

HL&P Fact Sheet

May 29, 2014

From Heidi Franco and Kelleen Potter, HL&P Board of Directors

Contact us through the Heber City website email.

***2014 HL&P Budget: \$14.2 million**

***FACT:** HL&P's Total Bond Debt is **\$14.6 million** which includes the interest due on revenue bonds. Bonds will **not** be paid off until the year **2035**. (Pages 18 & 19 on latest Eide Bailly's FY 2013 Financial Statements/Audit.)

***FACT:** HL&P Current Management is projecting **another \$8.6 million in additional** debt/spending to pay for needed system improvements within the next four years.

(See slide on 'Strategic Plan' total improvement cost from 2014 – 2018.)

***FACT:** This month, May 2014, HL&P's **Bond Rating was downgraded** to 'A+' –the lowest of the 'A' range. This is because of our **increasing** debt to income ratio, plus **FUTURE** bond debt of *another* \$8.6 million AND the '**governance concerns**' of the alleged fraud by Mr. Furness (trial held Summer 2014) and the retroactive 'health benefit' Board payments made in 2011. (Page 2 of 'Fitch Ratings – 'Fitch Downgrades Heber Light and Power' statement.)

***FACT:** Total Company Money spent or lost in Mr. Furness' (former CFO of HL&P) alleged criminal theft lawsuit and other civil settlement is **\$238,000+**. *This does **not** include an 'undetermined' amount of employee time, and the \$32,000+ of bonuses which some exempt managers and staff received in 2013 for finding investigation information.

***FACT:** 2013 HL&P Board did NOT make an insurance claim to recover these losses under our Company's insurance policy. (From 'Response to Board Request for Information Re: Mr. Furness', April 23, 2014—Confidential' and April 2014 Board Meeting.)

***FACT:** Out of HL&P's 2013 Budget, **24%** went to salaries/benefits/bonuses.

(*Total salaries/benefits/bonuses was \$3.34 million.)

(Page 7 on latest Eide Bailly's FY 2013 Financial Statements/Audit.)

***FACT:** Out of all employee salaries: **4%** of the entire budget goes to **only 3** employees.

Also **8%** of the entire budget goes to the highest paid **six** employees.

These **highest paid six Employees** total salary/benefits are **\$1.19 million** out of the \$14.2 million 2014 Budget. This does **NOT** include their budgeted 2014 bonuses totaling **another \$66,755!** *This is also much **MORE** than the yearly payment on the Bond Debt above.*

*Two particular employees of these six-- the General Manager and Legal Counsel are currently budgeted to make **\$455,380 in salaries, benefits, vehicle allowances and bonuses alone.** The 2013 HL&P Board approved that for the 2014 budget.

*HL&P also gives a monthly \$700+ vehicle allowance for managers to drive to work and drive back home.

(*All from 'HL&P 2014 Employee Compensation' on HL&P website, and 'April 17, 2014-Memorandum' to HL&P Board Directors.)

****SEE the 'Let's Compare' Sheet for MORE salary information.**

***FACT:** The current General Manager and Legal Counsel **still** dispute the 2013 Utah State Attorney General Civil Review Board directive to recover the illegal retroactive 'health insurance benefit' payments. Several thousand dollars still must be paid back by certain 2011 Board Members.

***FACT:** Current HL&P **Unfunded** Retiree Medical Costs [OPEB] in 2013 are **\$458,538**; yet the Company **only** paid \$42,079 into fund last year. This year it is "against Company policy" to make any payments. This **unfunded** liability has increased dramatically by **30.5%** in 2012 and **another 38.5%** in 2013. **Will unfunded retiree medical costs keep growing at over 30% a year?** How will this Company pay for unfunded retiree medical costs?

*The **TOTAL** unfunded accrued OPEB liability (for retiree medical costs) will be an additional **\$1.27 million.** (Pages 20, 21, & 22 in latest Eide Bailly's FY 2013 Financial Statements/Audit and CFO comments in May 8, 2014 Board Meeting.)

***FACT:** HL&P also currently owes **another \$523,259 in unfunded 'termination benefits'** or lump-sum payouts for manager's **unlimited** accrued vacation, up to 190 days of accrued sick leave, severance pay and 'retirement allowances' when employees leave HL&P. These funds must be paid out anytime an employee leaves the Company. (Pages 26 in Eide Bailly's FY 2013 Financial Statements/Audit; and Sections 9, 10, and 20 in current HL&P Employee Handbook.)

Let's Compare HL&P to other Utah Municipal Power Companies

HL&P Power:

\$14.2 million Total Budget

11,500+ Customers

36 employees

\$3.34 million for ALL Salaries/Benefits/Bonuses which is **24%** of entire budget

\$14.6 million Bond Debt plus another \$8.6 million of increased spending over next four years.

General Manager's base salary: \$196,331 a year; plus another **\$24,000** budgeted for 'Bonus.' Benefits are **\$70,850.31**.

Power purchases: **40%** of total budget

Logan City Power:

\$37 million Total Budget

18,000 Customers

30 employees

\$2 million for ALL Salaries/Benefits – **5%** of entire budget

0% Bond Debt- NO Debt

General Manager's base salary (no benefits): \$105,000 a year

Power purchases: **63%** of total budget

Payson City Power:

\$11.2 million 2014 Total Budget

6,071 Customers

Approximately 14 full-time employees (includes 3 part-time employees added together.)

\$1.32 million for ALL Salaries/Benefits – **11%** of their entire budget

0% Bond Debt- NO Debt

Distribution Superintendent's base salary: \$90,156; plus Car Allowance of \$6600 a year (\$550 a month; has 35 years experience.

Power purchases: **66%** of total budget

A current Salary Survey of six Utah Municipal Power Companies shows average salary for General Manager is \$94,690. The highest salary is \$106,861 (does not include benefits). Six Cities are Murray, Eagle Mountain, Washington City, Payson, Spanish Fork and Brigham City. The highest BENEFITS Package paid out of these six cities is \$21,355 for the Payson Superintendent.