27,750	95,000	650,000
Trucks / Vehicles	38,693	139,265	155,701	283,000
Tools & Equipment	197,512	51,548	50,000	80,000
Buildings	56,879	191,369	27,000	250,000
Systems and Technology	228,571	156,100	139,250	199,500
<b>Total Capital Expenditures</b>	<b>4,240,919</b>	<b>1,134,869</b>	<b>1,248,524</b>	<b>2,837,500</b>
Depreciation	1,817,617	1,860,000	1,860,000	1,990,087

Management is pleased to present the Capital Expenditures and Operating Budgets for 2013. The following is presented to highlight the major purchases and projects for 2013.

## **Capital Expenditures**

The Capital Budget for 2013 totals \$2,837,500. Of the items listed below, bond proceeds of \$1.5 million are available to address projects within all categories except Tools and Vehicles, and are identified in the following pages. In addition, Heber Light & Power maintains two special use funds. First, a Contingency Fund of \$2 million is available to address certain large capital purchases and /or reserve requirements associated with internal generation, rate stabilization and power market escalation. Second, the Capital Reserve Fund is available to offset additional debt to complete major projects considered in the Company's current Strategic Plan.

Also included in the table below are Principle payments relating Company's Long-Term Debt.

Distribution System	1,275,000		
Substations	650,000		
Generation	100,000		
Systems and Technology	199,500		
Tools & Machinery	80,000		
Buildings	250,000		
Vehicles	283,000		
<b>Total Major Expenditures</b>		\$	2,837,500
Principal Payments on long-term debt	\$	325,000	
<b>Total Other Payments</b>			<u>325,000</u>
<b>Total Cash Requirements</b>			\$ 3,162,500

The following are the projects identified for 2013 in support of the amounts listed on the previous page.

## **Distribution**

### **College Substation**

During 2013, a new feeder will be constructed from the College Substation to the eastern area of the Heber Valley. This new feeder will facilitate balancing of existing loading along with providing additional reliability to the Distribution system. This project is funded by bond proceeds.

**Budget Amount: \$690,000**

### **Midway Feeder**

The installation of new conductor along Midway Lane will provide additional capacity to Midway City and provide backup capability to Heber and Provo River Substations. The project also includes the cost of new poles along the route. This project is funded by bond proceeds.

**Budget Amount: \$215,000**

### **Underground Facilities**

During 2013, replace primary underground cable in the various areas of Heber Light & Power's service territory. These projects will include the replacement of conduit, wire and switches due to the aging and deterioration of the direct buried cable system.

**Budget Amount: \$80,000**

### **46kV South Line**

During 2013 repairs will be completed to restore serviceability to the south 46kV line. This line is vital to maintain reliability in the event of a failure on the north 46kv line.

**Budget Amount: \$100,000**

### **3600 East Renewal**

Due to the deterioration of poles and associated hardware in the area of 3600 East, amounts are included in the Budget for the rebuild of these facilities.

**Budget Amount: \$125,000**

### **Center Street Underground**

To improve reliability and re-establish a tie point between Center Street and 1200 South, new conductor is required.

**Budget Amount: \$65,000**

### **Substations**

#### **Jailhouse Substation**

To address the increasing load in this area of Heber Light & Power's service territory, the addition of a 12MVA Transformer and associated materials is required.

**Budget Amount: \$550,000**

#### **46 kV Breakers**

This project includes the costs associated with two additional breakers along with the required infrastructure. This project will allow for the sectionalizing of the 46kV transmission system and provide needed redundancies within the 46kV system. This project is funded by bond proceeds.

**Budget Amount: \$100,000**

## **Generation**

### **Lower Snake Creek Hydro Plant**

This is a continuing project from 2012 and addresses the modernization of the plant along with property upgrades.

**Budget Amount: \$100,000**

## **Systems and Technology**

### **Advanced Metering Infrastructure (AMI)**

Amounts are included in the Budget to complete the change-out of existing single phase mechanical and analog meters to AMI meters. This project is funded by bond proceeds.

**Budget Amount: \$148,000**

### **Computer Upgrades**

This amount represents the annual cyclical replacement of workstations and laptops. The computer change out program protects against unwanted downtime and data lost due to aging components and technology.

**Budget Amount: \$14,000**

## **Supervisory Control and Data Acquisition (SCADA)**

The Company's SCADA system needs to be continually upgraded and expanded to keep the system functioning properly without loss to smart grid functionality.

**Budget Amount: \$20,000**

## **Various Peripheral Devices**

Included in the 2013 Budget are amounts for replacement printers, network switches and Uninterrupted Power Supply(s) (UPS) to address aging and failing equipment.

**Budget Amount: \$17,500**

## **Tools and Machinery**

An amount is included in the Budget for the annual replacement of tools and miscellaneous machinery. In addition, \$30,000 is included for Substation Relay testing equipment.

**Budget Amount: \$80,000**

## **Buildings**

### **Generation / Operations Building**

A new building is being constructed to house generation and operational staff along with Caterpillar personnel. An amount of \$150,000 was included in the 2012 budget while the remainder of the construction cost, \$250,000 is presented in the 2013 Budget. This project is funded by bond proceeds.

**Budget Amount: \$250,000**

## **Vehicles**

### **Trucks**

Amounts are included in the Budget for replacement trucks for the Substation and Hydro Generation departments. In addition, amounts are included in 2013 Budget for the Capital Lease payments for two new line trucks. One of these units is scheduled for delivery in 2012 and both will replace existing trucks which are beginning to require excessive maintenance.

**Budget Amount: \$253,000**

### **Passenger Vehicles**

The replacement of the multi-use vehicle is included in the Budget as the current vehicle is past its useful life.

**Budget Amount: \$30,000**



## Operating Budget

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### Revenues

Electricity sales revenues are budgeted to increase .25% over the budgeted sales for 2012. This represents a very modest estimate for new customers and limited load growth.

Revenues associated with Contributed Capital and Impact Fees are not included as these revenues are not regular and subject to external economic conditions.

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**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 and a 2% Cost of Living adjustment (COLA).

## **Repairs & Maintenance**

Additional amounts are included for hydro generation and substation maintenance projects for 2013.

## **Travel & Training**

To maintain the advanced technical knowledge required in the industry, various training initiatives for staff are included in the 2013 Budget.

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