

Midway City Council  
21 January 2021  
Planning Meeting

Heber Light & Power

Brad, please include the following with the Strategic Planning Meeting package and include on the agenda "Utilities owned by the City".

The City owns interests in two utilities, Heber Light and Power and Midway Irrigation Company. I would like to discuss some ideas concerning the organization of both entities. I would like to a discussion and thought among the Council regarding these matters and eventually your input.

Heber Light and Power:

Since inception, the City has owned 17.5% of the company. Charleston owns 17.5% and Heber City owns 75%. I can find no basis for this ownership percentage split other than the amounts originally invested in 1909. Today, revenue production from each of the area of the incorporated cities, and the non-owner incorporated cities (Daniel and Interlochen?) and the unincorporated county bear no relationship to ownership, I suspect this disparity is due to population changes. Today, the City's residents and businesses produce about 26% of the revenues but owns only 17.5% of ownership. Yet HL&P pays dividends to owners of \$300,000 per year, distributed based on ownership percentages. The non-owner entities get no dividend. In addition to the monetary dividend, HL&P has provided free street lighting to the owner cities, again a benefit driven not by revenue production or ownership, but by the number of street lights.

HL&P has received advice from a financial consulting firm suggesting that the monetary dividend could be increased to more of a market level or one reflecting the PSC rate of return on capital for regulated utility providers (RMP). In addition, they advise that the increased monetary dividend could be offset by charging for street lighting. Because the City has numerous street lights, such a change would have an adverse impact on the amount of dividend the City would receive. But changing for street lighting would encourage more efficient street lighting with LED bulbs and perhaps different fixtures.