PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 21, 2026

NEW ISSUE–Book-Entry Only

Insured Rating: S&P "AA" (Stable) BAM Insured
Underlying Ratings: Moody's "A2" (Stable), Fitch "A+" (Stable)
(See "BOND RATINGS" herein.)

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The Series 2026 Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" in this Official Statement.

$25,580,000*
HEBER LIGHT & POWER COMPANY, UTAH
ELECTRIC REVENUE BONDS, SERIES 2026

Dated: Date of Delivery **Due: December 15, as shown on the inside cover**

The Electric Revenue Bonds, Series 2026 are issuable by the Heber Light & Power Company, Utah as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2026 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds. Interest on the Series 2026 Bonds is payable semiannually on June 15 and December 15 of each year, commencing June 15, 2026, by U.S. Bank Trust Company, National Association, as Paying Agent, all as more fully described herein. Payment of the principal of and interest on the Series 2026 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE SERIES 2026 BONDS—Book-Entry System" herein.

The Series 2026 Bonds are subject to optional [and mandatory sinking fund redemption] prior to maturity. See "THE SERIES 2026 BONDS—Redemption" herein.

The Series 2026 Bonds are being issued to (i) finance capital improvements, including the construction of a power plant, a substation, and related improvements and (ii) pay costs of issuance of the Series 2026 Bonds.

The Series 2026 Bonds are special obligations of the Issuer payable only from Net Revenues of the System and certain funds and accounts as described herein. Neither the full faith and credit nor the taxing power of the State of Utah or any agency, instrumentality or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2026 Bonds. The Series 2026 Bonds are not general obligations of the State of Utah or any agency, instrumentality or political subdivision thereof. The issuance of the Series 2026 Bonds shall not directly, indirectly, or contingently obligate the State of Utah or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2026 Bonds. See "SECURITY FOR THE BONDS" herein.

The scheduled payment of principal of and interest on the Series 2026 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2026 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").

BAM
BUILD AMERICA MUTUAL

The Series 2026 Bonds are offered when, as, and if issued by the Issuer and received by the Underwriter, subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the Issuer. Certain matters will be passed upon for the Issuer by Gilmore & Bell, P.C., as disclosure counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by Adam Long, general counsel to the Issuer. Certain matters will be passed upon for the Underwriter by Farnsworth Johnson PLLC. It is expected that the Series 2026 Bonds, in book-entry only form, will be available for delivery to DTC or its agent on or about February 24, 2026.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. This Official Statement is dated __________, 2026, and the information contained herein speaks only as of that date.

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* Preliminary; subject to change.

$25,580,000*
HEBER LIGHT & POWER COMPANY, UTAH
ELECTRIC REVENUE BONDS, SERIES 2026

MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS

Due (December 15)	Principal Amount*	Interest Rate	Yield	CUSIP**
2027	$535,000			
2028	565,000			
2029	590,000			
2030	620,000			
2031	650,000			
2032	685,000			
2033	720,000			
2034	755,000			
2035	790,000			
2036	830,000			
2037	875,000			
2038	915,000			
2039	960,000			
2040	1,010,000			
2041	1,060,000			
2042	1,115,000			
2043	1,170,000			
2044	1,230,000			
2045	1,290,000			
2046	1,355,000			
2047	1,420,000			
2048	1,495,000			
2049	1,570,000			
2050	1,645,000			
2051	1,730,000			

[$__________ ____% Term Bond Due December 15, 20___; Price _____% CUSIP** 42249T ___]

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* Preliminary; subject to change.

** The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2026 Bonds. None of the Issuer, the Trustee or the Underwriter is responsible for the selection or use of such CUSIP numbers, and no representation is made as to its correctness on the Series 2026 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information contained in this Official Statement has been furnished by the Issuer, DTC, the Insurer, and other sources that are believed to be reliable. No dealer, broker, salesperson, or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those made herein. Any such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this document nor the sale of any of the bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

The Series 2026 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this document. Any representation to the contrary is unlawful.

All inquiries relating to this Official Statement and the offering contemplated herein should be directed to the Underwriter. Prospective investors may obtain additional information which they may reasonably require in connection with the decision to purchase any of the Series 2026 Bonds from the Underwriter or the contact persons listed herein.

The prices or yields at which the Series 2026 Bonds are offered to the public may vary from the initial reoffering prices or yields on the inside cover page of this Official Statement. In addition, the Underwriter may allow concessions or discounts from the initial offering prices of the bonds to dealers and others. In connection with the offering of the Series 2026 Bonds, the Underwriter may effect transactions that stabilize or maintain the market price of the Series 2026 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute “forward looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” expect,” “estimate,” “project,” “budget,” or other similar words. Forward-looking statements are included in the Official Statement under the captions “INTRODUCTION,” “ESTIMATED SOURCES AND USES OF FUNDS,” “THE SERIES 2026 PROJECT,” “THE SYSTEM,” and “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY,” but are not solely limited to said sections. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The Issuer maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026 Bonds.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

$25,580,000*
HEBER LIGHT & POWER COMPANY, UTAH
ELECTRIC REVENUE BONDS, SERIES 2026

31 South 100 West
Heber, Utah 84032
(435) 654-1581

BOARD OF DIRECTORS

Heidi Franco .... Director and Chair
Aaron Cheatwood .... Director
Doug Clements .... Director
Kendall Crittenden .... Director
Morgan Murdock .... Director
Craig Simons .... Director

ADMINISTRATION

Jason Norlen. .... General Manager
Bart Miller .... Chief Financial Officer
Adam Long .... General Counsel
Rylee Allen .... Board Secretary

TRUSTEE, PAYING AGENT & REGISTRAR

U.S. Bank Trust Company, National Association
170 South Main Street, Suite 600
Salt Lake City, Utah 84101
(801) 534-6051

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated
15 West South Temple, Suite 1090
Salt Lake City, Utah 84101
(385) 799-7231

BOND & DISCLOSURE COUNSEL

Gilmore & Bell, P.C.
15 West South Temple, Suite 1400
Salt Lake City, Utah 84101
(801) 364-5080

MUNICIPAL ADVISOR

LRB Public Finance Advisors, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
(801) 596-0700

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* Preliminary; subject to change.

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OFFICIAL STATEMENT

RELATING TO

$25,580,000*
HEBER LIGHT & POWER COMPANY, UTAH
ELECTRIC REVENUE BONDS, SERIES 2026

INTRODUCTION

This Official Statement, including the cover pages, introduction, and appendices, provides information regarding the issuance and sale by the Heber Light & Power Company, Utah (the "Issuer") of its $25,580,000* Electric Revenue Bonds, Series 2026 (the "Series 2026 Bonds"), initially issued in book-entry form only. This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover pages and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2026 Bonds to potential investors is made only by means of the entire Official Statement.

See also the following appendices attached hereto: "APPENDIX A—HEBER LIGHT & POWER COMPANY AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 2024 AND 2023," "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE," "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING WASATCH COUNTY," "APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING," "APPENDIX E—PROPOSED FORM OF BOND COUNSEL OPINION," "APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM," and "APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

The Issuer and the System

The Issuer is an energy services interlocal entity under the laws of the State of Utah (the "State"), which is a separate legal entity and political subdivision of the State. In 1909, Heber City, Midway City and Charleston Town (the "Members") jointly issued bonds for the construction of the Heber hydroelectric power plant and began providing service in the Heber Valley. In 1935, the Members formalized their oral agreements and organized the Issuer. In 2002, the Members signed an Organization Agreement setting forth the Issuer's corporate powers, governance structure and related matters. Under the Organization Agreement, the Issuer is authorized to provide local electric utility service to all retail consumers located within its service area.

The Issuer owns and operates an electric generation and distribution system (the "System") which provides electric service to approximately 16,288 customers in the area of Heber Valley in Wasatch County, Utah (the "County"). The service area of the System currently covers 172 square miles; in addition to the municipalities of Heber City, Midway City and Charleston Town, the Issuer's service area also includes the towns of Daniel, Independence, and Interlaken, as well as certain unincorporated areas of the County. The Issuer currently owns and operates hydroelectric and natural gas generating units with a combined generating capacity of approximately 19.5 megawatts ("MW").

For additional information regarding the Issuer, see "THE ISSUER," "APPENDIX A—HEBER LIGHT & POWER COMPANY AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 2024 AND 2023," and, regarding the general area in which the Issuer is located, "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING WASATCH COUNTY," all herein.

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* Preliminary; subject to change.

For more information regarding the System and certain matters affecting the electric utility industry in general, see “THE SYSTEM” and “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY” herein.

Authority and Purpose

The Series 2026 Bonds are being issued pursuant to (i) the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (together, the “Act”); (ii) a Trust Indenture dated as of October 1, 2002, as heretofore amended and supplemented (the “Trust Indenture”), as further supplemented by a Sixth Supplemental Indenture of Trust dated as of February 1, 2026 (the “Sixth Supplemental Indenture,” and together with the General Indenture, the “Indenture”), by and between the Issuer and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”); (iii) resolutions adopted on October 22, 2025 and November 19, 2025, by the governing board (the “Board”) of the Issuer authorizing the issuance and the sale of the Series 2026 Bonds and the execution and delivery of the Indenture (together, the “Resolution”); and (iv) other applicable provisions of law.

The Series 2026 Bonds are being issued for the purpose of providing funds to (i) finance capital improvements, including the construction of a power plant, a substation, and related improvements (collectively, the “Series 2026 Project”) and (ii) pay costs of issuance of the Series 2026 Bonds. See “THE SERIES 2026 PROJECT.”

Security for and Sources of Payment

The Series 2026 Bonds are special obligations of the Issuer and are payable from the Net Revenues (the Revenues less Operation and Maintenance Costs) generated by the sale of the electric utility services provided by the System. The Indenture pledges the Net Revenues to the payment of the Series 2026 Bonds and to pay other costs and to provide certain reserves related to the System. See “SECURITY FOR THE BONDS—Pledge of the Indenture.”

The Issuer has covenanted in the Indenture to establish and collect rates and charges for System services that are expected to yield Net Revenues (the Revenues less Operation and Maintenance Costs) equal to at least 125% of the Aggregate Debt Service on all outstanding Bonds in each year. See “SECURITY FOR THE BONDS— Rate Covenant.”

The Series 2026 Bonds are not an obligation of the State, the County, the Members, or any political subdivision other than the Issuer. Neither the faith and credit nor the taxing power of the State or any of its political subdivisions, including the Members, is pledged to the Bonds. The Issuer has no taxing power. THE INDENTURE DOES NOT MORTGAGE ANY SYSTEM PROPERTIES TO SECURE THE PAYMENT OF THE SERIES 2026 BONDS.

Bond Insurance

The scheduled payment of principal of and interest on the Series 2026 Bonds, when due, will be guaranteed under an insurance policy (the “Policy”) to be issued concurrently with the delivery of the Series 2026 Bonds by Build America Mutual Company (“BAM” or the “Insurer”). See “BOND INSURANCE” and “APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY” herein.

Outstanding Parity Bonds and Additional Bonds

The Issuer has previously issued and has outstanding under the Indenture its (i) Electric Revenue and Refunding Bonds, Series 2019 (the “Series 2019 Bonds”) and (ii) Electric Revenue Bonds, Series 2023 (the “Series 2023 Bonds” and together with the Series 2019 Bonds, the “Outstanding Parity Bonds”), currently outstanding in the total principal amount of $43,990,000.

The Issuer may issue additional bonds (the “Additional Bonds”) payable on a parity with the Outstanding Parity Bonds and the Series 2026 Bonds upon complying with certain requirements set forth in the Indenture. Such

Additional Bonds together with the Outstanding Parity Bonds and the Series 2026 Bonds, are sometimes collectively referred to herein as the "Bonds." See "SECURITY FOR THE BONDS— Additional Bonds" herein.

Debt Service Reserve Account

The Indenture establishes a Series 2026 Debt Service Reserve Subaccount within the Debt Service Reserve Account which is required to be funded in an amount equal to the Debt Service Reserve Requirement taking into account the issuance of the Series 2026 Bonds. The Indenture authorizes the Issuer to obtain a surety bond in place of fully funding the Series 2026 Debt Service Reserve Subaccount. The Series 2026 Debt Service Reserve Subaccount will be satisfied by a Reserve Instrument (the "Surety") to be provided by the Insurer. See "SECURITY FOR THE BONDS—Debt Service Reserve Account" herein.

Redemption

The Series 2026 Bonds are subject to optional [and sinking fund redemption] prior to maturity. See "THE SERIES 2026 BONDS—Redemption" herein.

Registration, Denomination, Manner of Payment

The Series 2026 Bonds are issuable only as fully registered bonds without coupons and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry-only form, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Series 2026 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds.

Principal of and interest on the Series 2026 Bonds (interest payable June 15 and December 15, of each year, commencing June 15, 2026) are payable through U.S. Bank Trust Company, National Association, as Paying Agent, to the registered owners of the Series 2026 Bonds. So long as DTC is the registered owner, it will in turn remit such principal and interest to its Participants for subsequent disbursements to the Beneficial Owners of the Series 2026 Bonds. See "THE SERIES 2026 BONDS—Book-Entry-Only System" herein.

Transfer or Exchange

So long as the book-entry system is in effect, beneficial owners may transfer their interests in the Series 2026 Bonds through the book-entry system. In the event of a discontinuance of the book-entry system, the Series 2026 Bonds may be transferred or exchanged as described herein. See "THE SERIES 2026 BONDS—General" herein.

Tax-Exempt Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. The Series 2026 Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" in this Official Statement. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2026 Bonds.

Conditions of Delivery, Anticipated Date, Manner and Place of Delivery

The Series 2026 Bonds are offered when, as, and if issued and received by the Underwriter subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the Issuer, and certain other conditions. Certain matters will be passed on for the Issuer by Gilmore & Bell, P.C., as disclosure counsel to the Issuer. Certain legal matters will be passed on for the Issuer by Adam Long, general counsel to the Issuer. Certain matters will be passed upon for the Underwriter by Farnsworth Johnson PLLC. It is expected that the Series 2026 Bonds will be available for delivery to DTC in book-entry form on or about February 24, 2026.

Basic Documentation

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Issuer, the Series 2026 Bonds, and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2026 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in the aforementioned document, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the Series 2026 Bonds. During the period of the offering of the Series 2026 Bonds, copies of the preliminary form of such document will be available from the "Contact Persons" as indicated below. Also see "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE" below.

Contact Persons

As of the date of this Official Statement, the chief contact person for the Issuer concerning the Series 2026 Bonds is:

Bart Miller, Chief Financial Officer
Heber Light & Power Company
31 South 100 West
Heber City, Utah 84032
(435) 654-1581
bmiller@heberpower.gov

Additional requests for information may be directed to the following representative of the Municipal Advisor:

Laura Lewis, Principal
LRB Public Finance Advisors, Inc.
41 North Rio Grande, Suite 101
Salt Lake Issuer, Utah 84101
(801) 596-0700
laura@lrbfinance.com

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2026 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2026 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2026 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2026 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2026 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2026 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2026 Bonds, nor does it guarantee that the rating on the Series 2026 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $517.2 million, $273.6 million and $243.6 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2026 Bonds, and the Issuer and Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2026 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2026 Bonds, whether at the initial offering or otherwise.

THE SERIES 2026 BONDS

General

The Series 2026 Bonds are dated the date of their initial delivery and except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2026 Bonds will be payable semiannually on June 15 and December 15 of each year, commencing June 15, 2026. Interest on the Series 2026 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2026 Bonds shall bear interest at the rates and shall mature on the dates and in the amounts as set forth on the inside front cover of this Official Statement. The Series 2026 Bonds will be issued as fully registered bonds, initially in book-entry form, in denominations of $5,000 or any integral multiple thereof, not exceeding the amount of each maturity. So long as the book-entry system is in effect, beneficial owners may transfer their interests in the Series 2026 Bonds through the book-entry system. In the event of a discontinuance of the book-entry system, the Series 2026 Bonds may be transferred or exchanged as described below.

When the book-entry system is no longer in effect with respect to the Series 2026 Bonds and in all cases in which the privilege of exchanging or transferring the Series 2026 Bonds is exercised, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Series 2026 Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of the Series 2026 Bonds, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer of the Series 2026 Bonds, and to pay any service charge of the Trustee.

The Issuer, the Trustee and any Transfer Agent shall not be required (1) to issue, register the transfer of or exchange any Series 2026 Bond during the period beginning on a Record Date applicable thereto and ending on the next succeeding Interest Payment Date or during a period beginning at the opening of business fifteen days before the date of the mailing of a notice of redemption of Series 2026 Bonds selected for redemption under the Indenture and ending at the close of business on the day of such mailing, or (2) to register the transfer of or exchange any Series 2026 Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. For purposes of the Series 2026 Bonds, "Record Date" means the first day of the month next preceding each Interest Payment Date.

Redemption

Optional Redemption. The Series 2026 Bonds maturing on or before December 15, 20___, are not subject to optional redemption prior to maturity. The Series 2026 Bonds maturing on or after December 15, 20___, are subject to redemption prior to maturity in whole or in part at the option of the Issuer on December 15, 20___, or on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Issuer at a redemption price equal to 100% of the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest, if any, thereon to the date of redemption.

[Mandatory Sinking Fund Redemption. The Series 2026 Bonds maturing on December 15, 20___, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund Redemption Date (December 15)	Mandatory Sinking Fund Redemption Amount

* Final Maturity Date

Upon redemption of any Series 2026 Bonds maturing on December 15, 20___, other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the Series 2026 Bonds maturing on December 15, 2047, in such order of mandatory sinking fund date as shall be directed by the Issuer.]

Selection for Redemption. If fewer than all the Series 2026 Bonds are to be redeemed, the particular maturities of such Bonds to be redeemed and the Principal amounts of such maturities to be redeemed shall be selected by the Issuer. If fewer than all of the Bonds of any one maturity of the Series 2026 Bonds shall be called for redemption, the particular units of such Bonds, as determined in accordance with the following paragraph, to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee, in its discretion, may deem fair and appropriate.

In case any Series 2026 Bond shall be redeemed in part only, upon the presentation of such Series 2026 Bond for such partial redemption the Issuer shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Bond or Bonds of the same series, interest rate, and maturity, in aggregate principal amount equal to the unredeemed portion of such Series 2026 Bond. The portion of any Series 2026 Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple thereof and in selecting portions of such Series 2026 Bonds for redemption, each such Series 2026 Bond shall be treated as representing that number of Series 2026 Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2026 Bonds by $5,000.

Notice of Redemption. In the event any of the Series 2026 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2026 Bonds to be redeemed will be given by the Trustee, by mailing a copy of the redemption notice by first-class mail, postage prepaid, not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Series 2026 Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2026 Bond with respect to which no such failure has occurred. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. All Series 2026 Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

If at the time of mailing of any notice of optional redemption there is not on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption shall be conditioned upon receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice will be of no force and effect and the Issuer will not be required to redeem such Bonds. In the event that such moneys are not so received, the redemption will not be made and the Trustee will within a reasonable time thereafter give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

Book-Entry Only System

The Series 2026 Bonds originally will be issued solely in book-entry form to The Depository Trust Company or its nominee, Cede & Co., to be held in DTC's book-entry only system. So long as such Series 2026 Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner or Holder of such Series 2026 Bonds for all purposes of the Indenture, the Series 2026 Bonds and this Official Statement. Purchases of beneficial ownership interests in the Series 2026 Bonds may be made in the denominations described above. For a description of the book-entry system for the Series 2026 Bonds, see "APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM."

THE SERIES 2026 PROJECT

A portion of the proceeds of the Series 2026 Bonds will be used to finance all or a portion of capital improvements to the System, including the construction of a power plant, a substation, and related improvements, as described in more detail below.

The Issuer plans to use proceeds of the Series 2026 Bonds to finance six key projects that have been identified as critical to the System. Permitting, regulatory and environmental factors as well as load growth patterns could alter the list of projects and their priority levels. The main project is the replacement of an old peaking plant. That plant had four units which operated between 1.5 and 2.5 MW each. The new plant is currently designed to contain six natural gas units with an operating capacity of 1.5 to 3.5 MW each. The second project is the upgrade and rebuild of a substation supporting the generation of electricity in two of the plants of the System. The existing substation configuration has limited capacity and is in need of operational controls for both safety and reliability. Proceeds of the Series 2026 Bonds will also be used for improvements to three other substations for either long-lead material acquisitions, engineering services, or land purchase elements. One of those substations is an existing station that needs to be upgraded from 46kVA to 138kVA. The other two are new load serving substations on opposites sides of the service territory necessary to serve the proposed loads of some currently contemplated developments. Finally, a portion of Series 2026 Bond proceeds will be used to complete the second phase of a new office building.

In addition to or in place of the improvements and additions identified above, the Issuer reserves the right under the Indenture to use the proceeds of the Series 2026 Bonds for any qualified purpose, including additional general improvements, additions and extensions to the Issuer's distribution system. Under the Indenture, the "Cost of Construction" includes all costs of the Issuer properly allocable to the acquisition, construction and placing in service of any part of the Series 2026 Project and all preliminary and incidental expenses, all engineering, fiscal, underwriting, consulting, technical, financing and legal expenses and costs of issuance.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Par Amount of the Series 2026 Bonds	$__________
[Net] Reoffering Premium	__________
Total	$__________

Uses of Funds

Deposit to Construction Fund[1]	$__________
Costs of Issuance[2]	__________
Total	$__________

(1) [Includes $__________ for capitalized interest on the Series 2026 Bonds through __________, 20___.]

(2) Includes Underwriter's discount, legal, rating agency, trustee, registrar and paying agent fees, Policy premium and Surety fee, and other costs incurred in connection with the issuance and sale of the Series 2026 Bonds.

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DEBT SERVICE SCHEDULE FOR THE SERIES 2026 BONDS AND THE OUTSTANDING PARITY BONDS

The following table sets forth the debt service schedule with respect to the Series 2026 Bonds and the Outstanding Parity Bonds. See “THE ISSUER—Outstanding Obligations of the Issuer.”

Calendar Year	Series 2026 Bonds Principal*	Series 2026 Bonds Interest(1)	Outstanding Parity Bonds(2)	Total
2026	–		$3,720,311	
2027	$535,000		3,722,786	
2028	565,000		3,706,483	
2029	590,000		3,732,150	
2030	620,000		3,548,500	
2031	650,000		3,575,750	
2032	685,000		3,547,250	
2033	720,000		3,540,500	
2034	755,000		3,539,250	
2035	790,000		3,543,650	
2036	830,000		2,988,500	
2037	875,000		2,986,000	
2038	915,000		2,984,700	
2039	960,000		2,989,400	
2040	1,010,000		2,989,650	
2041	1,060,000		2,985,400	
2042	1,115,000		2,986,650	
2043	1,170,000		2,982,950	
2044	1,230,000		2,989,300	
2045	1,290,000		2,985,000	
2046	1,355,000		2,100,250	
2047	1,420,000		2,100,000	
2048	1,495,000		–	
2049	1,570,000		–	
2050	1,645,000		–	
2051	1,730,000		–	
Total	$25,580,000*		$70,244,430	

(1) [Interest on the Series 2026 Bonds will be paid from capitalized interest through __________ 15, 20___.]
(2) Includes principal and interest; amounts have been rounded.
* Preliminary; subject to change.
(Source: The Municipal Advisor.)

SECURITY FOR THE BONDS

Pledge of the Indenture

The Series 2026 Bonds and any other Bonds issued pursuant to the Indenture are secured equally and ratably by a pledge of (a) the Net Revenues and (b) the funds established by the Indenture (except the Rebate Fund), including the investments thereof. The Series 2026 Bonds are special limited obligations of the Issuer and are payable exclusively from the Net Revenues, moneys, funds and accounts held under the Indenture. As defined under the Indenture, "Net Revenues" means the Revenues after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

The Revenues consist of amounts received by the Issuer from or attributable to the System, the sale of the output, capacity, or services of the System, and certain other proceeds and earnings, as set forth in the Indenture. See "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE–Definitions" herein.

The Series 2026 Bonds do not constitute general obligations of the State, the Members, or any other political subdivision of the State, other than the Issuer, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, including the Members, is pledged for the payment of the Series 2026 Bonds. The Indenture does not pledge any System properties, including the Series 2026 Project.

For a description of the System, rates and charges for services provided by the System and moneys available for use in connection with the System, see "THE SYSTEM."

Debt Service Reserve Account

The Indenture provides that the Debt Service Reserve Account will be funded in an amount equal to the Debt Service Reserve Requirement upon the issuance of each Series of Bonds. The Debt Service Reserve Requirement is an amount equal to the least of (i) the sum of ten percent of the original principal amount of each Series of Bonds (subject to reduction upon any refunding of all or part of a Series of Bonds), (ii) the Maximum Annual Debt Service on the Bonds and (iii) 125% of the Average Annual Debt Service on the Bonds. Upon the issuance of the Series 2026 Bonds, the Debt Service Reserve Requirement will be increased to include the Series 2026 Bonds. The Indenture establishes a Series 2026 Debt Service Reserve Subaccount and authorizes the Issuer to obtain a Reserve Instrument in place of fully funding the Debt Service Reserve Requirement. The Series 2026 Debt Service Reserve Subaccount, will be satisfied by the Surety to be provided by the Insurer. Thereafter, the Issuer will replenish the Debt Service Reserve Account as provided in the Indenture.

Funds on deposit in the Debt Service Reserve Account shall be used to make up any deficiencies in any Series Subaccount in the Debt Service Account. Funds at any time on deposit in the Debt Service Reserve Account in excess of the amount required to be maintained therein may at any time be transferred to the Revenue Fund. If at any time the amount on deposit in the Debt Service Reserve Account is less than the minimum amount to be maintained therein, the Issuer is required to make payment, solely from Net Revenues and in the order and priority set forth as described under "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE—Flow of Funds" and "—Operation of Special Funds and Accounts" below, such amount of money remaining in the Revenue Fund or all of the Net Revenues so remaining if less than the amount necessary until there is an amount on deposit in the Debt Service Reserve Account equal to the Debt Service Reserve Requirement.

Application of Revenues

Deposit of Revenues. The Indenture requires that all Revenues be promptly deposited by the Issuer into the Revenue Fund.

Payment of Operation and Maintenance Costs; Working Capital. From time to time, the Issuer will pay the Operation and Maintenance Costs out of the Revenue Fund, as such costs become due and payable. Under the Indenture, the Issuer has agreed to maintain on file with the Trustee a written certificate setting forth the amount of working capital reasonably required for efficient operation and maintenance of the System, which amount shall be not less than two months' average Operation and Maintenance Costs. Such certificate may be revised from time to time as deemed necessary or desirable by the Issuer.

Flow of Funds. On or before the last Business Day of each month (and at such other times as may be necessary to provide for the full and timely payment of all Bond Payments), the Issuer shall, after the payment of all Operation and Maintenance Costs then due, from and to the extent of the moneys on deposit in the Revenue Fund, transfer and deposit into the following Funds the amounts set forth below in the following order:

first, into the Bond Fund for credit to the Debt Service Account, the amount required so that the balance in each of the Series Subaccounts in the Debt Service Account shall equal the Accrued Debt Service on the Series of Bonds for which such Series Subaccount was established;

second, into the Bond Fund for credit to the Debt Service Reserve Account, such amount as is necessary to restore the balance to the Debt Service Reserve Requirement following any withdrawal of moneys from the Debt Service Reserve Account or to reimburse the issuer of any Reserve Instrument following any drawing on it;

third, into the Subordinated Indebtedness Fund, such amount as is necessary to pay timely the principal of and interest on, or other payment obligations in respect of, Subordinated Indebtedness and reserves therefor, as provided in the resolution, indenture or other instrument, including a Supplemental Indenture, securing Subordinated Indebtedness; and

fourth, into the Renewal and Replacement Fund such amount as shall he necessary so as to cause the amount set forth in the Annual Budget for the then-current Fiscal Year to be deposited into the Renewal and Replacement Fund by the end of such Fiscal Year.

Amounts remaining on deposit in the Revenue Fund after the transfers described above may be transferred from time to time by the Issuer into the Rate Stabilization Fund; provided, however, that after any such transfer (1) the sum of the amounts on deposit in the Revenue Fund and the Debt Service Account shall equal the Accrued Debt Service on all Series of Bonds Outstanding, (2) the Debt Service Reserve Requirement shall be on deposit in the Debt Service Reserve Account, and (3) the required amounts of working capital shall be on deposit in the Revenue Fund. Amounts in the Rate Stabilization Fund may be used for any lawful purpose of the Issuer.

Rate Covenant

Pursuant to the Indenture, the Issuer has covenanted to at all times establish and collect rates and charges for the services provided by the System to provide Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of the sum of (1) the Operation and Maintenance Costs for such Fiscal Year, (2) the Aggregate Debt Service for such Fiscal Year, plus a margin of 25%, (3) any Repayment Obligations owed to the issuer of a Security Instrument or a Reserve Instrument and coming due during such Fiscal Year, (4) the amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Account, and (5) all other charges or amounts payable out of the Revenues.

Rates fixed and charged for the energy distributed by the Issuer are established by resolution of the Board and are not subject to the approval of any State or federal regulatory body. See "THE SYSTEM—System Rates" below.

Additional Bonds

The Indenture permits the issuance of Additional Bonds to finance the Cost of Construction of a Project, or to refund any outstanding Bonds. The Issuer has reserved the right under the Indenture to issue Additional Bonds for the purpose of (1) providing for the payment of all or a portion of (a) the Cost of Construction of a Project, (b) principal and Redemption Price of Bond Anticipation Notes, or (c) any combination of (a) and (b), or (2) to refund any outstanding Bonds, on the terms and conditions specified in the Indenture.

Among other requirements for the issuance of Additional Bonds to finance construction of a project, the Adjusted Net Revenues of the Issuer for its immediately preceding Fiscal Year or for any Year within the 18 calendar months prior to the authentication and delivery of such Additional Bonds must be not less than 1.25 times the Maximum Annual Debt Service with respect to all Bonds to be Outstanding after the issuance of the proposed Additional Bonds. See “EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE–Issuance of Bonds” in APPENDIX B hereto.

Any Additional Bonds issued will rank equally as to security and payment with the Series 2026 Bonds and any Outstanding Parity Bonds. See “EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE–Issuance of Bonds” in APPENDIX B hereto.

THE ISSUER

General Information

The Issuer is an energy services interlocal entity under State law, which is a separate legal entity and political subdivision of the State. In 1909, Heber City, Midway City and Charleston Town (the “Members”) jointly issued bonds for the construction of the Heber hydroelectric power plant and began providing electrical service in the Heber Valley. In 1935, the Members formalized their oral agreements and organized the Issuer. In 2002, the Members signed an Organization Agreement setting forth the Issuer’s corporate powers, governance structure and related matters. Under the Organization Agreement, the Issuer is authorized to provide local electric utility service to all retail consumers located in its service area.

The Interlocal Cooperation Act

The Issuer has been organized and operates as a separate legal entity and a political subdivision of the State under the Utah Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the “Interlocal Act”). The Interlocal Act authorizes local governments (or “public agencies”) to enter into interlocal agreements with one another for the joint exercise of their powers. The intent of the Interlocal Act is to enable public agencies in Utah to make the most efficient use of their powers by enabling them to cooperate with one another on the basis of mutual advantage to provide services and facilities that will best accommodate the needs and development of local communities. The purposes of the Interlocal Act also include providing the benefits of economy of scale, economic development, and utilization of natural resources for the overall promotion of the general welfare of the State.

A separate legal entity (or “interlocal entity”) may be organized under the Interlocal Act by two or more State public agencies in order to accomplish their joint or cooperative action. An interlocal entity is a separate entity from the public agencies that create it, and is a body corporate and politic and a political subdivision of the State.

The Interlocal Act was amended in 2002 to provide for the creation of electric interlocal entities to undertake certain electric generation and transmission projects and of energy services interlocal entities to provide comprehensive electric energy services at wholesale or retail. The Issuer’s Organization Agreement was revised to constitute the Issuer as an energy services interlocal entity.

The Organization Agreement

In 1909, the Members jointly issued bonds for the construction of the Heber hydroelectric power plant and began providing service in the Heber Valley. In 1935, the Members formalized their oral agreements and organized the Issuer. This agreement was amended and restated by the Members from time to time over the years; however, in 2002 the Members entered into a new Organization Agreement for the Issuer, which was later amended in March 2010 and again in October 2014. The Organization Agreement serves as the articles of incorporation for the Issuer and it specifies the Issuer’s organization, governance and powers. The Organization Agreement provides for the perpetual existence of the Issuer.

Under the Organization Agreement, the Issuer is organized as an interlocal entity and an energy services interlocal entity under the Interlocal Act. Its powers include all powers conferred upon interlocal entities and energy services interlocal entities by the Act and various other powers listed in the Organization Agreement. Those powers include the following:

- to sue and be sued, to enter into contracts, to acquire and sell real and personal property and to exercise the powers of eminent domain possessed by the Members;

- to own and operate all facilities necessary or desirable for the generation, transmission, transportation and distribution of electric energy and related fuel supplies;

- to contract for supplies of electric power and energy, ancillary services and electric transmission and fuel transportation services;

- to provide integrated electric utility services at retail to consumers located in its service area and to sell electric power and energy, transmission and other services at wholesale to any other public agency or any investor-owned or cooperative utility;

- to adopt and implement necessary risk management policies and procedures; and

- to borrow money, incur indebtedness and issue revenue bonds payable from a pledge of all or a part of the revenues from the facilities and services provided by the Issuer.

Bonds, notes and other obligations issued by the Issuer are not an indebtedness or obligation of, and are not guaranteed by, the Members.

In addition to the powers of the Issuer listed above, under the Organization Agreement each of the Members grants to the Issuer an exclusive franchise and right to provide electric power and energy to the Members, their inhabitants and others. The Issuer also has non-exclusive franchises to provide electric power and energy to the County, the Town of Daniel, the Town of Independence, and the Town of Interlaken.

The Board

The Issuer is governed by a six-member board of directors (the "Board"). The Heber City mayor is designated as the chair and appoints two other members from the city council of Heber City to serve on the Board. The mayor of Midway City and the mayor of Charleston Town (or a councilperson selected as their designee) are also designated as board members. The chair of the county council of Wasatch County (or another county council member as designated by the council chair) is the sixth member of the Board (with voting rights limited in certain situations).

The present Board members and the positions they hold with their respective governing bodies are as follows:

Name	*Affiliation*	*Term*
Heidi Franco, Director & Chair	Mayor, Heber City	December 31, 2029
Aaron Cheatwood, Director	Council Representative, Heber City	December 31, 2028
Doug Clements, Director[(1)]	Mayor, Charleston Town	December 31, 2029
Kendall Crittenden, Director	Council Representative, Wasatch County Council	December 31, 2028
Morgan Murdock, Director	Council Representative, Heber City	December 31, 2029
Craig Simons, Director	Mayor, Midway City	December 31, 2029

Management

General Manager. The Issuer and the System are operated under the direction of a General Manager, who serves at the pleasure of the Board. The General Manager is Jason Norlen. Mr. Norlen has been with the Issuer since October 1996 in various roles and became General Manager in February 2015. Prior to joining the Issuer, Mr. Norlen worked as a manager with a local construction company. Mr. Norlen obtained his bachelor's degree in business from the University of Phoenix in 2009. He is an active member of the Intermountain Power Agency's Board of Directors and recently served as the Chairman of the Utah Associated Municipal Power Systems' Board of Directors

Chief Financial Officer. The Chief Financial Officer is Bart Miller. Mr. Miller has been with the Issuer since February 2014. Prior to joining the Issuer, he worked as the Chief Information Officer for an Oklahoma-based right-of-way firm. He also worked for PacifiCorp, an investor-owned utility, as a Project Controls Supervisor for large capital projects. Mr. Miller received his bachelors and master's degrees in accounting from Utah State University. He is a Utah state-licensed CPA.

Employee Workforce and Retirement System

The Issuer presently employs 49 permanent, full-time employees. Those employees provide all services necessary for the operation and maintenance of the System, including metering, billing, collection, personnel, line crews, service installation crews, customer service, energy conservation, engineering, plant and substation operation and maintenance (which includes mechanics and power dispatchers). The employees of the Issuer are not members of any union or labor organization, and the Issuer has never experienced a strike or work stoppage.

The Issuer participates in certain retirement plans administered by the Utah Retirement Systems (the "URS") for all full-time permanent employees. The Issuer also sponsors a deferred compensation plan administered by URS under sections 401(k) and 457 of the Internal Revenue Code. Those plans are administered by outside managers and administrators on behalf of the Issuer and its employees. The Issuer makes contributions to the URS equal to its required contributions for each year. For the year ended December 31, 2024, the Issuer reported a net pension liability of $837,665. See "APPENDIX A—HEBER LIGHT & POWER COMPANY AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 2024 AND 2023—Notes to Financial Statements—Note 5. Retirement Plans."

Risk Management

The Issuer maintains insurance coverage for general, automobile, and personal injury liability up to $5,000,000 per occurrence, as well as errors and omissions liability up to $3,000,000 per occurrence and employee dishonesty coverage up to $800,000 through policies administered by a third party. The Issuer also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the third party. This insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of $25,000 per occurrence for repairs, and $50,000 per occurrence for property loss. Settled claims have not exceeded the Issuer's insurance coverage for any of the past three years.

Contingency Fund

The Issuer's contingency fund was created to address certain large capital purchases and/or reserve requirements associated with internal generation, rate stabilization, and power market escalation. The contingency fund balance invested in the Utah Public Treasurers' Investment Fund as of October 31, 2025, was $4,128,190. Any decrease in the contingency fund will be replenished through available revenues. The contingency fund may be utilized for any lawful purpose of the Issuer.

Investment of Funds

<u>Investment of Operating Funds; the Utah Money Management Act</u>. The Utah Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended (the "Money Management Act"), governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The Money Management Act provides a limited list of approved investments including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying "top credit ratings." The Money Management Act also provides for pre-qualification of broker dealers by requiring, among other things, that broker dealers agree in writing to comply with the Money Management Act and certify that they have read and understand the Money Management Act. The Money

Management Act establishes the Money Management Council (the "Money Management Council") to exercise oversight of public deposits and investments. The law requires all securities be delivered versus payment to the public treasurer's safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The Money Management Act also defines the State's prudent investor rules. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The Issuer is currently complying with all of the provisions of the Money Management Act for all Issuer operating funds. The Issuer has no investments in derivative or leveraged securities. A significant portion of Issuer funds are invested in the Utah Public Treasurers' Investment Fund (the "Utah Treasurers' Fund").

The Utah Public Treasurers' Investment Fund. The Utah Treasurers' Fund is a public treasurers' investment fund, established in 1981, and is managed by the Treasurer of the State of Utah. The Utah Treasurers' Fund invests to ensure safety of principal, liquidity and a competitive rate of return on short-term investments. All moneys transferred to the Utah Treasurers' Fund are promptly invested in securities authorized by the Money Management Act. Safe-keeping and audit controls for all investments owned by the Utah Treasurers' Fund must comply with the Money Management Act.

All investments in the Utah Treasurers' Fund must comply with the Money Management Act and rules of the Money Management Council. The Utah Treasurers' Fund invests primarily in money market securities including time certificates of deposit, top rated commercial paper, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the Utah Treasurers' Fund is limited to three years, except for a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the Utah Treasurers' Fund are completely segregated from securities owned by the State. The State has no claim on assets owned by the Utah Treasurers' Fund except for any investment of State moneys in the Utah Treasurers' Fund. Deposits are not insured or otherwise guaranteed by the State.

Securities in the Utah Treasurers' Fund must be rated "first tier" ("A-1," "P1," for short-term investments and "A" or better for long-term investments) by two nationally recognized statistical rating organizations. These securities represent limited risks to governmental institutions investing with the Utah Treasurers' Fund. Variable rate securities in the Utah Treasurers' Fund must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the Utah Treasurers' Fund is reviewed monthly by the Money Management Council and is audited by the State Auditor.

See "APPENDIX A—HEBER LIGHT & POWER COMPANY AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 2024 AND 2023—Notes to the Financial Statements—Note 2. Deposits and Investments."

Moneys from the sale of obligations issued by the Issuer (including the Series 2026 Bonds) or pledged to the payment therefor are also on deposit in funds and accounts of the Issuer and/or trustees of the Issuer. Such funds are typically invested in the Utah Treasurers' Fund. Investment policies regarding such moneys are governed by the specific instruments pursuant to which such obligations were issued.

Budget Process

The Issuer must begin the calendar year with an approved budget. This budget process begins in August with the preparation and approval of the capital plan. In September the strategic plan is drafted/revised thus giving budgetary direction to management. A preliminary draft budget is then drafted and reviewed in the October meeting of the Board after which a date is set for a mandatory public meeting regarding the budget in November. The draft budget is then posted in multiple locations for public review prior to the meeting. During the public meeting the draft budget is reviewed in detail and public comment is taken. A vote is then taken to approve the budget either at the end of the public meeting or some time thereafter, but before midnight on December 31. The approved budget is then printed, and a copy is maintained in the lobby of the Issuer's office building for public review. Hard copy versions are included with the audited financial statements in April. An electronic copy of the budget is also placed on the Issuer's website.

Additional Information

For additional information with respect to the Issuer and its finances see "APPENDIX A—HEBER LIGHT & POWER COMPANY AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 2024 AND 2023" and "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING WASATCH COUNTY."

Outstanding Obligations of the Issuer

See below for a list of outstanding debt obligations of the Issuer as of January 1, 2026.

OUTSTANDING ELECTRIC REVENUE BONDS

Series	Purpose	Original Amount	Final Maturity Date	Principal Amount Outstanding
2026[(1)]	Improvements	$25,580,000*	December 15, 2051*	$25,580,000
2023	Improvements	29,070,000	December 15, 2047	27,720,000
2019	Improvements/Refunding	18,600,000	December 15, 2045	16,270,000
			TOTAL	$69,570,000*

(1) For the purposes of this table the Series 2026 Bonds are considered issued and outstanding.

* Preliminary; subject to change.

Other Financial Considerations

The Issuer has an outstanding capital lease for the purchase of two generator sets. The note under the capital lease bears an interest rate of 2.7% and is payable in annual installments of approximately $164,000 with final maturity in 2029. See also "APPENDIX A—HEBER LIGHT & POWER COMPANY AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 2024 AND 2023—Notes to the Financial Statements, Note 4–Noncurrent Liabilities."

Future Financing Plans

The Issuer currently has plans for additional projects within the next three to five years and may issue bonds to finance those projects. However, the precise amounts, timing and other details of any future bond issuances are not known at this time. The Issuer reserves the right to issue bonds or other obligations as its capital needs may require.

No Defaulted Bonds

The Issuer has never failed to pay principal and interest when due on its outstanding bonded indebtedness or other obligations.

Five-Year Financial Summaries

The following tables summarize certain financial information regarding the Issuer and have been extracted from the Issuer's basic financial statements for the fiscal years ended December 31, 2020 through December 31, 2024 and unaudited, preliminary results for the fiscal year ended December 31, 2025. The following summaries themselves are unaudited.

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HEBER LIGHT AND POWER COMPANY
Statement of Net Position
(This summary has not been audited.)

	Fiscal Year Ending December 31,					
	2025*	2024	2023	2022	2021	2020
ASSETS						
Cash & investments	$2,899,083	$14,936,388	$6,201,671	$6,632,782	$3,901,278	$5,384,426
Restricted cash & investments	2,677,119	8,282,791	23,274,411	9,925,319	18,152,483	18,175,626
Accounts receivable (net)	2,776,492	2,301,781	2,291,068	2,039,851	1,724,250	1,686,188
Unbilled receivables	1,707,945	1,707,945	1,675,159	1,570,919	1,255,936	1,227,497
Prepaid expenses	1,909,989	1,093,450	380,928	293,752	329,998	361,304
Inventory	10,787,386	8,484,856	6,406,955	4,430,810	3,757,132	1,908,637
Other current assets	201,284	109,853	44,693	419,453	16,477	19,024
Total current assets	22,959,298	36,917,064	40,274,885	25,312,886	29,137,554	28,762,702
Net pension assets	–	–	–	1,624,069	–	–
Capital Assets						
Land, construction in progress & water rights	33,246,577	17,660,573	30,696,175	11,646,709	8,490,412	5,396,457
Depreciable, net of accumulated depreciation	85,924,780	78,600,939	50,203,081	48,008,606	39,534,321	35,430,069
Net capital assets	119,171,357	96,261,512	80,899,256	59,655,315	48,024,733	40,826,526
Total assets	142,130,655	133,178,576	121,174,141	86,592,270	77,162,287	69,589,228
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refundings	268,047	294,850	321,655	348,460	375,263	402,067
Pension related	2,197,133	1,902,283	1,469,341	1,066,496	847,123	855,526
Total deferred outflows	2,465,180	2,197,133	1,790,996	1,414,956	1,222,386	1,257,593
LIABILITIES:						
Current Liabilities:						
Accounts payable	380,328	1,386,118	1,808,065	4,001,864	305,034	443,391
Accrued expenses	1,589,807	2,769,050	1,394,976	2,792,807	1,384,323	1,197,374
Related party payable	475,634	428,713	195,293	250,304	211,585	197,006
Current portion of noncurrent liabilities	1,785,325	1,922,110	2,073,155	1,237,711	1,142,900	1,103,110
Total current liabilities	4,231,094	6,505,991	5,471,489	8,282,686	3,043,842	2,940,881
Noncurrent Liabilities:						
Revenue bonds payable	42,204,675	43,990,000	45,145,000	17,415,000	18,070,000	18,695,000
Bond premium	4,729,398	4,729,397	5,247,293	2,064,811	2,394,769	2,734,907
Note payable/capital leases	615,002	615,002	758,858	898,911	1,035,233	1,167,898
Compensated absences	1,358,923	662,711	797,527	821,616	684,478	713,319
Early retirement incentive	140,132	104,010	75,519	103,095	153,628	160,337
Contract payable	1,199,436	1,199,436	1,189,196	1,178,478	1,169,270	1,232,819
Net pension liability	837,665	837,665	562,402	–	152,084	1,083,085
Total noncurrent liabilities	51,085,231	52,138,221	53,775,795	22,481,911	23,659,462	25,787,365
Total liabilities	55,316,325	58,644,212	59,247,284	30,764,597	26,703,304	28,728,246
DEFERRED INFLOWS OF RESOURCES						
Pension related	9,228	–	–	2,243,874	1,149,587	646,118
NET POSITION						
Net investment in capital assets	62,796,383	49,328,859	48,595,966	46,246,672	39,558,492	31,946,656
Restricted for capital projects	2,307,913	3,677,602	2,078,956	1,333,900	4,718,873	3,683,236
Restricted for pensions	–	–	–	1,624,069	–	–
Unrestricted	23,754,205	23,715,808	13,033,511	5,794,113	6,254,417	5,842,565
Total net position	$88,858,501	$76,722,269	$63,708,433	$54,998,754	$50,531,782	$41,472,457

(Source: Information extracted from the Issuer's 2020-2024 audited basic financial statements and preliminary, unaudited 2025 financial reports. This summary has not been audited.)

* Preliminary; subject to change.

HEBER LIGHT AND POWER COMPANY
Statement of Revenues, Expenses and Changes in Net Position
(This summary has not been audited.)

	Fiscal Year Ended December 31,					
	2025*	2024	2023	2022	2021	2020
Operating Revenues						
Electricity sales	$30,795,807	$25,131,182	$23,757,231	$21,602,693	$19,797,592	$18,451,012
Electricity sales - Jordanelle	1,806,740	1,865,669	1,834,964	1,142,043	1,334,051	1,804,706
Connection fees	185,746	198,694	149,673	133,526	34,770	37,400
Other income	336,449	278,603	249,911	199,128	254,102	237,047
Total operating revenue	33,124,742	27,474,148	25,991,779	23,077,390	21,420,515	20,530,165
Operating Expenses:						
Power purchases	13,930,741	12,618,154	11,442,806	12,610,176	9,163,150	8,618,520
Power purchases - Jordanelle	1,806,740	1,867,629	1,834,964	1,141,952	1,270,502	1,804,707
Salaries, wages, and benefits (unallocated)	1,556,928	1,268,131	1,015,534	395,693	774,064	1,350,940
System maintenance and training	5,319,393	4,665,538	5,352,559	4,750,440	3,837,111	3,530,575
Depreciation	5,069,528	3,798,370	3,398,471	3,004,438	2,706,425	2,499,494
Gas generation	2,194,239	2,600,570	1,861,785	1,898,661	1,236,485	702,432
Other	440,423	375,172	309,337	275,638	299,011	217,426
Vehicle	747,490	515,922	524,814	418,186	299,077	394,712
Office	145,663	142,674	153,808	141,962	131,915	137,591
Energy rebates	167,167	119,412	54,179	40,524	27,549	39,656
Professional services	282,613	235,479	225,172	231,565	133,927	138,018
Materials	254,553	231,147	180,777	252,471	130,298	137,546
Building	45,917	40,380	49,257	45,975	36,220	37,295
Bad debts	–	16,410	25,680	15,576	11,439	16,004
Total operating expenses	31,961,396	28,494,988	26,429,143	25,223,257	20,057,173	19,624,916
Operating Income	1,163,346	(1,020,840)	(437,364)	(2,145,867)	1,363,342	905,249
Nonoperating Revenues (Expenses):						
Impact fees	4,481,274	4,865,618	4,142,767	3,195,068	2,387,447	1,404,681
Interest income	742,866	1,518,409	1,668,408	276,314	80,566	253,314
Gain (loss) on sale of capital assets	875,750	(17,600)	70,775	(49,963)	–	24,171
Bond issuance costs	–	–	(387,652)	–	–	–
Interest expense	(2,183,201)	(1,769,624)	(1,632,141)	(564,679)	(572,610)	(665,815)
Total nonoperating revenues (expenses)	3,916,689	4,596,803	3,862,157	2,856,740	1,895,403	1,016,351
Contributions (Distributions)						
Contributed capital	7,133,635	9,437,873	5,359,622	4,056,099	6,100,580	3,275,127
Distributions to owners	–	–	–	(300,000)	(300,000)	(300,000)
Total contributions (distributions)	7,133,635	9,437,873	5,359,622	3,756,099	5,800,580	2,975,127
Change in Net Position	12,213,669	13,013,836	8,784,415	4,466,972	9,059,325	4,896,727
Net Position at Beginning of Year	76,722,269	63,785,869	54,998,754	50,531,782	41,472,457	36,575,730
Adjustment due to GASB 101	(77,437)	(77,436)	(74,736)	–	–	–
Net Position at End of Year	$88,858,501	$76,722,269	$63,708,433	$54,998,754	$50,531,782	$41,472,457

(Source: Information extracted from the Issuer's 2020-2024 audited basic financial statements and preliminary, unaudited 2025 financial reports. This summary has not been audited.)
* Preliminary; subject to change.

THE SYSTEM

General

The service area of the System currently covers 172 square miles in Wasatch County, providing electrical power to approximately 16,288 customers in the municipalities of Heber City, Midway City Charleston Town, and the towns of Daniel, Independence, and Interlaken, as well as certain unincorporated areas of the County. The System currently consists of three hydroelectric generators and nine natural gas generating units with an overall total generating capacity of approximately 19.5 MW and includes seven substations and over 782 miles of distribution lines. A more detailed description of the System is set forth below.

Electric Generation Facilities

As previously stated, the generation facilities of the System include both natural gas and hydroelectric units. The natural gas generating facilities are located at a plant site in Heber City and include nine units with a total capacity of 15.7 MW. The following table shows the capacity and year of installation for those units:

Capacity (kW)	Year Installed
3464(2 Units)	2002
1732	2003
1369	2004
3,750 (2 units)	2015
2,200	2021
1,550	2022
2,200	2025
16,265 (Total)	

The Issuer operates its natural gas generating units to provide power and energy during peak demand periods. The Issuer also utilizes its gas generators to provide a firm, back-up generating resource that enables the Issuer to purchase low-cost, non-firm energy through market and other sources. In addition, the Issuer tests electric generation products for a large international company and receives energy produced from such testing, which is included in the total of the Issuer's natural gas power plant generation. During 2024, the Issuer operated its natural gas generating facilities to produce a total of 26,057 Megawatt hours ("MWh") of energy, representing approximately 11% of the Issuer's total energy requirements in that year.

The Issuer also owns and operates three hydroelectric generating facilities: Upper Snake Creek, Lower Snake Creek, and Lake Creek Hydroelectric Plants. In 2024, the three plants generated a total of 12,541 MWh of energy representing 5% of the Issuer's total energy requirements.

The Upper Snake Creek Hydroelectric Plant is an 800-kilowatt ("kW") facility that was constructed in 1949. This facility generated approximately 5,567 MWh of energy during 2024, representing approximately 2.4% of the Issuer's total energy requirements. The Lower Snake Creek Hydroelectric Plant is a 1,200-kW facility that began operation in 1910 and was acquired by the Issuer in September 2011 from PacifiCorp. During 2024, this facility generated approximately 3,770 MWh of energy, representing approximately 1.6% of the Issuer's total energy requirements.

Despite their age, the Snake Creek plants are in good operating condition and generate electricity at economical prices. Falling water for the operation of these plants comes from Snake Creek, which flows from abandoned underground mine workings in West Mountain, northwest of Heber City. The Snake Creek flow has been consistent, running between approximately four and seven cubic feet per second during the low and high runoff seasons, respectively.

The Lake Creek Hydroelectric Plant is a 1,300-kW facility constructed in 1981. This facility generated approximately 3,204 MWh during 2024, which was approximately 1.4% of the total energy requirements of the System. The water supply for the Lake Creek Plant is the Lake Creek drainage, a tributary of the Provo River. Storage reservoirs on Lake Creek are used jointly by the Lake Creek Irrigation Company for irrigation purposes and the Issuer for hydrogeneration. The average annual runoff of the tributary system exceeds that needed to fill the storage reservoirs.

In total, the Issuer's natural gas and hydroelectric generating facilities (including test facilities) produced 38,599 MWh of energy in 2024, representing approximately 16% of the Issuer's total energy requirements in that year. The balance of the Issuer's electric energy requirements are purchased from various sources described under "THE SYSTEM—Power and Energy–Outside Sources" below.

Substation and Distribution Facilities

The System presently includes approximately 782 miles of distribution lines. The System is interconnected with the interstate transmission grid through a substation that connects to the 138-kV transmission system of PacifiCorp. The principal substation and distribution facilities included in the System are listed below:

- a 7.5 megavolt ampere (MVA) substation (Cloyes Substation) in Heber City completed in 1975;
- a 5 MVA substation (Provo River Substation) near Midway completed in 1980;
- a 10 MVA substation (Midway Substation) in Midway upgraded to current capacity in 2011;
- a 34 MVA substation (Jailhouse Substation) in Heber City completed in 2002;
- a 40 MVA substation in (College Substation) in Heber City completed in 2008;
- a 40 MVA substation (Heber Substation) completed in 2010 in Heber City;
- a 24 MVA substation (Heber Plant Substation) consisting of three 5 MVA transformers completed in 2003 in Heber City;
- a 100 MVA substation (Southfields Substation) in Wasatch County completed in 2024;
- 38.03 miles of 46 kV sub-transmission lines, built to 138 kV specification; and
- 782 miles of distribution lines.

Other Facilities. The Issuer utilizes a system control and data acquisition (SCADA) system to provide data acquisition and to control the operations of the System. An upgraded SCADA system was installed during 2021-2022. The Issuer also owns various office, administrative, storage and garage facilities and various trucks and equipment used in the regular operations of the System. In addition to the SCADA system, the Issuer is fully deployed with AMI meters. In the opinion of management, the facilities and equipment of the Issuer are in good operating condition.

System Rates

Rates fixed and charged for the energy distributed by the Issuer are established by its Board. The Board has exclusive authority to establish such rates and any rate resolution adopted by the Board may be immediately effective in accordance with its terms. The Issuer is not required to seek approval of its electric service rates from any State or federal regulatory body.

To spread out the billing and collection processes, the Issuer has divided the customer base into two separate cycles based upon customer demographics. "Cycle 1" customers are predominantly Heber City customers. "Cycle 2" customers represent the balance of the Issuer's service territory. Cycle 1 customers are billed on the 15th of the month for energy used between the 9th of the prior month and the 8th of the current month. Cycle 2 customers are billed on the last day of the month for energy used between the 23rd of the prior month and the 22nd of the current month. In April of 2025, the Issuer approved rate increases to be implemented over three years for each cycle with the rate increase being fully implemented as of October 1, 2027. Part of this rate study included the implementation of Opt-out Time-Of-Use rates for all customers beginning in October of 2026. The 2022 rate study established an Opt-in Time-Of-Use rate program as a pilot for both rate levels and system compatibility. The Opt-in Time-Of-Use rate program is now being pushed out to all accounts unless the customer elects to opt-out. Time-Of-Use rates are designed to more accurately bill the daily energy costs to the customers that use the energy.

Set forth below are the Issuer's current rates for residential customers, various sizes of general service customers, and pumping customers.

	04/23/25 – 09/22/26	09/23/26 – 09/22/27
Residential (Opt-out rates for customers starting 2026)		
Base/Customer Charge: <=400 AMP / >400 AMP	18.40 / 35.40	18.90 / 36.90
1st 1,000 kWh	0.11823/kWh	0.12077/kWh
All Additional	0.14134/kWh	0.14438/kWh
Solar Net Meter	(0.0900)/kWh	(0.0900)/kWh
Residential (Time-of-Use)		
Base/Customer Charge: <=400 AMP / >400 AMP	18.40 / 35.40	18.90 / 36.90
Winter On-Peak	0.18984/kWh	0.20625/kWh
Winter Off-Peak	0.08629/kWh	0.08250/kWh
Summer On-Peak	0.24207/kWh	0.26667/kWh
Summer Off-Peak	0.10525/kWh	0.10063/kWh
Residential - Pumping		
Base/Customer Charge	18.40	18.90
Demand Rate	0.25/kW	0.50/kW
1st 1,000 kWh	0.11820/kWh	--
All Additional	0.14130/kWh	--
Winter On-Peak	--	0.14029/kWh
Winter Off-Peak	--	0.12199/kWh
Summer On-Peak	--	0.14029/kWh
Summer Off-Peak	--	0.12199/kWh
General Service - Small (1kW <X<= 30kW) (Single Phase)		
Base/Customer Charge	26.00	29.00
Demand Rate	12.10/kW	12.60/kW
1st 500 kWh	0.08549/kWh	0.07815/kWh
All Additional	0.06839/kWh	0.07034/kWh
General Service - Small (1kW <X<= 30kW) (3-Phase)		
Base/Customer Charge	35.00	39.00
Demand Rate	12.10/kW	12.60/kW
1st 500 kWh	0.08549/kWh	0.07815/kWh
All Additional	0.06839/kWh	0.07034/kWh
General Service - Small (1kW <X<= 30kW) Pumping		
Base/Customer Charge	41.00	44.50
Demand Rate	9.85/kW	9.85/kW
Winter On-Peak	0.11397/kWh	0.12314/kWh
Winter Off-Peak	0.05698/kWh	0.06157/kWh
Summer On-Peak	0.13901/kWh	0.15019/kWh
Summer Off-Peak	0.06950/kWh	0.07510/kWh
General Service - Medium (>30kW & <= 250kW)		
Base/Customer Charge	150.00	155.00
Demand Rate	14.45/kW	14.95/kW
All Energy	0.06841/kWh	0.07048/kWh
General Service - Medium (>30kW) - Pumping		
Base/Customer Charge	150.00	155.00
Demand Rate	9.85/kW	9.85/kW
Winter On-Peak	0.11397/kWh	0.12314/kWh
Winter Off-Peak	0.05698/kWh	0.06157/kWh
Summer On-Peak	0.13901/kWh	0.15019/kWh
Summer Off-Peak	0.06950/kWh	0.07510/kWh
General Service - Large (> 250kW)		
Base/Customer Charge	357.00	372.00
Demand Rate	15.35/kW	15.35/kW
All kWh	0.06541/kWh	--
Winter On-Peak	--	0.08199/kWh
Winter Off-Peak	--	0.06073/kWh
Summer On-Peak	--	0.10000/kWh
Summer Off-Peak	--	0.07408/kWh

Based on 1,000 kilowatt-hours ("kWh") of monthly energy consumption by a typical household, the Issuer's current rate structure produces an average rate of 12¢ per kWh.

Fees for Other Services

The fees for various other services as of November 19, 2025, as set by the Board, are as follows:

Convenience Fee	3% (used on impact fee and work order cc payments)
Late Payment Charge	1.5% (applied on any past due amounts)
Returned Payment Charge	$15
Reconnect Fee	$30
Service Application Fee	$20
Seasonal Disconnect Fee	$50
Impact Fee	Calculated upon requested amperage of service
Line Extension/New Development-Installation	Estimate for labor, materials and overhead provided upon request
Initiation/Will Serve	$200
Design Fee	$300 (per development phase fee)
Design Fee (resubmit)	$20 per residential/commercial unit
Truck Roll Fee	$85 (Set fee for extra vehicle trips)
Dig-in/Damage Mobilization Fee	Graduated ($300 Min.; $1,000/hr. when over an hour)
Temporary Meter Connection	$500 (Fee for new services that desire a temporary meter set)
Wire Pull (up to 400 amps)	$380 plus meter cost (customers on services larger than 400 amps are responsible to install wire)
Connection fee for first-time metered service (single-phase)	$235
Connection fee for first-time metered service (3-phase)	$470
Meter – Nonstandard Meter – Monthly Meter Reading Charge	$20
Net-Metering(1) – Application Fee	$400
Generation Transfer Switch – Preliminary Inspection Fee	$100 (verification trip for sizing and device appropriateness)
Generation Transfer Switch – Installation Fee	$100 (installation and meter re-installation)
Outside Lighting (Yard Lights)	$9.30/month
Outside Lighting Maintenance	$25 plus parts

(1) Net metering measures the difference between the energy that a customer consumes from the grid and the excess energy that a customer sends back onto the grid when their renewable energy generation exceeds the amount of energy that their home or business is using. The Issuer's net metering policy allows for any excess electricity that is generated by the customer to be banked as a credit towards future energy usage until the end of March. During the first week of April, the Issuer will pay for any unused kilowatt hours at the customer's retail rate.

The Issuer also collects impact fees for new connections and/or added load to the System based on the service amperage and type of connection requested. The Issuer can only expend these impact fees on certain capital improvements that are necessary to serve new growth on the System. An increase in impact fee rates was approved in November of 2025 and will go into effect in February of 2026. The fee increased by 2%. The new rate for a single-phase amp is $34.56.

Largest Customers of the Issuer

The Issuer's records show the following statistics for the fiscal year ending December 31, 2024. The Issuer reports that the top five customers of the System account for no more than 10.3% of the total annual electric charges collected for fiscal year 2024.

Customer	kWh Sold	Annual Billing	% of Total Usage
School District	8,271,354	$870,855	4.0%
County Facilities	4,067,937	405,571	1.8
Medical Facility	3,448,900	278,832	1.6
Special Service District[1]	3,318,504	259,732	1.5
Conservancy District	3,043,738	62,235	1.4
Total	22,150,433	1,877,225	10.3

(1) This entity is a water district which gets a lower, negotiated rate due to its participation in the Issuer's hydroelectric transmission.

The Issuer's records show the following statistics for the fiscal year ending December 31, 2025. The Issuer reports that the top five customers of the System account for approximately 10.2% of the total annual electric charges collected as of December 31, 2025.

Customer	kWh Sold	YTD Billing	% of Total Usage
School District	8,582,092	$1,032,922.87	3.7%
County Facilities	4,185,469	498,510.77	1.8
Medical Facility	3,637,568	346,814.77	1.6
Special Service District[1]	3,483,020	341,010.59	1.5
Conservancy District	3,373,726	$68,889.06	1.5
Total	23,261,875	$2,288,148.06	10.2

(1) This entity is a water district which gets a lower, negotiated rate due to its participation in the Issuer's hydroelectric transmission.

Billing Procedures, Collection, and Enforcement

All customers are required to abide by the Issuer's collection policy. Payment of charges for services is due 10 days after the billing date. If such charges are not paid by the due date, a notice of delinquency is sent 30 days after the billing date. If the account remains unpaid 30 days after the notice of delinquency, service is disconnected.

Licenses, Permits and Approvals

The Issuer operates the natural gas power units under an approval order from the State of Utah Division of Air Quality. The current approval order dated January 29, 2024, allows the Issuer to operate as a minor source for all pollutants under the State Title V program and is a modification to the prior approval order allowing the Issuer to replace generators and remain a synthetic minor source.

The Issuer holds all other licenses, permits and approvals necessary for the operation of the System.

Management's Discussion of Operations

Financial Highlights: Unaudited revenues from the sale of electricity in 2025 were $30,795,807, an increase of $5,664,625 or 23% above 2024's revenue. This increased revenue is largely driven by a 13% rate increase enacted in April of 2025 as well as an increase in customer accounts and usage patterns. Load growth on the System increased the quantity of power purchases by 3.5% to 245,107 MWh during 2025. Internal gas generation expenses decreased in 2025 by $406,331, due in part to better purchased power markets and the unreasonable increase in 2024 from prior year trends. The 2025 internal gas generation is in line with normal operating patterns.

During 2025, the Issuer collected impact fees from all customers who added new or additional electrical load to the utility's distribution system. This charge continues to be in response to the rapid growth that has been experienced in Heber Valley and provides the utility with the necessary funds to add a new distribution system plant which is required to serve the customers. The funds collected as impact fees are restricted to being used for new or upgraded plants to serve additional load and cannot be applied to operational expenses. The impact fee revenue in 2025 was $4,4841,274. During 2025, all impact fees collected have been used by the Issuer for various capital project expenses.

The Issuer collects fees from developers and customers in aid of utility construction to provide electrical service. These fees, hereafter referred to as "Contributed Capital," represent the recovery of costs associated with onsite electrical upgrades or infrastructure additions, and distribution system upgrades required because of the customer's connection. In 2025, the revenue from Contributed Capital is $7,133,635.

During 2024, the Issuer saw an increase in net pension liability of $275,263. This increase is based off actuarial assumptions provided by the Utah Retirement System. The Issuer will not receive an update on this number for 2025, until late January 2026.

Operational Highlights: In 2025 the Issuer's customer base continued to grow with the addition of numerous residential customers, along with new general service customers. As of December 31, 2025, total active customers are 16,288.

Financial Analysis: The Issuer's total assets and deferred outflows net of accumulated depreciation were $144,327,787. Total net position for 2025 increased by $12,213,669. Most of this increase resulted from an increase in new System assets from the economic expansion within Heber Valley.

General Fund Budgetary Highlights: In 2025, operating expenses came in below budget. Revenues also came in above budget. The biggest budget variance was better than planned power purchases due to favorable energy markets in the early months of the year.

Economic Factors and Fiscal Year 2026 Budget and Rates: The 2026 budgeted revenues are forecasted to be higher than 2025 actuals. This is a reasonable estimate considering actions taken after the spring 2025 rate study/plan and the new customer growth in the Issuer's service territory.

The Issuer continues to review its rates to ensure appropriate expense recovery and funding of capital purchases. Any future rate adjustments considered will preserve existing revenues to ensure appropriate funding. Where possible, the goal of the Issuer is to fund its capital requirements without incurring additional debt. New rates were put into service on April 9, 2025, and additional increases are planned for October 1, 2026, and October 1, 2027. A slight increase in impact fee rates was approved in November of 2025 and will go into effect in February of 2026. The fee increased by 2%. The new rate for a single-phase amp became $34.56.

Selected Operating Information

The following tables present certain statistical information regarding the operation of the System for the calendar years indicated.

	2024	2023	2022	2021	2020
Number of Metered Customers					
Residential	13,549	12,660	12,011	11,664	11,342
Commercial	2,444	2,418	2,170	2,018	1,833
Total Metered Customers	15,993	15,078	14,181	13,682	13,175
Energy Supply (MWh)					
System Generation	38,599	36,346	33,368	26,175	23,111
Purchased Energy	198,193	184,073	181,978	180,860	177,672
Total Energy Supply	236,792	220,419	215,616	207,035	200,783
Energy Sales (MWh)					
Residential	131,051	122,252	116,233	110,756	105,976
Commercial	90,171	83,761	85,147	82,388	80,832
Total Energy Sales	221,222	206,013	201,380	193,144	186,808

Summary of Production Cost

Year	Cost per kWh[1]
2024	0.0794
2023	0.0799
2022	0.0600
2021	0.0430
2020	0.0420

(1) Includes an operation and maintenance component.

Historical and Projected Debt Service Coverage

The following table sets forth the historical and projected debt service coverage for the System of the Issuer for the years shown.

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Historical and Projected Debt Service Coverage

	Historical				Unaudited	Growth					
	2021	2022	2023	2024	2025	Rate	2026	2027	2028	2029	2030
Operating Revenue											
Electricity Sales	21,131,643	22,744,733	25,592,195	26,996,851	32,602,547	5%	34,232,674	35,944,308	37,741,523	39,628,600	41,610,030
Other Income	288,873	332,654	399,584	477,297	532,195	0%	532,195	532,195	532,195	532,195	532,195
Total Operating Revenue:	*21,420,516*	*23,077,387*	*25,991,779*	*27,474,148*	*33,134,742*		*34,764,869*	*36,476,503*	*38,273,718*	*40,160,795*	*42,142,225*
Power Production Expense	(1,251,065)	(2,032,214)	(2,079,597)	(2,780,552)	(2,309,750)	2%	(2,355,945)	(2,403,064)	(2,451,125)	(2,500,148)	(2,550,151)
Purchased Power Expense	(10,461,202)	(13,792,652)	(13,331,949)	(14,607,979)	(15,904,648)	4%	(16,540,834)	(17,202,468)	(17,890,566)	(18,606,189)	(19,350,436)
Total Cost of Sales:	*(11,712,267)*	*(15,824,866)*	*(15,411,545)*	*(17,388,531)*	*(18,214,398)*		*(18,896,779)*	*(19,605,531)*	*(20,341,691)*	*(21,106,336)*	*(21,900,587)*
Operations and Maintenance Expense											
Operations Expense	(518,597)	(677,997)	(983,011)	(1,024,518)	(1,207,912)	0%	(1,207,912)	(1,207,912)	(1,207,912)	(1,207,912)	(1,207,912)
Maintenance Expense	(2,455,296)	(3,065,635)	(3,426,346)	(2,845,400)	(3,425,504)	1%	(3,459,759)	(3,494,357)	(3,529,300)	(3,564,594)	(3,600,239)
Total O&M Costs:	*(2,973,893)*	*(3,743,632)*	*(4,409,358)*	*(3,869,919)*	*(4,633,416)*		*(4,667,672)*	*(4,702,269)*	*(4,737,213)*	*(4,772,506)*	*(4,808,152)*
Administrative and General Expense											
Customer Related	(576,455)	(521,113)	(749,493)	(692,161)	(599,494)	8%	(647,453)	(699,250)	(755,190)	(815,605)	(880,853)
Employee Related	(813,521)	(1,042,191)	(1,195,457)	(1,439,180)	(2,006,838)	9%	(2,187,453)	(2,384,324)	(2,598,913)	(2,832,816)	(3,087,769)
Facilities and Supplies	(373,759)	(134,088)	(181,371)	(290,626)	(89,458)	0%	(89,458)	(89,458)	(89,458)	(89,458)	(89,458)
IT/Communication	(481,644)	(534,745)	(583,186)	(577,720)	(625,688)	4%	(650,716)	(676,744)	(703,814)	(731,967)	(761,245)
Vehicles	(419,213)	(418,186)	(524,814)	(515,922)	(751,328)	11%	(833,974)	(925,711)	(1,027,539)	(1,140,568)	(1,266,031)
Total A&G Costs:	*(2,664,592)*	*(2,650,323)*	*(3,234,321)*	*(3,515,609)*	*(4,072,805)*		*(4,409,054)*	*(4,775,487)*	*(5,174,914)*	*(5,610,413)*	*(6,085,356)*
Total Operating Income:	**4,069,764**	**858,566**	**2,936,554**	**2,700,089**	**6,214,122**		**6,791,365**	**7,393,216**	**8,019,901**	**8,671,539**	**9,348,130**
Depreciation	(2,706,425)	(3,004,438)	(3,398,471)	(4,455,654)	(4,352,107)	4%	(4,526,191)	(4,707,239)	(4,895,529)	(5,091,350)	(5,295,004)
Total Operating Income less Depreciation:	**1,363,339**	**(2,145,872)**	**(461,917)**	**(1,755,565)**	**1,862,015**		**2,265,173**	**2,685,977**	**3,124,372**	**3,580,190**	**4,053,126**
Non-Operating Revenues											
Interest	80,566	276,314	1,668,408	1,518,409	742,866		360,000	65,000	15,000	15,000	15,000
Gain on Sale of Assets	-	(49,963)	-	17,600	875,750		-	-	-	-	-
Impact Fees	2,387,447	3,195,068	4,142,767	4,865,618	4,481,274		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Contributions in Aid of Construction(1)	6,100,580	4,056,099	5,359,622	9,437,873	7,133,635		3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Non-Operating Revenues:	*8,568,593*	*7,477,518*	*11,170,797*	*15,839,501*	*13,233,525*		*6,360,000*	*6,065,000*	*6,015,000*	*6,015,000*	*6,015,000*
Funds Available for Debt Service:	**12,638,357**	**8,336,084**	**14,107,351**	**18,539,590**	**15,095,540**		**13,151,365**	**13,458,216**	**14,034,901**	**14,686,539**	**15,363,130**
Debt Service											
2012 Bonds	(354,800)	(355,650)	(361,200)	(368,000)	(104,000)		-	-	-	-	-
2014 Capital Lease	(164,032)	(164,140)	(164,222)	(164,278)	(164,309)		(164,311)	(164,286)	(164,233)	(164,150)	-
2019 Bonds	(1,096,250)	(1,096,500)	(1,096,000)	(1,094,750)	(1,092,750)		(1,450,000)	(1,453,500)	(1,440,000)	(1,445,250)	(1,443,250)
2023 Bonds	-	-	(1,263,738)	(2,103,500)	(2,121,000)		(2,106,000)	(2,105,000)	(2,102,250)	(2,122,750)	(2,105,250)
2026 Bonds(2)*	-	-	-	-	-		(1,033,858)	(1,814,000)	(1,817,250)	(1,814,000)	(1,814,500)
*Total Debt Service**	*(1,615,082)*	*(1,616,290)*	*(2,885,160)*	*(3,730,528)*	*(3,482,059)*		*(4,754,169)*	*(5,536,786)*	*(5,523,733)*	*(5,546,150)*	*(5,363,000)*
*Debt Service Coverage:**	*7.83 X*	*5.16 X*	*4.89 X*	*4.97 X*	*4.34X*		*2.77X*	*2.43 X*	*2.54 X*	*2.65 X*	*2.86 X*
*Debt Service Coverage without Impact Fees:**	*6.35 X*	*3.18 X*	*3.45 X*	*3.67 X*	*3.05X*		*2.14 X*	*1.89 X*	*2.00X*	*2.11 X*	*2.31 X*

* Preliminary; subject to change. (1) Contributed capital represents payments the Issuer receives from developers who contract with the Issuer to install project specific electric infrastructure within specific developments and differs from the system-wide improvements covered by impact fees. (2) Debt service on the Series 2026 Bonds will be paid from capitalized interest through December 15, 2026.

Sources of Energy

On average, the Issuer generates approximately 16% of the electric energy requirements of its customers and purchases the balance of the energy needed to meet such requirements from various outside sources. The Issuer purchases (or has available to it) electric energy from the following sources to meet the net requirements of the System:

- energy from the federal Colorado River Storage Project ("CRSP"), which is purchased by the Issuer from the United States Department of Energy, Western Area Power Administration ("WAPA");

- energy from the ownership interest of Utah Associated Municipal Power Systems ("UAMPS") in the Hunter Steam Electric Generating Unit No. 2 ("Hunter 2"), a 446-megawatt coal-fired steam-electric generating unit operated by PacifiCorp, through a Power Sales Contract between the Issuer and UAMPS;

- energy purchased through the UAMPS power pool (the "UAMPS Pool") under a Power Pooling Agreement (the "Pool Agreement") administered by UAMPS for its members;

- energy generated by the Intermountain Power Project ("IPP"), through a Power Sales Contract between Heber City and the Intermountain Power Agency ("IPA");

- energy generated by the Jordanelle Hydroelectric Project ("Jordanelle"), under an agreement between the Issuer and the Central Utah Water Conservancy District;

- energy generated at the Pleasant Valley Wind Project ("Pleasant Valley"), located in southwest Wyoming, through a Power Sale Contract between the Issuer and UAMPS;

- energy generated at the Horse Butte Wind Project ("Horse Butte"), located in Idaho, through a Power Sale Contract between the Issuer and UAMPS;

- energy generated at the Patua Generating Facility ("Patua"), located in Nevada, through a Firm Power Supply Agreement between the Issuer and UAMPS;

- energy generated at the Red Mesa Tapaha Solar Project ("Red Mesa"), located in Utah, through a Power Sale Contract between the Issuer and UAMPs; and

- energy generated at the Steel Solar 1A Solar Project ("Steel One"), located in Utah, through a Power Sale Contract between the Issuer and UAMPs.

The payments made by the Issuer under these contracts for purchased energy constitute Operation and Maintenance Costs of the System under the Indenture. Certain of these contracts are "take-or-pay" obligations of the Issuer and may require, under certain circumstances, that the Issuer pay for electric energy that is not delivered to or used by the Issuer.

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System Energy Resources for System Peak

	Historical							Projected					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
System Resource (kWh)(1)													
CRSP/WAPA	45,936,492	48,656,576	48,983,723	48,955,633	55,325,570	54,283,496	47,937,203	53,134,573	40,353,413	37,528,674	34,901,667	32,458,550	30,186,452
Hunter	26,262,292	23,909,142	27,241,055	29,374,226	27,872,844	6,584,990	15,590,709	10,901,824	19,197,320	19,197,320	19,197,320	19,197,320	19,197,320
Power Pool(2)	68,653,032	61,362,837	72,327,657	75,756,602	73,375,161	62,703,492	57,599,567	45,347,918	70,996,786	70,082,052	82,533,106	79,177,819	79,177,819
IPP(3)	-	-	-	2,284,925	4,211,211	25,901,959	31,315,528	30,867,267	17,607,600	17,607,600	35,215,200	17,607,600	17,607,600
Power Plant(4)	19,480,782	20,617,959	15,707,194	17,600,357	23,492,581	22,748,423	26,057,819	46,802,683	51,019,459	66,116,335	57,931,305	99,737,097	106,468,253
Hydroelectric	9,825,085	12,835,361	7,403,765	8,575,131	10,145,774	13,597,917	12,541,477	9,689,828	8,575,131	8,575,131	10,145,774	10,145,774	10,145,774
Patua	1,562,470	8,207,861	9,305,889	9,650,454	7,538,312	7,462,998	8,470,363	9,661,170	8,602,202	8,039,418	8,039,418	8,039,418	8,039,418
Pleasant Valley	441,891	360,148	417,583	393,955	544,123	344,155	357,579	408,491	408,491	411,993	411,993	411,993	–
Horse Butte	2,627,662	2,629,078	2,993,278	2,888,313	2,727,162	2,066,005	2,571,161	2,067,209	2,714,258	2,714,258	2,714,258	2,714,258	2,714,258
Jordanelle	15,872,375	14,901,429	16,403,141	11,555,034	10,383,171	16,725,249	16,978,313	13,766,649	16,022,051	15,872,375	14,915,630	16,403,141	15,872,375
Red Mesa	–	–	–	–	--	8,000,196	6,770,135	8,665,225	7,860,887	7,860,887	7,860,887	7,860,887	7,860,887
Steel One	–	–	–	–	--	–	10,602,345	14,364,834	10,575,105	10,575,105	10,575,105	10,575,105	10,575,105
McCormick NG	–	–	–	–	–	–	–	–	--	--	--	--	16,371,000
Resources Total	190,662,081	193,480,391	200,783,285	207,034,630	215,615,909	220,418,880	236,792,199	245,677,671	253,932,703	264,581,148	284,441,663	304,328,962	324,216,260
System Peak(kW)(4)	**42,503**	**43,207**	**46,242**	**48,605**	**50,549**	**51,483**	**55,720**	**57,692**	**59,961**	**62,458**	**67,123**	**71,788**	**76,453**

(1) Table shows number of kWh utilized from listed resource. See "Electric Generation Facilities" and "Power and Energy–Outside Sources" for further details.
(2) Power Pool includes long-term market purchases, seasonal shaped purchases, and Western Replacement Market Power from WAPA.
(3) There are 11 MW (98,865,360 kwh) of IPP available to call back for base load as needed.
(4) Includes power generated from the Issuer's gas-fired generators.
(5) System peaks will be filled in by market supply, depending on the most economical source.

Power and Energy–Outside Sources

Set forth below are descriptions of CRSP, Hunter 2, the UAMPS Pool, IPP, Jordanelle, and other outside power sources, and the Issuer's arrangements for purchases of electric power and energy from these sources. This information has been obtained from Western Area Power Administration, UAMPS, IPA and other sources believed to be reliable. The Issuer makes no representation as to the accuracy or completeness of this information.

Colorado River Storage Project ("CRSP"). CRSP is owned by the United States of America and administered by the federal agency Western Area Power Administration ("WAPA"). CRSP provides its 670 customers which include municipalities, joint agencies like UAMPS, Rural Electric Authorities ("REAs"), investor- owned utilities, and state and federal agencies with energy. WAPA was organized to assume responsibility for the marketing and transmission of energy produced by CRSP and other federally owned energy sources. WAPA's customers in this 1,300,000 square-mile area in 15 western and central states include municipalities, rural electric cooperatives, investor-owned utilities, utility and irrigation districts and state and federal agencies. CRSP is primarily a hydroelectric-based resource, with the amounts of CRSP power and energy available for purchase by the Issuer being subject to seasonal and annual hydrologic variations in the watershed of the Colorado River Basin.

CRSP Contract. The Issuer has a firm allocation of CRSP capacity and energy that is purchased pursuant to an Integrated Contract for Electric Service between the Issuer and WAPA. The Issuer is presently entitled to purchase power and energy from CRSP through an allocation from WAPA of up to 8.9 MW of firm capacity during the winter season (October through March) 6 MW of firm capacity during the summer season (April through September). For 2024, the blended cost to the Issuer of CRSP power and energy was approximately $29.15/MWh. The Issuer currently receives about 20% of its power from WAPA.

Rates. WAPA is obligated to review annually its rates for CRSP energy to ensure that such rates generate sufficient revenues to cover the operating and other expenses of CRSP. WAPA has had several rate increases over the past few years mainly due to operational constraints placed on the various dams in the CRSP project.

The WAPA Rate Order 199, approved in the fall of 2022, separated the cost of hydropower from replacement power. This distinction was necessary due to drought conditions reducing available hydropower. The Deliverable Sales Amount ("DSA") is the amount of hydropower capacity and energy that will be available to the customer, determined quarterly, based on the forecasted Salt Lake City Area/ Integrated Projects ("SLCA/IP") generation. Each customer receives its proportionate share of the marketable hydropower capacity and energy. The Western Replacement Firming ("WRF") power is market power that can be purchased quarterly to allow customers to maintain historical levels of energy delivery from WAPA. Customers can elect to purchase replacement energy quarterly. This energy is purchased by WAPA for the customer from the market and the cost is market-based.

The WAPA 199 rate was replaced by the WAPA-206 rate. The composite rate is 31.38 mills/kWh Energy: 12.36 mills/kWh Capacity: 5.25 $/kW. On January 1 2024, CRSP approved a schedule of rates for firm electric service under rate order (WAPA-206) January 1, 2024, through December 31,2008 to replace WAPA-199, which expired on December 31, 2023.

Hunter Steam Electric Generating Plant No. 2 ("Hunter 2"), Power Pooling Agreements ("Pool"), Pleasant Valley Wind Project ("Pleasant Valley"), Horse Butte Wind Project ("Horse Butte"), Patua Generating Facility ("Patua") and Red Mesa Tapaha Solar Project ("Red Mesa"). The Issuer is a member of UAMPS and as such participates in UAMPS' Hunter 2, Power Pool, Pleasant Valley, Horse Butte, Patua and Red Mesa projects. UAMPS is a separate legal entity and a political subdivision of the State of Utah, consisting of 45 members who are primarily municipalities and special districts from Utah. UAMPS was created pursuant to the provisions of the Interlocal Act and the Utah Associated Municipal Power Systems Agreement for Joint and Co-operative Action. UAMPS was formed to provide for the planning, financing, development, acquisition, construction, operation, or maintenance of one or more facilities for the generation, transmission, and/or distribution of electric energy, or an ownership interest or capacity right therein. UAMPS is governed by a Board of Directors, elected from the Member Representatives. The Issuer's General Manager, Jason Norlen, currently serves as the Issuer's representative on the UAMPS Board of Directors.

Since its creation, UAMPS has sought to develop new electric power supplies for its members through (a) the acquisition of interests in electric generating facilities, (b) the execution of long-term contracts for firm supplies of electric power and energy for resale to its members, and (c) the development of transmission access to excess power supply markets in adjacent states. Through a diversity of power supply resources, UAMPS' members, including the Issuer, are able to decrease their reliance on any single source of electric power.

Hunter 2. The Hunter 2 project consists of UAMPS' undivided 14.582% ownership interest in Hunter 2, a 446 MW coal-fired electric generating unit located in Emery County, Utah. The Issuer is entitled to 5.82% of UAMPS' ownership interest. Hunter 2 has been in commercial operation since June 1980. Hunter 2 is jointly owned by PacifiCorp, UAMPS and Deseret Generation and Transmission Cooperative ("DG&T") and is operated by PacifiCorp pursuant to an Ownership and Management Agreement among the co-owners. The output of Hunter 2 is delivered into PacifiCorp's 345 kV transmission system for transmission throughout its service area, including the Issuer. Hunter 2 underwent a major overhaul in the spring of 2023 that improved its efficiency and extended its useful life.

Under the Ownership and Management Agreement, PacifiCorp has agreed, subject to the occurrence of certain uncontrollable forces, to supply sufficient quantities of coal and water to permit operation of Hunter 2 at an average plant factor of 65%. The output of Hunter 2 is delivered into PacifiCorp's transmission system and is delivered to the participating members of UAMPS pursuant to the provisions of a Transmission Service and Operating Agreement between UAMPS and PacifiCorp.

Under its Hunter Project Power Sales Contract with UAMPS, the Issuer is entitled receive 5.82% of the output from UAMPS' 14.582% ownership interest in Hunter 2, representing approximately 3.67 MW of capacity. The Issuer is required to pay a percentage of all of UAMPS' operating, fuel, debt service, administrative and other costs of Hunter 2; such costs are billed monthly. Payments by the Issuer are made on a "take or pay" basis, regardless of whether or not Hunter 2 is operating, damaged or destroyed. A failure by a participating member of UAMPS to make payments required under its Power Sales Contract could result in increased billings to the non- defaulting participants.

The Issuer has agreed in its Hunter Project Power Sales Contract that it will charge and collect rates and charges for the electric service it provides to provide sufficient revenues to meet timely its payment obligations under its Hunter Project Power Sales Contract and to pay timely all other amounts constituting a charge on its electric revenues.

The term of the Hunter Project Power Sales Contract extends to the later of (1) the date that all of UAMPS' Hunter Project Revenue Bonds have been paid or retired, or (2) the date on which Hunter 2 is finally and definitely taken out of service or Hunter 2 is otherwise disposed of.

UAMPS Pool. UAMPS has entered into power pooling agreements (the "Pooling Agreements") with certain of its members (including the Issuer) and certain other governmental bodies (the "Pool Participants") pursuant to which UAMPS acts as each Pool Participant's agent for the purpose of: (a) the economic and efficient scheduling and dispatch of power and energy; (b) the purchase of any power and energy required to meet such Pool Participant's electric system loads or to provide reserves for such loads; (c) the sale of any power and energy available to a Pool Participant which is deemed surplus to meet its electric system loads; (d) the utilization of transmission rights and the provision of transmission services to effect power and energy deliveries to, and sales by, each Pool Participant; (e) the administration of payments and receipts with respect to each Pool Participant's purchase and sale of power and energy and transmission services; and (f) the conducting of power supply and transmission studies and the development of programs for the acquisition or construction of power and transmission resources.

The Issuer participates in the UAMPS Pool for planned and unplanned transactions. The Pooling Agreement requires the Issuer to pay the costs of the pool based on (a) direct costs of planned transactions, (b) the hourly costs of energy and associated transmission supplied on unplanned transactions and (c) the administrative costs of the pool.

IPP. The Intermountain Power Agency (IPA) is a political subdivision of the State of Utah and was organized in 1977 by 23 Utah Members under the Interlocal Act. The Intermountain Power Project (IPP) is transitioning from operating a two-unit, coal-fired, steam-electric generation station having a net capability of 1,800 MW to operating an 800 MW natural gas fired generating station, together with associated transmission lines and converter stations. The generation station is located near Lynndyl, Utah, approximately 100 miles southwest of Salt Lake City. As a portion of IPP, IPA has constructed transmission facilities to certain points of delivery to serve its participants, consisting of a northern and southern system. The northern transmission system includes two 345 kV alternating current lines connecting the generation station with the PacifiCorp transmission system near Mona, Utah, and a 230-kV alternating current line connecting the generation station and the Gonder Substation near Ely, Nevada. IPA and PacifiCorp have interconnected the 345 kV lines with the PacifiCorp system. The California Purchasers (defined below) in IPP utilize a direct current southern transmission system to transmit their entitlements in IPP and pay the costs associated with such system.

The purchasers of electric power and energy supplied by IPP are 36 utilities (the "Purchasers") consisting of: the Department of Water and Power of the City of Los Angeles (the "Department") and the California cities of Anaheim, Riverside, Burbank, Glendale and Pasadena (collectively, the "California Purchasers"); PacifiCorp; 23 Utah municipalities including the Issuer (collectively, the "Utah Purchasers"); and six rural electric cooperatives which provide electric service in Utah, Arizona, Colorado, Nevada and Wyoming (collectively, the "Cooperative Purchasers").

Under the terms of its original contract with IPA the Issuer is entitled to 0.627% of the total net generation capacity of IPP available to the Purchasers. However, under the subsequent excess power sales agreement, the Issuer has a bilateral agreement with certain California Purchasers for the duration of the IPP project unless the Issuer recalls any or all of the entitlement. In recent years, the Issuer has reclaimed some of its entitlement from the California Purchasers.

Recent Developments. The repowering of IPP to natural gas will be completed by the end of 2025 before the termination of the IPA Power Sales Contracts on June 15, 2027. IPA and the Purchasers have executed Second Amendatory Power Sales Contracts, which provide that the IPP be repowered to natural gas and that IPA offer the Purchasers renewal in their generation and associated entitlements through Renewal Power Sales Contracts, the term of which commences upon the termination of the current Power Sales Contracts on June 15, 2027. The Renewal Power Sales Contract became effective on January 17, 2017, when 100% of the entitlements were accepted.

Jordanelle. The Jordanelle Hydroelectric Generating Project is a 13 MW hydroelectric generating plant located at the Jordanelle Dam near Heber City, Utah. Jordanelle was created with a 40-year Lease of Power Privilege (the "Lease") between the United States of America, the Central Utah Water Conservancy District (CUWCD) and the Issuer. The Lease provides for CUWCD to finance, construct, own and operate Jordanelle and, for the Issuer to purchase and market the available electric power produced.

On July 1, 2008, Jordanelle began commercial production. Under a Power Sales Contract with CUWCD, the Issuer purchases 100% of the power produced. The Issuer has sold two-thirds of the output to the cities of St. George, Utah and Lehi, Utah on an equal basis. In 2033, the Power Sales Contracts with St George and Lehi will expire, and the Issuer will retain all energy generated by the Jordanelle.

Patua. The Issuer has entered into a power purchase agreement as part of the UAMPS firm power project for power from the Patua geothermal facility near Fallon, Nevada.

Pleasant Valley. The Issuer has also entered into a Firm Power Supply Agreement with UAMPS to purchase power from the Pleasant Valley Wind Power Project, located in southwest Wyoming.

Horse Butte. The Issuer has also entered into a Power Sale Contract with UAMPS to purchase power from its Horse Butte Wind Project, a 57.6 MW wind-powered electric generating facility located in Bonneville County, Idaho.

Red Mesa. Through UAMPS' Firm Power Project, the Issuer has a power purchase agreement for energy from the Red Mesa Tapaha Solar Project, a 66 MW solar photovoltaic generation facility to be located within the boundaries of the Navajo Nation in Utah. Red Mesa is expected to go into operation in June 2023.

Steel One. Through UAMPS' Firm Power Project, the Issuer has a power purchase agreement for energy from the Steel Solar 1A Solar Project, a 40 MW solar photovoltaic generation facility to be located within the boundaries of Box Elder County in Utah. Steel One is expected to go into operation in October 2023.

Millard County (a/k/a McCornick Natural Gas). Through UAMPS' Millard County Project, the Issuer is participating in a natural gas project currently in the development phase. A 200 MW natural gas fired reciprocating internal combustion engine peaking power plant in Millard County, Utah is expected to be online by 2029. The Issuer's participation level is 8.69 MW.

Power County. Through UAMPS' Power County Gas Project, the Issuer is participating in a natural gas project currently in the development phase. A 360 MW natural gas fired 1x1 frame-style combined cycle plant in Power County Idaho is expected to be online by 2031. The Issuer's participation level is 16.40 MW.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

General

The electric utility industry has been, and in the future may be, affected by a number of actions which could impact the financial condition of any public electric power utility such as the Issuer. Such factors include, among others: (i) effects of inflation on the operation and maintenance costs of an electric utility and its facilities or other increases in costs, (ii) changes from projected future load requirements and relative costs and availability of different fuels, (iii) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (iv) changes resulting from conservation and demand side management programs on the timing and use of electric energy, (v) changes that might result from a national energy policy and a renewable energy portfolio or other federal or state legislative changes, (vi) effects of competition from other suppliers of electricity (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of competing electric (and gas) utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of producing low cost electricity, (vii) increased competition from independent power producers and marketers and brokers, (viii) "self-generation" or "distributed generation" (such as microturbines, fuel cells, and solar installations) by certain industrial and commercial customers, (ix) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy and transmission capacity, (x) effects of possible manipulation of electric markets, (xi) effects on the integration and reliability of the power supply from the increased usage of renewables, (xii) potential repeal of certain federal statutes that would have the effect of increasing the competitiveness of many utilities, (xiii) financial difficulties, including bankruptcy, of fuel suppliers and/or renewable energy suppliers, (xiv) changes in the electric market structure for neighboring electric grids, (xv) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, (xvi) effects of changes in the economy, population and demand of customers in the service areas of the Issuer, (xvii) pandemics, (xviii) acts of terrorism or cyberterrorism, (xix) natural disasters or other physical calamities, including but not limited to, rising water levels, floods, drought, winter storms, and wildfires, and potential liabilities of electric utilities in connection therewith, (xx) changes in revenues due to unseasonable changes in the weather, and (xxi) adverse impacts to the market for insurance relating to natural disasters or other physical calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risk. Public power utilities also are affected by factors related to their ability to issue tax-exempt obligations and restrictions on the ability to sell, to non-governmental entities, power and energy from generation projects that are financed with outstanding, tax-exempt debt. The Issuer also could be adversely affected by technological or market developments that change the relative costs of the electric power and energy that the Issuer provides to its customers in comparison with the costs of electric power and energy available in the region.

The Issuer cannot predict what effects these factors will have on its business, operations and financial condition. Information on the electric utility industry is available from legislative and regulatory bodies and other sources in the public domain.

Federal Regulation of Transmission

Fundamental changes in the federal regulation of the electric utility industry were made by the Energy Policy Act of 1992 (the "Energy Policy Act") particularly in the area of transmission access. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry. The Energy Policy Act authorized FERC – upon application by an electric utility, federal power marketing agency, or other power generator – to require a transmitting utility to provide transmission services to the applicant on a cost-of-service basis. Municipally owned electric utilities are "transmitting utilities" for this purpose.

In 1996, FERC issued two rules on transmission access. Order No. 888 required all FERC jurisdictional utilities to provide transmission service on a non-discriminatory basis. As part of Order No. 888, FERC established a pro forma Open Access Transmission Tariff. Order No. 889 established rules of conduct for open-access providers, including a requirement to separate operationally power sales from transmission. Also in 1999, FERC issued Order No. 2000, encouraging the voluntary creation of Regional Transmission Organizations (RTOs) to manage the regional grid and meet the requirements of open access. At present, there is no RTO in the Western United States, except for California.

Order No. 1000, issued by FERC in 2011, requires public utility transmission providers to improve transmission planning processes and allocate costs for new transmission facilities to beneficiaries of those facilities, and requires public utility transmission providers to align transmission planning and cost allocation in order to remove barriers to development of transmission facilities.

In 2024, FERC issued Order Nos. 1920 and 1920-A, bringing major reforms to regional transmission planning, requiring long-term planning horizons, the development of planning scenarios, and improved cost allocation methodologies to meet future electricity demand.

These orders show a progression from establishing access and open markets (Order Nos. 888/889) to creating organizational structures (Order No. 2000) and then to more detailed reforms in long-term planning, cost allocation, and siting processes (Order Nos. 890, 1000, 1920 and 1920-A).

FERC continues to consider additional reforms to regional transmission planning processes and transmission cost allocation aimed at alleviating challenges to the transition grid posed by a changing generation resource mix. Municipally owned electric utilities are not subject to FERC jurisdiction under these orders but may be denied transmission service by a FERC-jurisdictional utility if they do not offer comparable transmission services.

MJMEUC currently owns several transmission facilities (see "MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION – Transmission" herein) and certain of its Members own facilities which are currently classified as transmission facilities. Such transmission-owning Members and MJMEUC are subject to FERC rules described above.

Energy Policy Act of 2005

The Energy Policy Act of 2005 (the "2005 Energy Policy Act") addressed a wide array of energy matters that could affect the entire electric utility industry, including MJMEUC and its Members. Among other things, the 2005 Energy Policy Act: (a) authorizes FERC to require non-FERC jurisdictional utilities to provide open access to their transmission systems and to comply with certain rate change provisions of the FPA; (b) authorizes FERC to order refunds for certain short-term, wholesale sales by state and municipal power entities if such sales violate FERC-approved tariffs or FERC rules; (c) allows load-serving entities that hold certain firm transmission rights to continue to use those rights to serve their customers; (d) provides for the establishment of a national electric reliability organization to develop and enforce, subject to FERC's oversight, mandatory reliability standards for operation of the transmission grid; (e) prohibits market manipulation and submission of false information; (f) gives FERC certain authority to issue construction permits for transmission projects that are to be located in "national interest electric transmission corridors" to be designated by the Department of Energy, as subsequently clarified by the Infrastructure Investment and Jobs Act; (g) eliminates certain ownership restrictions on qualifying cogeneration and small power production facilities under the Public Utility Regulatory Policies Act and authorizes FERC to eliminate prospectively utilities' obligation to purchase from these qualifying facilities under certain circumstances; (h) requires state utility regulatory commissions and "non regulated electric utilities" to consider adopting certain standards on net metering, fuel diversity, fossil fuel plant diversity, certain metering and time-based rate schedules and demand response, and interconnection with distributed generation facilities; (i) replaces regulation of utility holding companies under the Public Utility Holding Company Act of 1935 with more limited oversight of such companies; (j) increases FERC's authority to review mergers of public utility companies; and (k) directs FERC to establish, for transmission companies whose rates are regulated by FERC, rate incentives to invest in transmission.

Pursuant to the 2005 Energy Policy Act, certain reliability standards that have been promulgated by the North American Electric Reliability Corporation ("NERC") and adopted by FERC apply to municipally owned electric utilities. In March 2007, FERC issued Order No. 693 entitled "Mandatory Reliability Standards for the Bulk-Power System" or "Reliability Standards Order." In Order No. 743, following a series of related orders and filings from NERC, FERC revised its definition of bulk-electric system to establish a bright-line threshold that includes all facilities operated at or above 100-kV, remove regional entity discretion, and adopt specific facility inclusions or exclusions from the definition proposed by NERC. FERC has more recently issued a series of orders requiring that NERC implement new standards relating to cybersecurity and risks associated with the supply chain for the bulk-electric system. In Order No. 848, FERC directed NERC to promulgate a new rule requiring users to report incidents that both compromise or attempt to compromise the bulk-electric system. FERC followed this up with Order No. 850 in which it approved supply chain risk management reliability standards submitted by NERC. The Order No. 850 standards included requirements that covered entities develop plans to address cybersecurity risks from vendor supplied products and services, vendor remote access sessions, and the integrity of software and patches. In Order No. 851, FERC approved enhanced requirements related to geomagnetic disturbances. In August 2021, FERC approved cold weather reliability standards that require generators to implement plans to prepare for cold weather and exchange certain generator cold weather operating parameters. FERC Order No. 901, issued in 2023, directed NERC to develop new or modified reliability standards to address gaps related to inverter-based resources ("IBRs") such as solar and wind energy.

NERC continues to propose and implement reliability rules and requirements to support reliability. The Issuer cannot predict whether these new reliability requirements will impact adversely its operations.

Climate Change and Possible Future Climate Change Legislation

General. From time to time various bills are introduced in Congress and in state legislatures and regulations are proposed by various agencies (both federal and state) that could, if enacted into law, impact the regulation of the electric industry.

At the federal level, the former Biden Administration was focused on mitigating the effects of climate change as demonstrated through a variety of executive orders, the U.S. rejoining the Paris Climate Accords and the announcement of a "whole government" approach to climate change efforts. In addition, on April 30, 2024, the Group of Seven nations, an intergovernmental political and economic forum consisting of the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom, announced an agreement to end the use of unabated coal plants, or coal plants which have not been fitted with carbon capture technologies, by 2035 (the "G7 Carbon Capture Agreement").

On January 20, 2025, President Donald Trump was sworn into office for his second term. President Trump immediately declared an "energy emergency" and signed a number of executive orders affecting the nation's energy infrastructure and independence. Executive orders included a focus on domestic fossil fuel growth, the reversal of various climate policies and clean energy incentives advanced by the former Biden administration, the United States' withdrawal from the Paris Climate Agreement, and substantial tariffs on key United States' trading partners. In May 2025, the United States Department of Energy announced it was cancelling $3.7 billion in funding for carbon capture and other emissions-reduction technologies. See the discussion of the cancellation of the federal loan guarantee for the Grain Belt Express under the caption "POOL POWER PURCHASERS - Missouri Public Energy Pool #1 - MoPEP Power Supply Resources - Power Purchase Contracts." It is unknown at this time what additional actions the Trump Administration will take, if any, and the impact they will have on the implementation of laws and regulations that are currently in place, including the United States' participation in the G7 Carbon Capture Agreement. Certain of these executive actions may face legal challenge, and the Issuer cannot predict whether these challenges will be successful or if the executive orders are sustained, the manner in which they will be implemented.

The Issuer cannot predict at this time whether any laws or regulations will be repealed or amended, or whether any additional legislation or rules will be enacted at the state or federal level that will affect its operations, and if such laws are enacted, what the impact of such actions to the Issuer might be in the future.

EPA Regulations. This section provides a brief summary of certain actions taken or under consideration regarding the regulation and control of greenhouse gases ("GHGs"), including CO2, that have the potential to impact certain MJMEUC-owned assets including the Marshall Energy Center.

Limitations on emissions of GHGs, including CO2, create significant exposure for electric fossil-fuel-fired generation facilities. The United States Environmental Protection Agency (the "EPA") issued final rules regulating CO2 emissions from various classes of electric generating units ("EGUs") in October 2015, known as the Clean Power Plan (the "CPP"), which was replaced in 2019 by the Affordable Clean Energy ("ACE") rule, which was in turn replaced with final Carbon Pollution Standards issued by the EPA in 2024. These rules implemented new rules for GHG emissions including carbon sequestration, emission guidelines for existing fossil-fuel generating units, new source performance standards for fossil fuel-fired stationary combustion turbines, as well as revisions to the performance standards for new or modified fossil fuel combustion turbines. The 2024 EPA pollution standards included longer compliance time frames or delayed closure if there were unforeseen delays, like supply chain difficulties, and detailed reporting to address concerns about the electric grid's reliability.

On February 4, 2025, EPA Administrator Lee Zeldin announced the Agency's Powering the Great American Comeback Initiative, which outlined the Agency's priorities under the leadership of President Trump to restore American energy dominance by removing undue burdens on coal-fired EGUs while accomplishing the Agency's core mission of protecting human health and the environment. In June 2025, the EPA announced a proposal to repeal the many of these 2024 standards, which are discussed further below. If these repeals are finalized, it would have a positive impact on coal-fired generation units and extend the useful lives of those generation assets.

The Issuer continually reviews all new rules and proposed regulations and will continue to comment with concerns and plan accordingly for any revised guidelines.

National Ambient Air Quality Standards.

The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards ("NAAQS") for certain air pollutants. When a NAAQS has been established, each state must identify areas in its state that do not meet the EPA standard (known as "non-attainment areas") and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant to meet the applicable standard and become an "attainment area." The EPA periodically reviews the NAAQS for various air pollutants. The most recent rule on NAAQS was issued by the EPA on February 7, 2024, and lowered the primary annual standards for fine particulate matter but not the secondary standards. These periodic reviews by the EPA may result in more stringent permitting processes for new sources of emissions and additional state restrictions on existing sources of emissions, such as power plants, in the future.

However, on June 11, 2025, under EPA's initiative to Powering the Great American Comeback Initiative, the EPA proposed to repeal GHG emissions standards for fossil fuel-fired power plants (both coal and natural gas) promulgated under Section 111 of the Clean Air Act in an effort to remove unnecessary burdens on fossil fuel-fired EGUs. Those reforms, if finalized, would have a positive impact on coal and natural gas-fired generation units and extend the useful lives of these generation assets.

Mercury and Air Toxics Standards Rule.

The Clean Air Act provides for a comprehensive program for the control of hazardous air pollutants ("HAPs"), including mercury. On February 16, 2012, EPA finalized a rule called the Mercury and Air Toxics Standards ("MATS") to reduce emissions of toxic air pollutants, including mercury, from coal and oil-fired electric generating units, and subsequently amended the rule in 2013 and 2014. The MATS rule set technology-based emission limitation standards for mercury and other toxic air pollutants, based upon reductions available through "maximum achievable control technology" at coal and oil-fired electric generating units. On April 3, 2023, the EPA proposed an update to the MATS rule to reflect recent developments in control technologies and the performance of these plants. On May 7, 2024, the EPA issued a new final rule for MATS as applied to coal- and oil-fired power plants (the "2024 MATS Rule"). Under the 2024 MATS Rule, the emission of non-mercury HAP metals from existing coal-fired power plants will be reduced by approximately 67% and emission limits for mercury for existing lignite-fired power plants will also be reduced by 70%. The 2024 MATS Rule required the use of continuous emissions monitoring systems to comply with the filterable particulate matter standard, and it removed the extended startup period exemption.

In June 2025, the EPA announced a proposal to repeal the 2024 MATS Rule, reverting the requirements back to the more lenient 2012 standards. The EPA argues that the 2024 standards did not provide meaningful health benefits and were overly burdensome, potentially saving up to $1 billion in regulatory costs over a decade. Those reforms, if finalized, would have a positive impact on coal and natural gas-fired generation units and extend the useful lives of these generation assets.

Internal Combustion Maximum Achievable Control Technology Rule.

In 2010, the EPA issued a final rule regulating hazardous air pollutant emissions from Compression Ignition Reciprocating Internal Combustion Engines ("CI-RICE") larger than 100 braking horsepower, including formaldehyde. The rule provided differing mandatory requirements for engines based on total horsepower, with the most stringent controls, including the installation of catalytic converters, reserved for units over 500 horsepower.. The rule allows cities to designate these units for "emergency only" operation, and generate energy with the units without any emission controls when power is interrupted from their regular supplier.

Utah Legislative Activities

In 2008, the Utah Legislature adopted legislation implementing an optional renewable portfolio standard ("RPS") for municipal electric utilities and electrical corporations. It set the Utah RPS at 20% by 2025, but only if it was cost-effective for a municipal or cooperative utility. It is anticipated that legislation increasing the RPS to 50% by 2030 will be introduced, and that it will allow all zero-carbon resources to be eligible.

It is not possible to predict whether future legislation will be enacted by Congress or the Utah Legislature that would restructure the electric utility industry or what the substance and effect of any such legislation or future regulatory actions might be.

Regional Haze

The EPA's Regional Haze Rule requires emissions controls using best available retrofit technology ("BART") for industrial facilities emitting air pollutants that impair visibility in Class I areas (national parks and wilderness areas). Such pollutants include fine particulate matter ("PM2.5") and compounds that contribute to PM2.5, such as nitrogen oxides, sulfur dioxides, certain volatile organic compounds and ammonia.

While the Issuer reports that the System is operated to maintain compliance with federal and state environmental rules and regulations, the Issuer cannot predict at this time whether any additional legislation or rules will be enacted which will affect the operations of the Issuer, and if such laws or rules are enacted, what the costs to the Issuer might be in the future because of such action.

Gas and Electric Prices

The sources of electric power and natural gas are limited and their availability can be further restricted by a variety of factors, including production activities, political decisions and environmental factors. Their prices are affected by supply and demand. The supply and demand nature of the electric and gas markets causes those markets to fluctuate from time to time, sometimes quite significantly. The Issuer cannot predict what these markets will do in the future.

An increase in natural gas and electric power costs will increase the cost of gas and power to the Issuer, which costs are Operation and Maintenance Expenses of the System payable from Revenues prior to the payment of debt service on the Series 2026 Bonds. An increase in the cost of natural gas or power could negatively impact Net Revenues of the Issuer.

Technological Changes

The electric utility industry is subject to changes in technologies. Recent advances in electrical generation technologies may render electrical generation on a smaller scale more technically feasible and economically attractive. Such technologies would provide certain customers with the ability to generate their own electrical power and reduce or eliminate their dependency on power provided by the Issuer. The Issuer cannot predict the timing of the development or availability of such technologies and the ultimate impact they would have on the Revenues of the System.

OTHER INVESTMENT CONSIDERATIONS

Series 2026 Bonds are Limited Obligations

The Series 2026 Bonds are special limited obligations of the Issuer, payable solely from the Net Revenues, moneys, securities and funds pledged therefor in the Indenture. The Net Revenues consist of the revenues, fees and other income received by the Issuer from the operation of the System less Operation and Maintenance Costs. See "SECURITY FOR THE BONDS—Pledge of the Indenture" herein. Neither the faith and credit nor the taxing power of the State or any of its political subdivisions, including the Members, is pledged to the Series 2026 Bonds. The Issuer has no taxing power.

The Issuer will not mortgage or grant any security interest in the improvements financed with the proceeds of the Series 2026 Bonds or any portion thereof to secure payment of the Series 2026 Bonds.

Climate Change and Natural Disasters

Climate change caused by human activities may have adverse effects on the System. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as drought, wildfires, floods and heat waves, and rising sea levels. The Issuer has taken steps to mitigate the risk of wildfires by regular brush-clearing maintenance and, where possible, the use of growth inhibitors to reduce brush around System facilities. The Issuer has also recently adopted a procedure to clear cut and maintain areas of highest risk for wildfire damage.

The future fiscal impact of climate change on the System is difficult to predict, but it could be significant, and it could have a material adverse effect on the Issuer's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of Issuer customers. The drought conditions currently being felt in the Western United States have impacted the Issuer in areas such as a curtailment of hydro-electric generation and increased insurance premiums for wildfire risk. The Issuer considers these impacts and other potential effects of climate change in its planning.

Cybersecurity

The risk of cyberattacks against enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the informational systems of the Issuer to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. To date, the Issuer has not been the subject of a successful cyberattack. The Issuer believes it has made all reasonable efforts to ensure that any such attack is not successful and that the information systems of the Issuer are secure. The Issuer conducts regular employee training and utilizes advanced filtering and threat detection/prevention tools to help protect against cyberattacks. Issuer also maintains insurance against such an event. The insurer regularly conducts pen tests and other verification processes to ensure adequate protection exists. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the Issuer's information systems or other challenges.

Physical Security

Certain physical security concerns present a risk to the Issuer's facilities, such as sabotage, terrorist attacks and other crime. The Issuer has taken measures to ensure critical assets are protected. The Issuer has implemented and is in the process of implementing a number of security measures, including but not limited to, electronic access control, security lighting, restricted access areas, perimeter intrusion alarms, increased monitoring, fencing, signage, policies, procedures and employee training programs.

LEGAL MATTERS

General

All legal matters incident to the authorization and issuance of the Series 2026 Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Issuer. The approving opinion of Bond Counsel will be delivered with the Series 2026 Bonds. The opinion of Bond Counsel will be in substantially the form set forth in "APPENDIX E" to this Official Statement. Certain matters will be passed upon for the Issuer by Gilmore & Bell, P.C., as disclosure counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by Adam Long, Esq., General Counsel to the Issuer. Certain matters will be passed upon for the Underwriter by Farnsworth Johnson PLLC.

Absence of Litigation

A non-litigation letter executed by Adam Long, Esq., General Counsel to the Issuer, dated the date of original delivery of the Series 2026 Bonds, will be provided stating, among other things, that, to the best of his knowledge, after due inquiry, there are no legal or governmental proceedings (including any action, suit, proceeding, inquiry or litigation or investigation at law or in equity before or by any court, public board or body, or any governmental or administrative authority or agency) pending, threatened or contemplated (or any basis therefor), challenging the creation, organization or existence of the Issuer, or the titles of its officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2026 Bonds, or for the purpose of restraining or the source of payment for the Series 2026 Bonds or the imposition, levy or collection of the taxes included in the Revenues, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2026 Bonds are issued or the validity of the Series 2026 Bonds or the issuance thereof.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2026 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2026 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2026 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2026 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under the law currently existing as of the issue date of the Series 2026 Bonds:

Federal Tax Exemption. The interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the Series 2026 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

No Bank Qualification. The Series 2026 Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2026 Bonds, subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2026 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds.

State of Utah Tax Exemption. The interest on the Series 2026 Bonds is exempt from State individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2026 Bonds but has reviewed the discussion under this heading, "TAX MATTERS."

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2026 Bond over its issue price. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2026 Bond during any accrual period generally equals (1) the issue price of that Series 2026 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2026 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2026 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2026 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2026 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2026 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2026 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2026 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange, or Retirement of Series 2026 Bonds. Upon the sale, exchange, or retirement (including redemption) of a Series 2026 Bond, an owner of the Series 2026 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, or retirement of the Series 2026 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2026 Bond. To the extent a Series 2026 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2026 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2026 Bonds, and to the proceeds paid on the sale of the Series 2026 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2026 Bonds should be aware that ownership of the Series 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2026 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2026 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2026 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

BOND RATINGS

S&P Global Ratings ("S&P") has assigned a municipal bond rating of "AA" (Stable) to the Series 2026 Bonds with the understanding that upon delivery of the Series 2026 Bonds, the Policy guaranteeing the payment when due of the principal of and interest on the Series 2026 Bonds will be issued by the Insurer. See "BOND INSURANCE" above.

Moody's Investor's Service ("Moody's") and Fitch Ratings and have assigned underlying ratings of "A2" (Stable) and "A+" (Stable), respectively, to the Series 2026 Bonds.

Such ratings assigned to the Series 2026 Bonds do not constitute a recommendation by the rating agency assigning such rating to buy, sell or hold the Series 2026 Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from that rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

Any explanation of the significance of these ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given outstanding obligations will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds.

CONTINUING DISCLOSURE

The Issuer will enter into an undertaking (a "Disclosure Undertaking") for the benefit of the Beneficial Owners to provide certain financial information and operating data (the "Annual Report") and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Issuer will undertake to provide its Annual Report to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). Notices of Listed Events will be filed with MSRB through EMMA. The specific nature of the information to be included in the Annual Report and the notices of Listed Events is set forth in APPENDIX D. This undertaking will be entered into in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

A failure by the Issuer to comply with the Disclosure Undertaking will not constitute a default under the Indenture and the Beneficial Owners of the Series 2026 Bonds are limited to the remedies provided in the Disclosure Undertaking. A failure by the Issuer to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 Bonds in the secondary market. Any such failure may adversely affect the marketability of the Series 2026 Bonds.

UNDERWRITING

The Series 2026 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), pursuant to a Bond Purchase Contract between the Issuer and the Underwriter (the "Purchase Contract"). The Purchase Contract provides that the Underwriter will purchase all of the Series 2026 Bonds, if any are purchased, at a purchase price of $[__________] (representing the aggregate principal amount of the Series 2026 Bonds plus [net] original issue premium of $[__________] and less an Underwriter's discount of $[__________]).

The obligation of the Underwriter to purchase the Series 2026 Bonds is subject to a number of terms and conditions set forth in the Purchase Contract between the Issuer and the Underwriter. The Underwriter has advised the Issuer that it intends to make a public offering of the Series 2026 Bonds at the yields and prices set forth on the inside cover page hereof. Such yields and prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell Series 2026 Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the offering yields and prices stated on the inside cover page hereof. Although the Underwriter expects to maintain a secondary market in the Series 2026 Bonds after the initial offering, no assurance can be made that such a market will develop or be maintained by the Underwriter or others.

MISCELLANEOUS

Independent Auditors

The general purpose financial statements of the Issuer at and for the fiscal years ended December 31, 2024 and 2023, contained in APPENDIX A to this Official Statement, have been audited by Squire & Company, PC ("Squire"), independent auditors. Squire has not been asked to consent to the use of its name and audited financial statements in this Official Statement.

Municipal Advisor

The Issuer has engaged LRB Public Finance Advisors, Inc., Salt Lake City, Utah (the "Municipal Advisor"), to provide financial recommendations and guidance to the Issuer with respect to preparation for sale of the Series 2026 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors relating to the sale of the Series 2026 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the Issuer, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Municipal Advisor fees are contingent upon the sale and delivery of the Series 2026 Bonds.

Additional Information

The Issuer has furnished all information in this Official Statement relating to the Issuer. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates herein will be realized.

All quotations contained herein from and summaries and explanations of the Utah Constitution, statutes, programs, laws of the State, court decisions, and the Indenture do not purport to be complete, and reference is made to said Constitution, statutes, programs, laws, court decisions and the Indenture for full and complete statements of their respective provisions.

This Preliminary Official Statement is in a form "deemed final" by the Issuer for purposes of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

The appendices attached hereto are an integral part of this Official Statement and should be used in conjunction with the foregoing material.

This Official Statement has been duly approved, executed and delivered by the Issuer.

HEBER LIGHT & POWER COMPANY

APPENDIX A

HEBER LIGHT & POWER COMPANY
AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 2024 AND 2023

HEBER LIGHT & POWER COMPANY

FINANCIAL STATEMENTS AND
COMPLIANCE REPORTS

Years Ended December 31, 2024 and 2023

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SQUIRE
TAX · AUDIT · ADVISORY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Heber Light & Power Company

Opinion

We have audited the accompanying financial statements of Heber Light & Power Company (the Company) as of and for the year ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Heber Light & Power Company as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heber Light & Power Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heber Light & Power Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of the Company's proportionate share of the net pension liability (asset) – Utah Retirement Systems, and the schedules of the Company's contributions – Utah Retirement Systems, as listed in the table of contents as required supplementary information, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2025, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
April 21, 2025

As management of Heber Light & Power Company (the Company), we offer readers of the Company's financial statements this narrative overview and analysis of the financial activities of the Company for the fiscal years ended December 31, 2024 and 2023. We encourage readers to consider the information presented here in conjunction with the financial statements and notes.

Financial Highlights

The assets and deferred outflows of resources of the Company exceeded its liabilities and deferred inflows of resources at December 31, 2024 by $76,722,269 (net position). Of this amount $23,715,808 (unrestricted net position) may be used to meet the Company's ongoing obligations to customers, employees, and creditors. During 2024, the Company's total net position increased by $13,013,836. In 2024, the Company's operating revenues increased $1,482,369 primarily attributable to an increase in electricity sales.

During 2024, the Company completed construction of its Southfield substation for a total cost of $21,608,500.

Overview of the Financial Statements

The financial statements consist of three separate statements, which are similar to a private-sector business. The Statements of Net Position present information on all of the Company's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Company is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Company's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees charged, and earned but unused vacation leave).

The Statements of Cash Flows present the activities of the Company on a cash-received and cash-paid basis. These statements show the sources and uses of cash for the fiscal year and reconciles the change in the cash accounts for the Company for that year.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Company's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $76,722,269 at the close of the most recent fiscal year.

A portion of the Company's net position, $49,328,859 (64.3 percent), reflects its net investment in capital assets (e.g., power and generation plants, distribution and metering systems, and machinery, equipment and tools). The Company uses these capital assets to provide services to participating cities and customers; consequently, these assets are not available for future spending. Net position of $3,677,602 (4.8 percent) is restricted for capital projects and debt service. The remaining balance of unrestricted net position of $23,715,808 (30.9 percent) may be used to meet the Company's ongoing obligations.

The following tables summarize information presented in the financial statements:

Heber Light & Power Company
NET POSITION
December 31, 2024, 2023, and 2022

	2024	2023	2022
Current assets	$ 28,634,273	$ 17,000,474	$ 15,387,566
Restricted current assets	8,282,791	23,274,411	9,925,319
Net pension assets	-	-	1,624,069
Capital assets	96,261,512	80,899,256	59,655,315
Total assets	133,178,576	121,174,141	86,592,269
Deferred outflows of resources	2,197,133	1,790,996	1,414,956
Current liabilities	6,505,991	5,471,489	8,282,686
Noncurrent liabilities	52,138,221	53,775,795	22,481,911
Total liabilities	58,644,212	59,247,284	30,764,597
Deferred inflows of resources	9,228	9,420	2,243,874
Net investment in capital assets	49,328,859	48,595,966	46,246,672
Restricted for capital projects and debt service	3,677,602	2,078,956	1,333,900
Restricted for pensions	-	-	1,624,069
Unrestricted net position	23,715,808	13,033,511	5,794,113
Net position	$ 76,722,269	$ 63,708,433	$ 54,998,754

Heber Light & Power Company
CHANGE IN NET POSITION
Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
Operating revenues	$ 27,474,148	$ 25,991,779	$ 23,077,390
Operating expenses	28,494,988	26,429,143	25,223,257
Operating income (loss)	(1,020,840)	(437,364)	(2,145,867)
Nonoperating revenues (expenses)	4,596,803	3,862,157	2,856,740
Contributions (distributions)	9,437,873	5,359,622	3,756,099
Change in net position	13,013,836	8,784,415	4,466,972
Net position, beginning of year, as previously reported	63,785,869	54,998,754	50,531,782
Implementation of GASB Statement No. 101	(77,436)	(74,736)	-
Net position, beginning of year, as restated	63,708,433	54,924,018	50,531,782
Net position, end of year	$ 76,722,269	$ 63,708,433	$ 54,998,754

The District implemented GASB Statement No. 101, *Compensated Absences,* during the year ended December 31, 2024. The District has restated beginning net position for the years ended December 31, 2024 and 2023. Additional information on restatement can be found in Note 8 to the financial statements.

In comparing 2024 with 2023, the following items should be noted:

During 2024, the Company's total net position increased by $13,013,836. In 2024, the Company's operating revenues increased $1,482,369 due to an increase in electricity sales.

In comparing 2023 with 2022, the following items should be noted:

During 2023, the Company's total net position increased by $8,787,115. In 2023, the Company's operating revenues increased $2,914,389 due to an increase in electricity sales.

Capital Asset and Debt Administration

Capital asset additions totaled $19,520,930 and $24,935,315 in 2024 and 2023, respectively. During 2024, the Company completed construction of its Southfield substation for a total cost of $21,608,500.

During February 2023, the Company issued $29,070,000 in electric revenue bonds to finance capital improvements, including the completion of a substation, land purchase for an additional substation, an administrative office building and shop, as well as other improvements to the Company's electric system. At the end of 2024 and 2023 the Company had $52,670,357 and $53,820,400, respectively, of capital-related debt. Additional information on capital assets and noncurrent liabilities can be found in Note 3 and Note 4, respectively, to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Company prepared its 2025 budget anticipating nominal overall growth. The Company continues to review its rates to ensure appropriate expense recovery and to fund for capital projects. Where possible, the goal of the Company is to fund its capital projects without incurring additional debt.

Requests for Information

This financial report is designed to provide a general overview of the Company's finances for all those with an interest in the Company's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bart Stanley Miller, 31 South 100 West, Heber City, Utah 84032.

FINANCIAL STATEMENTS

HEBER LIGHT & POWER COMPANY
STATEMENTS OF NET POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and investments	$ 14,936,388	$ 6,201,671
Restricted cash and investments	8,282,791	23,274,411
Accounts receivable, net of allowance for uncollectible accounts	2,301,781	2,291,068
Unbilled receivables	1,707,945	1,675,159
Prepaid expenses	1,093,450	380,928
Inventory	8,484,856	6,406,955
Other current assets	109,853	44,693
Total current assets	36,917,064	40,274,885
Capital Assets:		
Land, construction in progress, and water rights	17,660,573	30,696,175
Depreciable, net of accumulated depreciation	78,600,939	50,203,081
Net capital assets	96,261,512	80,899,256
Total assets	133,178,576	121,174,141
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refundings	294,850	321,655
Pension related	1,902,283	1,469,341
Total deferred outflows of resources	2,197,133	1,790,996
LIABILITIES		
Current Liabilities:		
Accounts payable	1,386,118	1,808,065
Accrued expenses	2,769,050	1,394,976
Related party payable	428,713	195,293
Current portion of noncurrent liabilities	1,922,110	2,073,155
Total current liabilities	6,505,991	5,471,489
Noncurrent Liabilities:		
Revenue bonds payable	43,990,000	45,145,000
Bond premium	4,729,397	5,247,293
Note payable	615,002	758,858
Compensated absences	662,711	797,527
Early retirement incentive	104,010	75,519
Contract payable	1,199,436	1,189,196
Net pension liability	837,665	562,402
Total noncurrent liabilities	52,138,221	53,775,795
Total liabilities	58,644,212	59,247,284
DEFERRED INFLOWS OF RESOURCES		
Pension related	9,228	9,420
NET POSITION		
Net investment in capital assets	49,328,859	48,595,966
Restricted for capital projects and debt service	3,677,602	2,078,956
Unrestricted	23,715,808	13,033,511
Total net position	$ 76,722,269	$ 63,708,433

The accompanying notes are an integral part of these financial statements.

HEBER LIGHT & POWER COMPANY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues:		
Electricity sales	$ 25,131,182	$ 23,757,231
Electricity sales - Jordanelle	1,865,669	1,834,964
Connection fees	198,694	149,673
Other income	278,603	249,911
Total operating revenues	27,474,148	25,991,779
Operating Expenses:		
Power purchases	12,618,154	11,442,806
Power purchases - Jordanelle	1,867,629	1,834,964
Salaries, wages, and benefits (unallocated)	1,268,131	1,015,534
System maintenance and training	4,665,538	5,352,559
Depreciation (unallocated)	3,798,370	3,398,471
Gas generation	2,600,570	1,861,785
Other	375,172	309,337
Vehicle	515,922	524,814
Office	142,674	153,808
Energy rebates	119,412	54,179
Professional services	235,479	225,172
Materials	231,147	180,777
Building	40,380	49,257
Bad debts	16,410	25,680
Total operating expenses	28,494,988	26,429,143
Operating Loss	(1,020,840)	(437,364)
Nonoperating Revenues (Expenses):		
Impact fees	4,865,618	4,142,767
Interest income	1,518,409	1,668,408
Gain (loss) on sale of capital assets	(17,600)	70,775
Interest expense	(1,769,624)	(1,632,141)
Bond issuance costs	-	(387,652)
Total nonoperating revenues (expenses)	4,596,803	3,862,157
Contributions (Distributions):		
Contributed capital	9,437,873	5,359,622
Change in Net Position	13,013,836	8,784,415
Net Position at Beginning of Year, as previously reported	63,785,869	54,998,754
Implementation of GASB Statement No. 101	(77,436)	(74,736)
Net Position at Beginning of Year, as restated	63,708,433	54,924,018
Net Position at End of Year	$ 76,722,269	$ 63,708,433

The accompanying notes are an integral part of these financial statements.

HEBER LIGHT & POWER COMPANY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Cash received from customers	$ 27,375,729	$ 26,021,799
Cash paid to suppliers	(18,302,758)	(21,619,906)
Cash paid to employees and for employee benefits	(7,863,273)	(7,258,341)
Net cash provided (used) by operating activities	1,209,698	(2,856,448)
Cash Flows from Capital and Related Financing Activities:		
Interest paid	(2,287,520)	(2,104,555)
Impact fees collected	4,865,618	4,142,767
Purchases of capital assets	(19,520,929)	(24,935,315)
Proceeds from sale of capital assets	-	70,775
Proceeds from bond issuance	-	32,364,049
Principal payments on revenue bonds	(1,340,000)	(655,000)
Principal payments on note payable	(140,052)	(136,322)
Contributed capital	9,437,873	5,359,622
Net cash provided (used) by capital and related financing activities	(8,985,010)	14,106,021
Cash Flows from Investing Activities:		
Interest received	1,518,409	1,668,408
Net Change in Cash and Cash Equivalents	(6,256,903)	12,917,981
Cash and Cash Equivalents at Beginning of Year	29,476,082	16,558,101
Cash and Cash Equivalents at End of Year, displayed as cash and investments and restricted cash and investments on the statements of net position (see Note 2)	$ 23,219,179	$ 29,476,082

Supplemental Data:

A reconciliation of operating loss to net cash provided (used) by operating activities follows:

	2024	2023
Operating loss	$ (1,020,840)	$ (437,364)
Depreciation expense	4,141,073	3,691,374
Bad debt	16,410	25,680
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable	(27,123)	(276,898)
Unbilled receivables	(32,786)	(104,240)
Prepaids	(712,522)	(87,176)
Inventory	(2,077,901)	(1,976,145)
Other current assets	(65,160)	374,760
Accounts payable	(421,947)	(2,193,799)
Accrued expenses	1,374,074	(1,397,831)
Related party payable	233,420	(55,011)
Compensated absences	(113,895)	47,568
Early retirement incentive	37,721	(27,256)
Contract payable	10,240	10,718
Net pension assets, deferred outflows of resources, liabilities, and deferred inflows of resources	(131,066)	(450,828)
Net cash provided (used) by operating activities	$ 1,209,698	$ (2,856,448)

The Company had no noncash investing or financing activities during the years ended December 31, 2024 and 2023.

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Heber Light & Power Company (the Company) conform with accounting principles generally accepted in the United States of America (GAAP) that are applicable to local governmental units. The following is a summary of the more significant policies:

The Reporting Entity

The Company is an interlocal entity serving customers in the Heber Valley in the State of Utah. The Company's purpose is to plan, finance, develop, construct, improve, operate, and maintain projects for the generation, transmission, and distribution of electric power for the benefit of its customers. The Company provides electricity to its owner municipalities of Heber City, Midway City, and the town of Charleston. The Company also provides electricity to the towns of Daniel, Independence, Interlaken, as well as the unincorporated areas of Wasatch County within its service area.

The Company accounts for its operations as an enterprise (proprietary-type) fund; activities are financed and operated in a manner similar to private business enterprises where the intent of the Board is that the costs (expenses, including depreciation) of providing goods or services to members and the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The Company's financial statements include statements of net position and statements of revenues, expenses, and changes in net position. These statements are presented using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP; revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Company distinguishes operating revenues and expenses from nonoperating items by whether or not transactions are in connection with the Company's purpose of providing electric power to its customers.

When both restricted and unrestricted resources are available for use, it is the Company's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments in the Utah Public Treasurers' Investment Fund with original maturities of three months or less from the date acquired by the Company.

Allowance for Doubtful Accounts

An allowance for doubtful accounts of $154,132 and $288,621 has been established at December 31, 2024 and 2023, respectively.

Inventory

Inventory is valued at average cost and consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense or capitalized as inventory items are consumed or placed in service.

Capital Assets

Capital assets are recorded at cost and are defined by the Company as assets with an initial individual cost of more than $1,000. Upon the sale or retirement of capital assets, the related asset costs and accumulated depreciation are removed from the applicable accounts and gain or loss on disposal is recorded. Capital assets, except land and water rights, are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Power and generation plants	10 to 30 years
Distribution and metering systems	10 to 30 years
Building and improvements	5 to 30 years
Office equipment	3 to 15 years
Vehicles	5 to 10 years
Machinery, equipment, and tools	3 to 10 years

Deferred Outflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

During the year ended December 31, 2024, the District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The new standard requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or paid out upon termination or retirement. The District restated beginning net position due to implementing this standard (see note 8).

Employees earn vacation and sick leave in amounts varying with tenure. Upon separation from employment, each employee shall receive payment for all unused accrued vacation leave and each eligible employee with at least five years of service may receive payment for up to 75% of unused accrued sick leave up to but not to exceed 190 days.

Termination Benefits

The Company provides an early retirement incentive to eligible retiring employees. Employees hired prior to July 1, 2011 with a minimum of 30 years of service with the Company are eligible to receive post-employment health care benefits until the retiree reaches age 65. The Company currently has two retirees receiving this benefit. All employees with a minimum of 25 years of service with the Company are eligible to receive post-employment health care benefits for five years or until the retiree reaches age 65, whichever comes first. No retirees currently qualify to receive this benefit. The Company recognizes the liability and expense in the year in which an employee retires.

In addition, all Company employees who have completed 25 years of service and who meet the eligibility requirements for and will be receiving URS benefits are eligible for the Company to assist the employee in purchasing additional service credits. URS allows the Company to contribute up to 95% of the cost towards purchasing up to 5 years of service credits. Since the cost of this benefit cannot reasonably be estimated, the Company recognizes the liability and expense in the year in which an employee retires. The Company funds this program on a pay-as-you-go basis.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Net Position

Net position is divided into three components: net investment in capital assets (capital assets net of related debt less unspent bond proceeds), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The Company had unspent impact fees of $20,269 and $25 and unspent contributions received in advance of construction of $3,495,675 and $1,918,054 included as restricted net position for capital projects as of December 31, 2024 and 2023, respectively. Additionally, the Company had $161,658 and $160,877 of net position restricted for debt service as of December 31, 2024 and 2023, respectively.

Contributed Capital

The Company receives contributions from developers, customers, and other governments for the construction or reimbursement of electric infrastructure that the Company is constructing. These contributions can come in the form of cash amounts paid in advance of construction, cash paid as a reimbursement for funds previously expended, or in the form of tangible electrical assets, ownership of which transfers upon energization. The Company recognizes these contributions in the period the resources are received. When contributions are paid in advance of construction the Company recognizes unspent amounts as restricted net position until the resources have been used for their specified purposes.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Company complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. Company funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the Company to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The Company considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits

At December 31, 2024, the bank balance is $2,205,418, of which $500,000 is covered by federal depository insurance.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Company does not have a formal deposit policy for custodial credit risk. No deposits are collateralized, nor are they required to be by state statute.

Investments

The Company invests in the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the state or in the state's name by the state's custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The portfolio has a weighted average maturity of 90 days or less. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single non-governmental issuer. The reported value of the pool is the same as the fair value of the pool shares and is not required to be reported in the fair value hierarchy.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. The Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Company's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Company's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the Company's total portfolio with a single issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Company's policy for managing this risk is to comply with the Act and related rules.

Restricted Cash and Investments

The Company had $20,269 and $25 in unspent impact fees and $3,495,675 and $1,918,054 in unspent contributions in advance of construction restricted for capital related projects for the years ended December 31, 2024 and 2023, respectively. The Company also had $4,766,847 and $21,356,332 in bond accounts restricted for debt service and capital related projects for the years ended December 31, 2024 and 2023, respectively.

A summary of deposits and investments (shown as cash and investments and restricted cash and investments on the statements of net position) at December 31, 2024 and 2023, is as follows:

	2024	2023
Carrying amount of deposits	$ 2,008,653	$ 1,620,492
Carrying amount of investments	21,210,526	27,855,590
Total cash and investments	$ 23,219,179	$ 29,476,082

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 4,300,104	$ -	$ -	$ 4,300,104
Water rights	630,375	-	-	630,375
Construction in progress	25,765,696	8,678,624	(21,714,226)	12,730,094
Total capital assets not being depreciated	30,696,175	8,678,624	(21,714,226)	17,660,573
Capital assets being depreciated:				
Power and generation plants	9,695,284	1,989,691	-	11,684,975
Distribution and metering systems	70,249,675	29,804,154	-	100,053,829
Buildings and improvements	3,795,029	-	-	3,795,029
Office equipment	1,980,912	85,408	-	2,066,320
Vehicles	3,768,170	606,509	(70,953)	4,303,726
Machinery, equipment, and tools	2,500,484	70,770	(35,200)	2,536,054
Total capital assets being depreciated	91,989,554	32,556,532	(106,153)	124,439,933
Accumulated depreciation	(41,786,473)	(4,141,073)	88,552	(45,838,994)
Net capital assets being depreciated	50,203,081	28,415,459	(17,601)	78,600,939
Net capital assets	$ 80,899,256	$ 37,094,083	$ (21,731,827)	$ 96,261,512

During the year ended December 31, 2024, the Company allocated $341,703 of depreciation to vehicle expense on the statements of revenues, expenses, and changes in net position.

Capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,869,870	$ 2,430,234	$ -	$ 4,300,104
Water rights	663,475	-	(33,100)	630,375
Construction in progress	9,113,364	21,155,918	(4,503,586)	25,765,696
Total capital assets not being depreciated	11,646,709	23,586,152	(4,536,686)	30,696,175
Capital assets being depreciated:				
Power and generation plants	9,145,025	550,259	-	9,695,284
Distribution and metering systems	65,685,486	4,564,189	-	70,249,675
Buildings and improvements	3,786,801	8,228	-	3,795,029
Office equipment	1,943,380	37,532	-	1,980,912
Vehicles	3,245,665	663,323	(140,818)	3,768,170
Machinery, equipment, and tools	2,438,166	62,318	-	2,500,484
Total capital assets being depreciated	86,244,523	5,885,849	(140,818)	91,989,554
Accumulated depreciation	(38,235,917)	(3,691,374)	140,818	(41,786,473)
Net capital assets being depreciated	48,008,606	2,194,475	-	50,203,081
Net capital assets	$ 59,655,315	$ 25,780,627	$ (4,536,686)	$ 80,899,256

During the year ended December 31, 2023, the Company allocated $292,903 of depreciation to vehicle expense on the statements of revenues, expenses, and changes in net position.

NOTE 4 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 46,485,000	$ -	$ (1,340,000)	$ 45,145,000	$ 1,155,000
Bond premium	5,247,293	-	(517,896)	4,729,397	-
Note payable	898,911	-	(140,052)	758,859	143,857
Compensated absences	1,363,737	-	(113,895)	1,249,842	587,131
Termination benefits	102,411	64,747	(27,026)	140,132	36,122
Contract payable	1,189,196	10,240	-	1,199,436	-
Net pension liability	562,402	836,053	(560,790)	837,665	-
Total noncurrent liabilities	$ 55,848,950	$ 911,040	$ (2,699,659)	$ 54,060,331	$ 1,922,110

Noncurrent liability activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 18,070,000	$ 29,070,000	$ (655,000)	$ 46,485,000	$ 1,340,000
Bond premium	2,064,811	3,681,701	(499,219)	5,247,293	-
Note payable	1,035,233	-	(136,322)	898,911	140,053
Compensated absences	1,316,169	47,568	-	1,363,737	566,210
Termination benefits	129,667	-	(27,256)	102,411	26,892
Contract payable	1,178,478	10,718	-	1,189,196	-
Net pension liability	-	3,041,972	(2,479,570)	562,402	-
Total noncurrent liabilities	$ 23,794,358	$ 35,851,959	$ (3,797,367)	$ 55,848,950	$ 2,073,155

Bond Issuance

During February 2023, the Company issued $29,070,000 in electric revenue bonds to finance capital improvements, including the completion of a substation, land purchase for an additional substation, an administrative office building and shop, as well as other improvements to the Company's electric system.

Revenue Bonds Payable

Revenue bonds payable at December 31, 2024, with their outstanding balances are comprised of the following individual issuances:

Bond Series 2012 - Electric Revenue and Refunding Bonds - Original issue of $3,735,000 with interest rates ranging from 2.0% to 4.0%	$ 100,000
Bond Series 2019 - Electric Revenue and Refunding Bonds - Original issue of $18,160,000 with interest rates ranging from 4.0% to 5.0%	16,625,000
Bond Series 2023 - Electric Revenue - Original issue of $29,070,000 with interest rates of 5.0%	28,420,000
	$ 45,145,000

The annual requirements to amortize all revenue bonds outstanding as of December 31, 2024, including interest payments, are listed as follows:

Year Ending December 31,	Principal	Interest	Total
2025	$ 1,155,000	$ 2,162,750	$ 3,317,750
2026	1,450,000	2,106,000	3,556,000
2027	1,525,000	2,033,500	3,558,500
2028	1,585,000	1,957,250	3,542,250
2029	1,690,000	1,878,000	3,568,000
2030-2034	9,710,000	8,041,250	17,751,250
2035-2039	9,810,000	5,682,250	15,492,250
2040-2044	11,650,000	3,283,950	14,933,950
2045-2047	6,570,000	615,250	7,185,250
Total	$ 45,145,000	$ 27,760,200	$ 72,905,200

Note Payable

The Company acquired equipment through issuance of a payable. Proceeds from the note totaled $2,000,000; the note bears an interest rate of 2.7 percent. The note is payable in annual installments of approximately $164,000 with final maturity in 2029.

The following is a schedule for future debt service requirements for the note payable:

Year Ending December 31,	Principal	Interest	Total
2025	$ 143,857	$ 20,451	$ 164,308
2026	147,737	16,574	164,311
2027	151,694	12,593	164,287
2028	155,728	8,505	164,233
2029	159,843	8,505	168,348
Total	$ 758,859	$ 66,628	$ 825,487

Contract Payable

The Company participated in the construction of a hydroelectric power plant and related facilities at the Jordanelle Dam with Central Utah Water Conservancy District (District). The District agreed to finance, construct, own, operate, and maintain the hydroelectric plant as well as issue revenue bonds to provide funding for the Company to finance facilities to deliver the electric energy generated by the plant to the Company's electric system. The Company agreed to purchase the electric power produced by the hydroelectric power plant as well as to construct, own, operate, and maintain facilities to deliver the electric power to the Company's electric system.

The agreement contains provisions for the division of project funds, after payment of costs, to be one-third to the Company and two-thirds to the District. The Company agreed to forego its one-third allocation until the District has been reimbursed for debt service costs incurred on behalf of the Company. At December 31, 2024 and 2023, unreimbursed debt service costs incurred by the District on behalf of the Company totaled $1,199,436 and $1,189,196, respectively.

NOTE 5 – RETIREMENT PLANS

Description of plans

Eligible employees of the Company are provided with the following plans through the Utah Retirement Systems (URS) administered by URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- Tier 2 Public Employees DC Only System (Tier 2 Define Contribution System)
- 401(k) Plan
- 457 Plan and other individual plans

Company employees qualify for membership in the public employees systems if 1) employment normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the Company as approved by the Utah State Retirement Board or 2) the employee is an appointed officer whose position is full time as certified by the Company. An employee qualifies for membership in the public safety systems if employment normally requires an average of 2,080 hours of employment per year in a recognized public safety department.

The Tier 2 systems became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the systems, are members of the Tier 2 systems.

The plans are established and governed by the respective sections of Title 49 of the Utah Code. The plans are amended statutorily by the Utah State legislature. Title 49 provides for the administration of the plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor.

The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

Benefits provided

The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits in the defined benefit pension plans are determined from 1.50% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions

As a condition of participation in the plans, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

For the year ended December 31, 2024, Company required contribution rates for the plans were as follows:

	Company Contribution	Amortization of UAAL *	Company Rates for 401(k) Plan	Totals
Tier 1 Noncontributory System	11.86%	5.11%	-	16.97%
Tier 2 Contributory System **	10.08%	5.11%	0.00%	15.19%
Tier 2 Defined Contribution Plan **	0.08%	5.11%	10.00%	15.19%

* The Company is required to contribute additional amounts based on covered employee payroll to finance the unfunded actuarial accrued liability (UAAL) of the Tier 1 plans.

** Company contribution includes 0.08% of covered employee payroll of the Tier 2 plans for death benefits.

Employees can make contributions to defined contribution plans subject to limitations.

For the year ended December 31, 2024, Company and employee contributions to the plans were as follows:

	Company Contributions *	Employee Contributions
Tier 1 Noncontributory System	$ 486,524	$ -
Tier 2 Contributory System	300,324	7,232
Tier 2 Defined Contribution Plan	28,587	-
401(k) Plan	128,525	147,075
457 Plan and other individual plans	-	101,851

* Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

Pension Assets and Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2024, the Company reported the net pension assets and net pension liabilities related to defined benefit pension plans from the following sources:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	$ -	$ 705,798
Tier 2 Contributory System	-	131,867
Total	$ -	$ 837,665

The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2023, rolled-forward using generally accepted actuarial procedures. The Company's proportion of the net pension liability (asset) is equal to the ratio of actual contributions compared to the total of all employer contributions during the plan year. The following presents the Company's proportion (percentage) of the collective net pension liability (asset) at December 31, 2023, and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2023	Change
Tier 1 Noncontributory System	0.3042802%	0.0158151 %
Tier 2 Contributory System	0.0677497%	0.0049949 %

For the year ended December 31, 2024, the Company recognized pension expense for the plans as follows:

	Pension Expense
Defined benefit pension plans:	
Tier 1 Noncontributory System	$ 485,167
Tier 2 Contributory System	172,081
Total	$ 657,248
Defined contribution plans:	
Tier 2 Defined Contribution Plan	$ 18,399
401(k) Plan	84,646
Total	$ 103,045

At December 31, 2024, the Company reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	$ 494,208	$ 42,236	$ 536,444
Changes of assumptions	211,795	75,480	287,275
Net difference between projected and actual earnings on pension plan investments	229,519	14,891	244,410
Changes in proportion and differences between Company contributions and proportionate share of contributions	3,341	15,381	18,722
Contributions subsequent to the measurement date	486,521	328,911	815,432
Total	$ 1,425,384	$ 476,899	$ 1,902,283

At December 31, 2024, the Company reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	$ -	$ 2,159	$ 2,159
Changes of assumptions	-	104	104
Changes in proportion and differences between Company contributions and proportionate share of contributions	4,483	2,482	6,965
Total	$ 4,483	$ 4,745	$ 9,228

The $815,432 reported as deferred outflows of resources related to pensions resulting from Company contributions subsequent to the measurement date of December 31, 2023 will be recognized as a reduction of the net pension liability (asset) in the year ending December 31, 2025. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending December 31,	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
2025	$ 309,495	$ 12,295	$ 321,790
2026	289,772	17,547	307,319
2027	431,512	30,235	461,747
2028	(96,399)	9,778	(86,621)
2029	-	13,357	13,357
Thereafter	-	60,031	60,031

Actuarial Assumptions

The total pension liability (asset) in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% to 9.50%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

Mortality rates were based on actual experience and mortality tables, considering gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2022. The wage inflation assumption increased by 0.25% to a range of 3.50% to 9.50% from the prior measurement date.

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	35%	2.40%
Debt securities	20%	0.31%
Real assets	18%	0.98%
Private equity	12%	1.18%
Absolute return	15%	0.58%
Cash and cash equivalents	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the Company's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Company's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Company's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	$ 3,663,053	$ 705,798	$ (1,770,703)
Tier 2 Contributory System	453,076	131,867	(117,231)
Total	$ 4,116,129	$ 837,665	$ (1,887,934)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Payables to the Pension Plans

At December 31, 2024 and 2023, the Company reported no payables for contributions to defined benefit pension plans and defined contribution plans.

NOTE 6 – COMMITMENTS

The Company is a member of the Utah Associated Municipal Power Systems (UAMPS). UAMPS is a separate legal entity formed pursuant to the provisions of the Utah Interlocal Cooperation Act. The Company may choose to participate in projects managed by UAMPS. The Company has participated in various individual projects by entering into power sales and/or transmission agreements. According to the agreements, the Company is obligated to pay their proportionate share of all operation and maintenance expenses and debt service costs for bonds issued by UAMPS. The Company is entitled to receive specified energy output from these projects.

The Company is also a member of Intermountain Power Agency (IPA). IPA is a separate legal entity formed pursuant to the provisions of the Utah Interlocal Cooperation Act. IPA provides financing for the Intermountain Power Project (IPP). The Company is entitled and obligated to purchase a specified amount of electric power produced by IPP. The Company has an agreement with certain California purchasers for the duration of the project. The Company is obligated for operating expenses and repayment of outstanding bonds issued by IPA only in the event of a prolonged power outage and/or failure to perform under the agreement on the part of each of the California purchasers.

Additionally, the Company has entered into various power purchase agreements for a specified amount of power at specified rates. At December 31, 2024, the undiscounted future minimum payments for these agreements were as follows:

Year Ending December 31,	
2025	$ 2,950,633
2026	2,462,377
2027	1,489,597
2028	694,500
2029	636,625

NOTE 7 – RISK MANAGEMENT

The Company maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to $2,000,000 per occurrence and excess liability coverage up to $20,000,000 through policies administered by a third party. The Company also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the third party. This insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of $10,000 per occurrence for repairs and $50,000 per occurrence for property loss. Settled claims have not exceeded the Company's insurance coverage for any of the past three years.

NOTE 8 – RESTATEMENT

During the year ended December 31, 2024, the District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. As a result of this implementation, the District restated its beginning net position balances for the year ended December 31, 2024 and 2023 and restated its compensated absences liability for the year ended December 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

HEBER LIGHT & POWER COMPANY

Schedules of the Company's Proportionate Share of the Net Pension Liability (Asset) − Utah Retirement Systems

Last Ten Plan Years

Plan Year	Company's Proportion of Net Pension Liability (Asset)	Company's Proportionate Share of the Net Pension Liability (Asset)	Company's Covered Payroll	Company's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2023	0.3042802 %	$ 705,798	$ 2,773,559	25.45 %	96.9 %
2022	0.2884650 %	494,068	2,489,731	19.84 %	97.5 %
2021	0.2790103 %	(1,600,785)	2,328,801	(68.74)%	108.7 %
2020	0.2790103 %	143,116	2,288,416	6.25 %	99.2 %
2019	0.2833880 %	1,068,050	2,333,488	45.77 %	96.5 %
2018	0.2951687 %	2,173,541	2,484,994	87.47 %	87.0 %
2017	0.3084177 %	1,351,270	2,582,078	52.33 %	91.9 %
2016	0.2906881 %	1,866,573	2,455,355	76.02 %	87.3 %
2015	0.2937394 %	1,662,120	2,435,282	68.25 %	87.8 %
2014	0.3191322 %	1,385,747	2,706,147	51.21 %	90.2 %
Tier 2 Contributory System:					
2023	0.0677497 %	$ 131,867	$ 1,751,564	7.53 %	89.6 %
2022	0.0627550 %	68,333	1,368,295	4.99 %	62.3 %
2021	0.0550141 %	(23,284)	1,020,967	(2.28)%	103.8 %
2020	0.0623490 %	8,968	996,856	0.90 %	98.3 %
2019	0.0668480 %	15,035	928,950	1.62 %	93.7 %
2018	0.0055940 %	23,958	652,889	3.67 %	90.8 %
2017	0.0584033 %	5,150	571,411	0.90 %	97.4 %
2016	0.0537583 %	5,997	440,861	1.36 %	95.1 %
2015	0.0502315 %	(110)	324,592	(0.03)%	100.2 %
2014	0.0455351 %	(1,380)	223,811	(0.62)%	103.5 %

HEBER LIGHT & POWER COMPANY

Schedules of the Company's Contributions − Utah Retirement Systems

Last Ten Reporting Years

Reporting Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Company's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:					
2024	$ 486,524	$ 486,524	$ -	$ 2,782,493	17.49 %
2023	498,409	498,409	-	2,773,559	17.97 %
2022	453,692	453,692	-	2,489,731	18.22 %
2021	430,129	430,129	-	2,328,801	18.47 %
2020	422,670	422,670	-	2,288,416	18.47 %
2019	430,995	430,995	-	2,333,488	18.47 %
2018	458,978	458,978	-	2,484,994	18.47 %
2017	476,910	476,910	-	2,582,078	18.47 %
2016	453,504	453,504	-	2,455,355	18.47 %
2015	449,797	449,797	-	2,435,282	18.47 %
Tier 2 Contributory System:					
2024	$ 300,324	$ 300,324	$ -	$ 1,928,770	15.57 %
2023	280,425	280,425	-	1,751,564	16.01 %
2022	219,444	219,444	-	1,368,295	16.04 %
2021	162,779	162,779	-	1,020,967	15.94 %
2020	157,196	157,196	-	999,213	15.73 %
2019	144,949	144,949	-	928,950	15.60 %
2018	100,149	100,149	-	652,889	15.34 %
2017	85,822	85,822	-	571,411	15.02 %
2016	65,732	65,732	-	440,861	14.91 %
2015	48,437	48,437	-	324,592	14.92 %
Tier 2 Defined Contribution Plan:					
2024	$ 28,587	$ 28,587	$ -	$ 502,853	5.68 %
2023	24,374	24,374	-	393,794	6.19 %
2022	28,543	28,543	-	442,438	6.45 %
2021	28,625	28,625	-	427,875	6.69 %
2020	23,880	23,880	-	356,956	6.69 %
2019	18,399	18,399	-	275,031	6.69 %
2018	14,683	14,683	-	219,483	6.69 %
2017	14,209	14,209	-	212,393	6.69 %
2016	13,760	13,760	-	205,678	6.69 %
2015	12,176	12,176	-	181,635	6.70 %

HEBER LIGHT & POWER COMPANY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

The information presented was determined as part of actuarial valuations performed. Over time the actuarial assumptions are periodically changed. Amounts reported in the current and prior plan years include the following significant actuarial assumption changes:

Plan Year	Discount Rate	Payroll Growth Rate	Wage Inflation Rate	Inflation Rate
2023	6.85%	2.90%	3.50 to 9.50%	2.50%
2022	6.85%	2.90%	3.25 to 9.25%	2.50%
2021	6.85%	2.90%	3.25 to 9.25%	2.50%
2020	6.95%	2.90%	3.25 to 9.25%	2.50%
2019	6.95%	3.00%	3.25 to 9.25%	2.50%
2018	6.95%	3.00%	3.25 to 9.25%	2.50%
2017	6.95%	3.00%	3.25 to 9.25%	2.50%
2016	7.20%	3.25%	3.35 to 9.35%	2.60%
2015	7.50%	3.25%	3.50 to 9.50%	2.75%
2014	7.50%	3.50%	3.75 to 9.75%	2.75%

NOTE B – SCHEDULES OF DISTRICT CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

NOTE C – SCHEDULES OF THE COMPANY'S CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

COMPLIANCE REPORTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Heber Light & Power Company

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Heber Light & Power Company (the Company), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Company's financial statements, and have issued our report thereon dated April 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
April 21, 2025

Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Directors
Heber Light & Power Company

Report on Compliance

Opinion on Compliance

We have audited the compliance of Heber Light & Power Company (the Company) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended December 31, 2024:

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Utah Retirement Systems
Public Treasurer's Bond

In our opinion, Heber Light & Power Company complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2024.

Basis for Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide,* issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the state compliance requirements referred to above.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Company's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Company's compliance with the requirements of the *State Compliance Audit Guide* as a whole

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
April 21, 2025

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following excerpts briefly outline certain provisions contained in the General Indenture and are not to be considered as a full statement thereof. Reference is made to the General Indenture and the Sixth Supplemental Indenture for full details of the terms of the Series 2026 Bonds, the security provisions appertaining thereof, and the application of the Revenues, and the definition of any terms used but not defined in this Official Statement

Definitions

Set out below are certain definitions contained in the Indenture and used elsewhere in this Official Statement.

"Accreted Amount" means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

"Additional Bonds" means any Bonds issued after the first Series of Bonds issued under the Indenture. "Adjusted Net Revenues" means, for purposes of the issuance of Additional Bonds under the Indenture, the

Net Revenues for the Fiscal Year or Year selected by the Company adjusted to reflect additional Revenues attributable to (1) any rate increases adopted by the Company that took effect during or subsequent to such Fiscal Year or Year and (2) any additional customers connected to the System during or subsequent to such Fiscal Year or Year.

"Aggregate Debt Service" means, as of any date of calculation and with respect to any period, the sum of the amounts of Debt Service for all Series of Bonds Outstanding.

"Annual Budget" means the annual budget for the Company for each Fiscal Year.

"Balloon Bonds" means Bonds, other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the Principal Installments on which (a) are due or, (b) at the option of the Holder thereof may be redeemed, during any period of a Year.

"Bond Anticipation Notes" means Bonds issued by the Company in advance of the permanent financing for the Cost of Construction of a Project.

"Bondowner" or "Owner," or any similar term, means the owner of any Bond or Bonds. In the case of a fully-registered Bond, Bondowner means the registered owner of such Bond.

"Bond Payment Date" means each date on which (1) interest on the Bonds is due and payable or (2) Principal of the Bonds is payable at maturity or pursuant to Sinking Fund Installments.

"Bonds" means bonds, notes or other obligations (other than Subordinated Indebtedness and Repayment Obligations) authorized by and at any time Outstanding pursuant to the Indenture.

"Business Day" means a day of the year which is not a Saturday, Sunday or legal holiday in New York, New York, or Salt Lake City, Utah, or a day on which the Trustee is authorized or obligated to close.

"Capital Appreciation Bonds" means Bonds the interest on which (1) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (2) is scheduled to be payable upon maturity or redemption of such Bonds.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to the Indenture, including the Bonds, the use of Bond proceeds and the facilities financed or refinanced with the Bonds.

"Cost" or "Cost of Construction" means the costs of the Company properly attributable to the acquisition, construction and placing in service of each project and all expenses preliminary and incidental thereto incurred by the Company in connection therewith and in the issuance of the Bonds, including all costs and expenses incurred by the Company in connection with its investigation, negotiation and review of each Project, and further including certain items set forth in the Indenture.

"Crossover Date" means with respect to Crossover Refunding Bonds the date on which the principal portion of the related Crossover Refunded Bonds is scheduled to be paid or redeemed from the proceeds of such Crossover Refunding Bonds.

"Crossover Refunded Bonds" means Bonds refunded by Crossover Refunding Bonds.

"Crossover Refunding Bonds" means Refunding Bonds the proceeds of which are irrevocably deposited in escrow to secure the payment on the Crossover Date of the principal or Redemption Price of the Crossover Refunded Bonds (subject to possible use to pay the principal or Redemption Price of the Crossover Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are to be applied to pay interest on the Crossover Refunding Bonds to and including the Crossover Date.

"Current Interest Bonds" means all Bonds other than Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the interest payment dates provided therefor in a Supplemental Indenture.

"Debt Service" means, for any particular Fiscal Year and for any Series of Bonds, an amount equal to the sum of

1. all interest payable during such Fiscal Year on such Bonds Outstanding, plus

2. the Principal Installments payable during such Fiscal Year on such Bonds Outstanding (other than Bond Anticipation Notes).

"Debt Service Reserve Requirement" means an amount equal to the least of: (1) the sum of ten percent of the original Principal amount of each Series of Bonds; (2) the Maximum Annual Debt Service on the Bonds; and (3) 125% of the Average Annual Debt Service on the Bonds. The Debt Service Reserve Requirement shall be calculated on the date of original issuance of the first Series of Bonds issued under the Indenture and shall be recalculated on the date of original issuance of any Series of Additional Bonds. The Company may, but shall be under no obligation to, recalculate the Debt Service Reserve Requirement upon the issuance of a Series of Refunding Bonds to reflect the Bonds Outstanding after such issuance.

"Direct Payments" means the interest subsidy payments received by the Issuer from the United States Treasury pursuant to Section 6431 of the Code with respect to Bonds issued under the Indenture.

"Escrowed Interest" means earnings on amounts irrevocably deposited in escrow in connection with the issuance of Crossover Refunding Bonds which are required to be applied to pay interest on such Crossover Refunding Bonds to and including the Crossover Date.

"Fiscal Year" means the annual accounting period of the Company as from time to time in effect, initially a period commencing on January 1 of each Calendar Year and ending on the next succeeding December 31.

"Fund" means one of the funds established pursuant to the Indenture, including the Construction Fund, the Revenue Fund, the Bond Fund, the Subordinated Indebtedness Fund, the Renewal and Replacement Fund and the Rate Stabilization Fund, together with any additional funds established by Supplemental Indenture pursuant to the Indenture.

"Indenture" means collectively, the Trust Indenture, dated October 1, 2002, by and between the Company and the Trustee, as it may be from time to time supplemented and amended and the First Supplemental Trust Indenture, dated as of October 1, 2002, by and between the Company and the Trustee.

"Interest Rate Swap" means an agreement between the Company or the Trustee and a Swap Counterparty related to Bonds of one or more Series whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Company or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

"Maximum Annual Debt Service" means the greater of (1) the Aggregate Debt Service during the current Fiscal Year or (2) the Aggregate Debt Service in any future Fiscal Year.

"Members" means, collectively, Heber City, Midway City, Charleston Town and any other public agency that may become a party to the Organization Agreement pursuant to the Act.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with the approval of the Trustee.

"Operation and Maintenance Costs" means all actual operation and maintenance costs related to the Project incurred by the Company in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are made in accordance with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Costs the payment of which is not then immediately required.

Operation and Maintenance Costs include, but are not limited to, costs of operating and maintaining the System, fuel costs, the costs of ordinary repairs, renewals, and replacements to the System; salaries and wages, employees' health, hospitalization, pension, retirement and other expenses; fees and expenses for services, materials and supplies; rents, administrative and general expenses; insurance expenses; periodic costs of any Security Instruments or Reserve Instruments; Fiduciaries' fees and expenses; Remarketing Agents' and other agents' fees and expenses; legal, engineering, accounting, financing and financial advisory fees and expenses, and fees and expenses of other consulting and technical services; training of personnel; taxes; payments in lieu of taxes and other governmental charges; costs and expenses relating to the decommissioning, termination and removal from service of any part of the System, all to the extent properly allocable to the System.

Operation and Maintenance Costs do not include depreciation or obsolescence charges or reserves therefor; amortization of intangibles or other bookkeeping entries of a similar nature; interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the Company, or costs, or charges made therefor; costs or charges for capital improvements to or retirements from the System which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System; or payments due as a result of the termination of any Interest Rate Swap or commodity swap.

"Organization Agreement" means the Organization Agreement dated September 9, 2002, and amended in March 2010 and October 2014, among the Members.

"Paired Obligations" shall mean any Series (or portion thereof) of Bonds designated as Paired Obligations in the Supplemental Indenture authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (i) the principal of which is of equal amount maturing and to be redeemed (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Company for the terms of such Bonds.

"Principal Installment" means, as of any date of calculation, with respect to any Series of Bonds, (1) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (2) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series.

"Project" means the acquisition, construction, addition, extension and/or improvement of rights, properties, facilities or equipment constituting a part of the System and designated as a Project by the Company in a Supplemental Indenture. A Project may include, but is not limited to, properties, facilities and equipment for the generation, transmission and distribution of electric power and energy, fuel supplies and other rights or interests used or useful in the operation and management of the System.

"Rate Covenant Requirement" means, for each Fiscal Year, an amount equal to at least the sum of (a) 125% of the Aggregate Debt Service, (b) 100% of the Repayment Obligations, if any, due and payable during such Fiscal Year, and (c) 100% of the amounts, if any, required to be deposited into the Debt Service Reserve Account pursuant to the Indenture.

"Rate Stabilization Fund" means the Fund by that name established pursuant to the Indenture.

"Rating Agency" means Moody's or S&P or any other rating agency so designated in a Supplemental Indenture.

"Refunding Bonds" means Bonds issued to refund a Series of Bonds previously issued.

"Reserve Instrument" means a letter of credit, surety bond or similar instrument issued by a bank, insurance company or other financial institution to satisfy all or any portion of the Debt Service Reserve Requirement.

"Revenues" means all revenues, fees, income, charges, rents, and receipts derived by the Company from or attributable to the System and the sale of the output, capacity or services of the System, including the proceeds of any insurance covering business interruption loss, all as determined in accordance with Generally Accepted Accounting Principles. "Revenues" also includes all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund and any net income realized by the Company from capital contributions or payments in aid of construction made by subdividers and developers and Direct Payments. Revenues shall not include (1) insurance proceeds resulting from casualty damage to the System; (2) the proceeds from the sale of the Bonds; or (3) moneys received under any Security Instrument or Reserve Instrument.

"S&P" means Standard & Poor's Credit Market Services, a division of The McGraw-Hill Companies Inc., its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company, with the approval of the Trustee.

"Security Instrument" means an instrument or other device issued by a bank, insurance company or other financial institution to pay, or to provide security or liquidity for, a Series of Bonds.

"Series" means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

"Series Subaccount" means the separate subaccount created for each Series of Bonds in the Debt Service Account.

"Sinking Fund Installment" means an amount so designated for a Series of Bonds pursuant to the Indenture. "Subordinated Indebtedness" means any bond, note or other evidence of indebtedness which is expressly made subordinate and junior in right of payment to the Bonds and which complies with the provisions of the Indenture.

"Supplemental Indenture" means any indenture supplementing or amending the Indenture entered into in accordance with the terms of the Indenture.

“Swap Counterparty” means a member of the International Swap Dealers Association rated in one of the three top rating categories by at least one Rating Agency.

“Swap Payments” means as of each scheduled payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by the Company (or by the Trustee on behalf of the Company).

“Swap Receipts” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Company (or to the Trustee for the account of the Company) by the Swap Counterparty.

“Swap Termination Payment” means the amount, if any, payable by the Company (or by the Trustee for the account of the Company) or by the Swap Counterparty as a result of the termination of an Interest Rate Swap.

“Trustee” means U.S. Bank Trust Company, National Association, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

“Variable Rate Bonds” means, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not then susceptible of a precise determination.

As used in the Indenture, the term “principal” means (1) with respect to any Capital Appreciation Bond, the Accreted Amount thereof, and (2) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity; provided, however, that for purposes of all consents, votes, directions, notices, approvals and other actions taken by the Bondowners under Article VIII or Article IX of the Indenture, (a) the principal of each Capital Appreciation Bond shall be deemed to be the Accreted Amount thereof as of the most recent compounding or accretion date, and (b) the principal of each Bond Anticipation Note shall be deemed to be zero.

Establishment of Funds

The following funds are established under the Indenture:

(1) Construction Fund, to be held by the Trustee, in which the Trustee shall establish a Project Account for each Project;

(2) Revenue Fund, to be held by the Company;

(3) Bond Fund, to be held by the Trustee, consisting of a Debt Service Account, in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds, and each Interest Rate Swap and a Debt Service Reserve Account;

(4) Subordinated Indebtedness Fund, to be held by the Trustee;

(5) Renewal and Replacement Fund, to be held by the Company; and

(6) Rate Stabilization Fund, to be held by the Company.

The Company may, by Supplemental Indenture, establish one or more additional Funds, accounts or subaccounts.

Pledge of the Indenture

The Bonds are special obligations of the Company payable from and secured by the Revenues, moneys, securities and funds pledged therefor under the Indenture. The Indenture pledges for the payment of Principal or Redemption Price of and interest on the Bonds in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all right, title and interest of the Company in and to (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds established by the Indenture (except for the Rebate Fund), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of the Code. The Indenture provides that the Company may by Supplemental Indenture pledge the Revenues to secure its repayment obligations to the issuer of any Reserve Instrument, provided that any such pledge shall be subject to the provisions of the Indenture.

Flow of Funds

All Revenues shall be promptly deposited by the Company to the credit of the Revenue Fund. The Operation and Maintenance Costs shall be paid by the Company out of the amounts on deposit in the Revenue Fund, from time to time as such costs become due and payable. The Company may accumulate such additional amounts in the Revenue Fund as are reasonably necessary to provide for the payment of items of Operation and Maintenance Costs which accrue over time and which are payable less frequently than monthly.

On or before the last Business Day of each month (and at such times as may be necessary to provide for the full and timely payment of all Bond Payments and Swap Payments), the Company shall, after the payment of Operation and Maintenance Costs then due, from and to the extent of the moneys on deposit in the Revenue Fund, transfer and deposit into the following Funds the amounts set forth below in the following order:

(1) first, into the Bond Fund for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the Series Subaccounts in the Debt Service Account shall equal the Accrued Debt Service on the Series of Bonds for which such Series Subaccount was established;

(2) second, into the Bond Fund for credit to the Debt Service Reserve Account, if moneys shall ever have been paid out of the Debt Service Reserve Account for the purpose specified in the Indenture or a draw on a Reserve Instrument shall have been made or if for any other reason moneys in the Debt Service Reserve Account shall have been removed and in any such case if such moneys shall not have been replaced from any source, such amount of the money remaining in the Revenue Fund, or all of the money so remaining if less than the amount necessary, until either the amount so paid out of or removed from the Debt Service Reserve Account or drawn on the Reserve Instrument shall have been replaced, so as to cause an amount equal to the Debt Service Reserve Requirement to be on deposit in the Debt Service Reserve Account;

provided, however, that so long as there shall be held in the Bond Fund cash and Investment Securities in an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms, no deposits shall be required to be made into the Bond Fund; and

(3) third, into the Subordinated Indebtedness Fund, such amount as shall be necessary to pay timely the principal of and interest on, or other payment obligations in respect of, Subordinated Indebtedness and reserves therefor, as provided in the resolution, indenture or other instrument, including a Supplemental Indenture, securing such Subordinated Indebtedness.

(4) fourth, into the Renewal and Replacement Fund such amount as shall be necessary so as to cause the amount set forth in the Annual Budget for the then-current Fiscal Year to be deposited into the Renewal and Replacement Fund by the end of such Fiscal Year.

Amounts remaining on deposit in the Revenue Fund after the transfers provided for in the Indenture may be transferred from time to time by the Company into the Rate Stabilization Fund, provided, however, that after any such transfer (1) the sum of the amounts on deposit in the Revenue Fund and the Debt Service Account shall equal the Accrued Debt Service on all Series of Bonds Outstanding, (2) the Debt Service Reserve Requirement shall be on deposit in the Debt Service Reserve Account, and (3) there shall be on deposit in the Revenue Fund the amount of working capital required by the Indenture.

Operation of Special Funds and Accounts

Bond Fund - Debt Service Account. Each Supplemental Indenture providing for the issuance of a Series of Bonds shall establish a separate Series Subaccount in the Debt Service Account for each such Series of Bonds issued.

There shall be deposited into each Series Subaccount the amounts required for the payment of the interest on and principal or redemption price of the Bonds of such Series when due.

Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in any Series Subaccount in the Debt Service Account with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the Company in a Written Request not less than 30 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2).

Bond Fund - Debt Service Reserve Account. Subject to any limitations contained in a Supplemental Indenture, the Company may satisfy all or any portion of the Debt Service Reserve Requirement by means of a Reserve Instrument (or may substitute one Reserve Instrument for another) if the Company has provided to the Trustee written evidence satisfactory to the Trustee from each Rating Agency then having a rating in effect for any Series of Bonds then Outstanding to the effect that the Rating Agency has reviewed the proposed Reserve Instrument and that the use of such Reserve Instrument (or the substitution of one Reserve Instrument for another, as applicable) will not, by itself, result in a reduction or withdrawal of such Rating Agency's rating of such Series of Bonds.

If on the third Business Day immediately preceding each Bond Payment Date, after the deposit of moneys into the Debt Service Account as described above, the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount, the Trustee shall: (1) apply amounts from the Debt Service Reserve Account to the extent necessary to make good the deficiency; and (2) to the extent that moneys and investments available in the Debt Service Reserve Account are not sufficient to eliminate the deficiency in the Series Subaccounts in the Debt Service Account and Reserve Instruments are in effect, immediately make a demand for payment on all such Reserve Instruments, pro rata to the maximum extent authorized by such Reserve Instruments, in the aggregate amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof in the appropriate Series Subaccount in the Debt Service Account; provided, however, if the moneys in the Debt Service Reserve Account, together with amounts available under any Reserve Instruments, are insufficient to make up deficiencies in two or more Series Subaccounts in the Debt Service Account, the Trustee shall distribute the moneys or the amounts available under any Reserve Instrument into all such Series Subaccounts on a pro rata basis, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency in each Series Subaccount bears to the total deficiency in all Series Subaccounts.

Whenever the moneys on deposit in the Debt Service Reserve Account, including investment earnings and the amounts available under any Reserve Instrument with respect thereto, shall exceed the Debt Service Reserve Requirement, such excess shall be transferred by the Trustee and paid to the Company for deposit into the Revenue Fund.

Whenever the amount in the Debt Service Reserve Account, excluding the amounts available under any Reserve Instrument, together with the amounts in the Series Subaccounts in the Debt Service Account are sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Series Subaccounts in the Debt Service Account and no further deposits shall be required to be made into the Debt Service Reserve Account.

No Reserve Instrument shall be allowed to expire unless and until cash has been deposited into the Debt Service Reserve Account, or a new Reserve Instrument has been issued in place of the expiring Reserve Instrument, in an amount or to provide coverage at least equal to the Debt Service Reserve Requirement.

Renewal and Replacement Fund. The Renewal and Replacement Fund shall be held by the Company, and pursuant to the indenture, the Company shall from time to time deposit such amounts into the Renewal and Replacement Fund as are set forth in the Annual Budget then in effect. Amounts on deposit in the Renewal and Replacement Fund shall be used to pay unusual or extraordinary Operation and Maintenance Costs, the Cost of Construction of any part of the System, and shall provide reserves for the foregoing.

Rate Stabilization Fund. Any amounts in the Rate Stabilization Fund shall be transferred prior to each Bond Payment Date to the extent necessary to make up any deficiencies first, in any Series Subaccounts in the Debt Service Account and second, in the Debt Service Reserve Account.

Amounts in the Surplus Fund not required to meet a deficiency as described in the previous paragraph may be transferred from time to time by the Company from the Rate Stabilization Fund free and clear of the lien of the Indenture and deposited into any funds or accounts established by the Company to be used for any lawful purpose, including various purposes specified in the Indenture.

Construction Fund. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Indenture or any Supplemental Indenture. The Trustee shall establish within the Construction Fund a separate Project Account for the Initial Facilities and any Additional Facilities and shall establish one or more subaccounts in each Project Account, as necessary. Amounts in each Project Account shall be applied to pay the Cost of Construction. Upon receipt of each written request, as required in the Indenture, the Trustee shall pay the amounts set forth therein as directed by the terms thereof.

Subordinated Indebtedness Fund. The Trustee shall apply amounts in each separate account in the Subordinated Indebtedness Fund at the times, in the amounts and to the purposes specified with respect thereto in the respective resolutions, indentures or other instruments, including any Supplemental Indenture, relating to such account and the Subordinated Indebtedness payable therefrom or secured thereby. If at any time the amount in any Series Subaccount in the Debt Service Account shall be less than the requirement of such Subaccount pursuant to the Indenture, or the amount in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement relating thereto, and there shall not be on deposit in the Revenue Fund available moneys sufficient to cure either such deficiency, then the Trustee shall withdraw from the Subordinated Indebtedness Fund and deposit into such Series Subaccount in the Debt Service Account or into the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to all Series Subaccounts in the Debt Service Account and the Debt Service Reserve Account, then the amount in said Fund shall be first applied ratably (in proportion to the deficiency in each such Subaccount) to make up the deficiencies in the Debt Service Account, and any balance remaining shall be applied to make up part of the deficiency in the Debt Service Reserve Account.

Interest Rate Swaps. The Company may enter into one or more Interest Rate Swaps with respect to the Bonds. Before entering into any Interest Rate Swap, the Company and the Trustee shall execute a Supplemental Indenture which shall include provisions pursuant to the Indenture.

Swap Receipts received by the Company or the Trustee shall be deposited promptly upon receipt into the applicable Series Subaccount in the Debt Service Account. Any Swap Termination Payment received by the Company or the Trustee shall be deposited promptly upon receipt into the Revenue Fund.

Nothing in the indenture shall preclude the Company from entering into an Interest Rate Swap under which all Swap Payments and Swap Termination Payments are to be made solely from the Subordinated Indebtedness Fund or an account or subaccount therein.

Investment of Funds

Moneys held in any Fund or account shall be invested and reinvested by the Company or the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or account.

Subject to any required rebate of earnings on investments in any Fund or account to the United States of America pursuant to Section 148(f) of the Code and except as otherwise provided in a Supplemental Indenture establishing a Project Account or a Series Subaccount: (1) all moneys earned as an investment of moneys in the Construction Fund shall be retained therein; (2) net income earned on any moneys or investments in the Revenue Fund, the Rate Stabilization Fund and the Debt Service Account shall be transferred to the Revenue Fund; or (3) whenever the Debt Service Reserve Account is in its full required amount, net income earned on any moneys or investments therein shall be transferred to the Revenue Fund as provided in the Indenture, otherwise, to be retained therein.

Issuance of Bonds

General Provisions. Whenever the Company shall determine to issue any Series of Bonds, the Company shall enter into a Supplemental Indenture with the Trustee which shall specify the information required by the Indenture.

Each Series of Bonds shall be executed by the Company and authenticated and delivered by the Trustee upon the Written Request of the Company, but only upon receipt by the Trustee of the documents required by the Indenture, including an opinion of counsel and a certificate setting forth the Debt Service and the Aggregate Debt Service for each Fiscal Year of the Bonds of such Series. The Indenture requires the Company to cause an amount equal to any increase in the Debt Service Reserve Requirement to be on deposit in the Debt Service Reserve Account upon the issuance of any Additional Bonds.

Construction Bonds. One or more Series of Additional Bonds may be authenticated and delivered upon original issuance from time to time in such Principal amount for each such Series as may be determined by the Company for the purpose of paying or providing for the payment of all or a portion of (1) the Cost of Construction of Additional Facilities, (2) Principal, Redemption Price and interest on Bond Anticipation Notes or (3) any combination of (1) and (2).

Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee of a Written Certificate of the Company, dated as of the date of such delivery, that contains the following:

(1) The then Estimated Completion Date and the then estimated Cost of Construction of the Project being financed by such Series of Bonds;

(2) A statement that, upon the authentication and delivery of the Bonds of such Series, no Event of Default has occurred and is then continuing under the Indenture and no event has or will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture; and

(3) A statement that the Adjusted Net Revenues of the Company for its immediately preceding Fiscal Year or for any Year within the 18 calendar months prior to the authentication and delivery of such Series of Bonds are not less than 1.25 times the Maximum Annual Debt Service with respect to all Series of Bonds to be Outstanding after the issuance of the proposed Series of Construction Bonds.

The provisions of Indenture described in (3) above do not apply:

(1) to any Series of Construction Bonds all of the proceeds of which are to be applied to pay the Cost of Construction of a Project necessary, as expressed in an Engineer's Certificate delivered to the Trustee, to keep the System or any component thereof in good operating condition or to prevent a loss of Revenues, or to comply with requirements of any governmental agency having jurisdiction over the Company or the System; or

(2) to any Series of Bonds issued to pay the Cost of Construction necessary to complete any Project for which Construction Bonds have previously been issued, provided that the Trustee shall have received certain certifications of an independent engineer and the Company.

The proceeds, including accrued interest, of each Series of Construction Bonds shall be deposited simultaneously with the delivery of such Bonds in the Construction Fund and, to the extent permitted by law and the provisions of the Indenture, in any other Funds or such other funds or accounts as may be established by the Supplemental Indenture, in such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Construction Bonds.

Refunding Bonds. One or more Series of Refunding Bonds may be issued in such Principal amount which, when taken together with other legally available funds, will provide the Company with funds sufficient to accomplish the refunding of all or a part of the Outstanding Bonds of one or more Series, including in each case the payment of all expenses in connection with such refunding.

Each Series of Refunding Bonds (other than crossover refunding bonds) shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required under “General Provisions” above) of the following documents or moneys or securities:

(1) A Written Certificate of the Company stating that the issuance of such Series of Refunding Bonds complies with the requirements of the Indenture;

(2) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Bonds to be refunded on the redemption date or dates specified in such instructions;

(3) If, within the next succeeding 90 days, the Bonds to be refunded do not mature, are not redeemable or are not to be redeemed, irrevocable instructions to the Trustee satisfactory to it, to mail the notice provided for in the Indenture to the Owners of the Bonds being refunded; and

(4) Either (A) moneys in an amount sufficient to effect payment of the principal or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest to the maturity or redemption date, as the case may be, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for the Bonds to be refunded, or (B) Government Obligations in such Principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the Indenture, which Government Obligations and moneys shall be held in trust and used only as provided in the Indenture.

Each Series of Crossover Refunding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required under “General Provisions” above) of the following documents or moneys or securities:

(1) A Written Certificate of the Company stating that the issuance of such Series of Crossover Refunding Bonds complies with the requirements of the Indenture;

(2) Instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Crossover Refunded Bonds on the Crossover Date or on such other redemption date or dates, and subject to such conditions, as shall be specified in such instructions;

(3) If the Crossover Refunded Bonds are not by their terms subject to redemption within the 90 days next succeeding the Crossover Date, instructions to the Trustee, satisfactory to it, to mail the notice provided for in the Indenture to the Owners of the Crossover Refunded Bonds on such date or dates as shall be specified in such instructions;

(4) Either (A) moneys in an amount sufficient to effect payment of the interest on the Crossover Refunding Bonds to the Crossover Date and the principal or the applicable Redemption Price of the Crossover Refunded Bonds on the Crossover Date (or other redemption date of the Crossover Refunded Bonds), which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate trust account, or (B) Investment Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the Supplemental Indenture authorizing the issuance of the Crossover Refunding Bonds; and

(5) There shall be filed with the Trustee a Written Certificate of an Independent Public Accountant demonstrating the sufficiency of the moneys and investments in the escrow to pay the interest on the Crossover Refunding Bonds to the Crossover Date and the principal or Redemption Price, as applicable, of the Crossover Refunded Bonds on the Crossover Date (or other redemption date of the Crossover Refunded Bonds).

Any Supplemental Indenture providing for the issuance of Crossover Refunding Bonds may establish conditions to the occurrence of the Crossover Date and provide that the Crossover Date will not occur if such conditions are not satisfied, in which case the Crossover Refunding Bonds will be redeemed on the Crossover Date from the proceeds thereof, Escrowed Interest and other moneys available therefor. Each such Supplemental Indenture shall, in addition to all other requirements of the Indenture, provide that (i) until the occurrence of the Crossover Date none of the principal or Redemption Price of and interest on the Crossover Refunding Bonds shall be payable from or secured by the pledge of the Indenture, but shall be payable from the proceeds of the Crossover Refunding Bonds, Escrowed Interest and such other sources as may be provided in such Supplemental Indenture, and (ii) upon the occurrence of the Crossover Date, the Crossover Refunding Bonds shall be secured by the lien of the Indenture on a parity with all other Series of Bonds Outstanding.

A Series of Refunding Bonds may be combined with a Series of Construction Bonds.

Bond Anticipation Notes. One or more Series of Bond Anticipation Notes may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by the Company for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of any Project, or the refunding of Bond Anticipation Notes, or a combination of such purposes.

The payment of the interest on Bond Anticipation Notes shall be on a parity with the lien and charge created in the Indenture for the payment of the Bonds. The payment of the Principal Installments on Bond Anticipation Notes shall be payable solely from the proceeds of Bonds or amounts on deposit in the Subordinated Indebtedness Fund and the Supplemental Indenture pursuant to which any Series of Bond Anticipation Notes is issued shall so provide. Each Bond Anticipation Notes shall state on its face that the payment of Principal Installments thereof is so subordinated.

No Bond Anticipation Note shall mature later than five years from its date, including all refundings thereof by Bond Anticipation Notes.

Special Covenants

Punctual Payment. The Company will punctually pay or cause to be paid the Principal, Redemption Price and interest on the Bonds in strict conformity with the terms of the Bonds and the Indenture, and The Company will punctually pay or cause to be paid all Sinking Fund Installments which may be established for any Series of Bonds.

Operation and Maintenance. The Company shall (a) cause the System to be operated, maintained and managed in an efficient and economical manner, (b) cause the System to be maintained, preserved and kept in good repair, working order and condition, and (c) cause all necessary and proper repairs, replacements and renewals to be made so that the operating efficiency of the System will be of a high character.

Power to Own Project and Collect Charges; Maintenance of Revenues. The Company has, and will have as long as any Bonds are Outstanding, good, right and lawful power to own the System and establish and collect rates, fees and charges for the services provided by the System. The Company will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further accounts, instruments and transfers as the Trustee may reasonably require for the better assuring, pledging and confirming to the Trustee all and singular the Revenues, and the other amounts pledged by the Indenture to the payment of the principal of, Redemption Price and interest on the Bonds. The Company will not sell, convey, mortgage, encumber or otherwise dispose of any part of the System or the Revenues, except as specifically authorized in the Indenture.

Observance of Law and Regulations. The Company will keep, observe and perform all valid and lawful obligations or orders or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege, license or franchise now owned or hereafter acquired by the Company relating to or affecting the System, including its right to exist and carry on business, to the end that such rights, privileges, license and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; provided, however, that the Company shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

Rates, Fees and Charges. The Company shall at all times establish and collect rates and charges for the services provided by the System, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of the sum of:

(1) Operation and Maintenance Costs;

(2) An amount equal to the Aggregate Debt Service, plus a margin of 25%;

(3) The Repayment Obligations, if any, coming due;

(4) The amount, if any, to be paid into the Debt Service Reserve Account in the Bond Fund; and

(5) All other charges or amounts payable out of Revenues during such Fiscal Year.

Payment of Taxes and Charges. The Company will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the System or upon the Revenues when the same become due (except those taxes, assessments, charges or claims which the Company shall in good faith contest by proper legal proceeding if the Company shall in all such cases have set aside on its books reserves deemed adequate with respect thereto), and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The Company will keep the System and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising by mere operation of law from the construction of a Project which are paid in due course) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of the Indenture on the Revenues may at all times be maintained and preserved, and be free from any claim or liability which might embarrass or hamper the Company in conducting its business.

Insurance. Subject in each case to the conditions that similar insurance is usually carried by utilities operating facilities comparable to the System and that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions: (a) the Company will secure and maintain, insurance on the physical properties of the System with a value in excess of $100,000, business interruption insurance, and public liability insurance in the amounts and against such risks as are usually insurable in connection with similar facilities and are normally carried by public utilities engaged in the operation of similar properties; and such insurance policies procured pursuant to this provision shall name the Trustee as an additional loss payee and shall not terminate or expire prior to thirty days after the Trustee has been notified of such termination or expiration; and (b) the Company will secure and maintain adequate fidelity insurance or bonds on the positions of any person or persons handling or responsible for funds of the Company.

Accounts and Reports. The Company will at all times keep, or cause to be kept, proper books of record and accounts, separate and apart from all other records and accounts of the Company, in which complete and accurate entries shall be made of all transactions relating to the System, the Revenues, and the Funds. Such records and filings are available at all times during business hours for inspection by the Owners of not less than 5 percent of the Bonds then outstanding and by other parties. The Indenture requires the Company to place on file with Trustee from time to time various audited and unaudited financial statements and various reports relating to the System, the Revenues, and the Funds.

Creation of Liens. The Company shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Revenues or other moneys, securities or funds held or set aside by the Company or by the Fiduciaries under the Indenture and shall not create or cause to be created any lien or charge on the Revenues, or such moneys, securities or funds; provided, however, that nothing contained in the Indenture shall prevent the Company from issuing, if and to the extent permitted by law, bonds, notes, debentures or other evidences of indebtedness payable on a basis subordinate to the Bonds.

The Company will not create, and will use its good faith efforts to prevent the creation of, any mortgage or lien upon the System or any property essential to the proper operation of the System or to the maintenance of the Revenues. The Company will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in or permitted by the Indenture.

Eminent Domain. If all or any part of the System shall be taken by eminent domain proceedings or conveyance in lieu thereof, the net proceeds realized by the Company therefrom shall be (a) applied to replace the lost portion of the System or (b) deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee subject to the following conditions:

(1) If such funds are sufficient to provide for the payment of the entire amount of principal due or to become due upon all of the Outstanding Bonds, together with all of the interest due or to become due thereon and any redemption premiums thereon, so as to enable the Company to retire all of the Bonds then Outstanding, either by call and redemption at the then current Redemption Prices or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, the Trustee shall apply such moneys to such retirement or payment, as appropriate, and to the payment of such interest. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations. The balance of such moneys, if any shall be transferred to the Company.

(2) If such proceeds are insufficient to provide the moneys required for the purposes described in subparagraph (1) above, the Company shall file with the Trustee a Written Request of the Company requesting the Trustee to apply such proceeds for one of the following purposes: (a) to the purchase, redemption or retirement of Bonds; (b) to the cost of additions, improvements or extensions to the System; or (c) for deposit into the Revenue Fund.

Reconstruction; Application of Insurance Proceeds. In the event any useful portion of the System shall be damaged or destroyed, the Company shall determine whether to proceed with the reconstruction or replacement thereof or to remove such part of the System from service. In the event that the Company determines not to reconstruct or replace that part of the System that has been damaged or destroyed, the proceeds of any insurance received by the Company on account of such damage or destruction (other than any business interruption loss insurance), shall be deposited into a special account in the Bond Fund and shall be used, together with other legally available moneys for such purpose, to redeem or defease Bonds. In the event that the Company determines to proceed with the reconstruction or replacement of the affected part of the System, the proceeds of any insurance received by the Company on account of such damage or destruction (other than any business interruption loss insurance), shall, if the appropriate Project Account in the Construction Fund has not been closed, be paid into the Construction Fund as provided in the Indenture, or if the Construction Fund has been closed, shall be held by the Trustee in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. If the proceeds of insurance authorized by the Indenture to be applied to the reconstruction or replacement of any portion of the System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Rate Stabilization Fund or other legally available monies. The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund.

Acquisition and Construction of Projects. If the Company undertakes the acquisition or construction of any Project, the Company shall cause the acquisition or construction to be accomplished in a sound and economic manner and as expeditiously as is practicable.

Annual Budget. Prior to the beginning of each Fiscal Year, the Company shall prepare and file with the Trustee for the ensuing Fiscal Year an Annual Budget adopted by its Power Board.

Special Facility Bonds. The Company may issue special purpose bonds, notes or obligations from time to time for the purpose of financing or refinancing the cost of one or more Special Facilities. The special purpose bonds, notes or obligations shall be payable solely from and secured solely by the rates and charges derived by the Company from a contract, lease or other arrangement relating to the Special Facility between the Company and the user of the Special Facility. Before any Special Facility shall be constructed or acquired by the Company, the Company shall adopt a resolution pursuant to the Indenture.

Concerning the Trustee

The Trustee shall perform the trusts contained in the Indenture as a corporate trustee ordinarily would perform such trusts under a corporate indenture, upon and subject to the express terms and conditions set forth in the Indenture.

The Trustee shall perform such duties and only such duties as are specifically set forth in the Indenture and shall also act as registrar and Transfer Agent.

The Trustee may resign or be discharged of its duties and obligations under the Indenture at any time by giving not less than 60 days' notice to the Company; provided that no such resignation of the Trustee shall take effect until a successor Trustee shall have been appointed and shall have accepted the duties of the Trustee under the Indenture. The Company may at any time, and shall following the breach by the Trustee of the trusts set forth in the Indenture, remove the Trustee and appoint a successor. The Trustee also may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in Principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized. Notice of any resignation or removal of the Trustee shall be given to the Bond owners as provided in the Indenture.

The Company covenants and agrees in the Indenture to pay to the Trustee its reasonable compensation and its reasonable expenses, disbursements and advances and to indemnify the Trustee against certain liabilities arising out of the performance of its duties under the Indenture. The Indenture grants to the Trustee a lien prior to the lien of the Bonds upon all property or funds held or collected by the Trustee (other than funds held in trust for particular Bonds) to secure the Company's obligations to compensate and indemnify the Trustee.

Events of Default

The occurrence of one or more of the following events shall constitute an "Event of Default":

(1) failure by the Company to make the due and punctual payment of the Principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(2) failure by the Company to make the due and punctual payment of any installment of interest on any Bond or any Sinking Fund Installment when and as such interest installment or Sinking Fund Installment shall become due and payable;

(3) failure by the Company to observe any of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, and failure to remedy the same for a period of sixty (60) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Company by the Trustee, or to the Company and the Trustee by the Owners of not less than 25% in aggregate Principal amount of the Bonds at the time outstanding; or

(4) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of Title 11, United States Code (as the same may from time to time be amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Company and if instituted against the Company, said proceedings are consented to or are not dismissed within 30 days after such institution.

Acceleration

Upon the occurrence of an Event of Default, unless the principal of all the Bonds shall have already become due and payable:

(1) the Trustee may, or

(2) upon receipt of the written request of the Owners of not less than 25% of the aggregate Principal amount of the Bonds at the time outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Owners of such Bonds), the Trustee shall, declare upon notice in writing to the Company the Principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration such Principal and interest shall be immediately due and payable, notwithstanding anything to the contrary contained in the Indenture or in the Bonds; provided that with respect an Event of Default described in subsection (1) or (2) under "Event of Default" relative to any Series of Bonds

Outstanding secured by a Security Instrument which is in full force and effect and not in default on any payment obligation thereunder, no acceleration of such Series of Bonds shall occur without the written consent of the issuer of such Security Instrument.

The right of the Trustee to make any such declaration as described above, however, is subject to various conditions set forth in the Indenture and any such declaration may be rescinded and annulled as provided in the Indenture.

Bondholder Rights

No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than 25% in aggregate principal amount of the Outstanding Bonds shall have made written request to the Trustee to institute proceedings in respect of such Event of Default;

(c) such Owners have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in Principal amount of the Outstanding Bonds.

In addition, no one or more Owners of Bonds shall have any right to affect, disturb or prejudice the rights of any other Owners of Bonds, or to obtain or to seek to obtain priority or preference over any other such parties or to enforce any right under the Indenture, except as provided in the Indenture.

Notwithstanding any other provision in the Indenture, the Owner of any Bond shall have the right to receive payment of the Principal or Redemption Price of and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date of such Bond) and to institute suit for the enforcement of any such payment. Such right to receive payment shall not be impaired without the consent of such Owner.

Appointment of Receiver

Upon the occurrence of an Event Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners, the Trustee shall be entitled, as a matter or right, to the appointment of a receiver or receivers of the trust estate created by the Indenture, including, without limitation, the proceeds of the sale of the Bonds, the Revenues and the Funds, including the investments, if any, thereof, pending such proceedings, with such powers as a court making such appointments shall confer.

Direct Payments

The Company authorizes and directs the Trustee to take all necessary actions to effectively carry out the duties required to apply for and accept Direct Payments from the Internal Revenue Service on behalf of the Company under Sections 54AA, 1400U-2 and 6431 of the Code or such other tax provisions of substantially similar nature which may be hereafter authorized, including, but not limited to, filing and signing IRS Form 8038-CP, receiving the Direct Payment on the Company's behalf, and using such Direct Payment to pay Debt Service on the Bonds. For fixed rate bonds, the Trustee shall file the 8038-CP at least seventy-five (75) days (but not more than ninety (90) days) before the relevant Interest Payment Date (unless otherwise directed by a change in regulations). For variable rate bonds, the Trustee shall file the 8038-CP for reimbursements in arrears within twenty-five (25) days after the last Interest Payment Date within the quarterly period for which reimbursement is being requested (unless otherwise directed by a change in regulations). The Company covenants that it will deposit the Direct Payments with the Trustee for use in paying Debt Service on the Bonds.

Modification or Amendment of Indenture

The Company and the Trustee may from time to time and at any time enter into a Supplemental Indenture modifying or amending the Indenture or any Supplemental Indenture and the rights and obligations of the Company, the Trustee and of the Owners of the Bonds pursuant to the affirmative vote at a meeting of Bondowners, or with the written consent without a meeting, (1) (A) of the Owners of at least a majority in Principal amount of the Bonds then Outstanding, or (B) in case less than all of the several Series of Bonds then outstanding are affected by the modification or amendment, of the Owners of at least a majority in Principal amount of the Bonds of each Series so affected and then Outstanding, and (2) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Owners of at least 60% in Principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and then Outstanding.

The Company and the Trustee may also from time to time and at any time enter into a Supplemental Indenture modifying or amending the Indenture or any Supplemental Indenture and the rights and obligations of the Company and the Owners of the Bonds, without the consent of any Bondowners for any of the following purposes:

(1) to add to the covenants and agreements of the Company contained in the Indenture, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Company in the Indenture;

(2) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as the Company may deem necessary or desirable, and which, in accordance with the Indenture, shall not adversely affect the interests of the Owners of the Bonds;

(3) to provide for the issuance of a Series of Bonds in accordance with the provisions of the Indenture;

(4) provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended, or any successor provision of law;

(5) to make any change which, in the judgment of the Trustee, shall not materially adversely affect the rights or interests of the Owners of any Outstanding Bonds and is required by a Rating Agency in order to obtain or maintain any rating on the Bonds;

(6) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code (or any successor provision of law) or interpretations thereof by the Internal Revenue Service, or (B) to comply with the provisions of Section 148(0 of the Code (or any successor provision of law), including provisions for the payment of all or a portion of the investment earnings of any of the Funds established under the Indenture to the United States of America;

(7) to evidence the appointment of a successor Trustee;

(8) if the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the issuer of such Security Instrument;

(9) if the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the issuer of such Security Instrument, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected; and

(10) the description of the particular additions, improvements and extensions that constitute a Project may be modified or amended by the Company if it delivers to the Trustee a Written Certificate to the effect that such modification or amendment will not adversely impact its ability to meet the covenants contained in the Indenture.

No modification or amendment shall be permitted pursuant to paragraph (8), (9) or (10) unless the Company delivers to the Trustee an Opinion of Counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment.

No modification or amendment permitted by the Indenture shall (1) extend the fixed maturity of any Bond, or reduce the principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Indenture, without the consent of the Owners of all of the Bonds then Outstanding, or (3) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Each Supplemental Indenture authorized by the Indenture shall become effective as of the date of its execution and delivery by the Company and the Trustee or such later date as shall be specified in such Supplemental Indenture.

Arbitrage Covenant

The Company covenants that moneys on deposit in any Fund, whether or not such moneys were derived from proceeds of sales of Bonds or from any other sources, will not be used in a manner which will cause any Bonds, the interest on which is to be exempt from federal income taxation under the Code, to be “arbitrage bonds” within the meaning of Section 148 of the Code; provided, however, that this covenant shall not prevent the issuance of a Series of Bonds the interest on which is subject to Federal income taxation under the Code.

Discharge of Indebtedness

If the Company shall pay or cause to be paid, or there shall otherwise be paid, subject to any limitations contained in a Supplemental Indenture with respect to a Series of Bonds, to the Owners of all Bonds the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Revenues and other moneys, securities and Funds pledged under the Indenture and all covenants, agreements and other obligations of the Company to the Bondowners shall thereupon cease, terminate and become void and be discharged and satisfied.

APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING WASATCH COUNTY

General

The following demographic and economic information is provided solely as background information regarding Wasatch County (the "County"), the general area in which the Issuer operates. The County seat and largest city in the County is Heber City.

County and State Population

Year[(1)]	County	% Change	State	% Change
2024 Estimate	37,858	1.49%	3,503,613	1.75%
2023 Estimate	37,303	1.56	3,443,222	1.54
2022 Estimate	36,731	1.31	3,391,011	1.59
2021 Estimate	36,257	4.22	3,337,975	2.03
2020 Census	*34,788*	*2.04*	*3,271,616*	*2.05*
2019 Estimate	34,091	3.10	3,205,958	1.66
2018 Estimate	33,067	3.69	3,153,550	1.69
2017 Estimate	31,890	4.99	3,101,042	1.95
2016 Estimate	30,375	4.32	3,041,868	2.01
2015 Estimate	29,118	4.69	2,981,835	1.53

(1) 2020 census count is as of April 1; estimates are as of July 1 of the year given.
(Source: U.S. Census Bureau.)

Rate of Unemployment – Annual Average

Year	County	State	United States
2024	2.8%	3.2%	4.0%
2023	2.3	2.7	3.6
2022	2.2	2.4	3.6
2021	2.7	2.8	5.3
2020	6.2	4.8	8.1
2019	2.7	2.6	3.7
2018	3.0	2.9	3.9
2017	3.3	3.3	4.4
2016	3.4	3.4	4.9
2015	3.5	3.6	5.3

Not seasonally adjusted.
(Sources: Utah Department of Workforce Services and the U.S. Department of Labor.)

Economic Indicators in the County

LABOR FORCE	2024	2023	2022	2021	2020
Labor Force (annual average)	20,335	20,011	19,091	18,213	17,585
Employed (annual average)	19,766	19,546	18,665	17,716	16,501
Unemployed (annual average)	569	465	426	497	1,084
Average Employment (Non-Farm Jobs)	12,170	12,178	11,701	11,063	10,143
% Change Prior Year	-0.07	4.08	5.77	9.07	(0.51)
Average Employment by Sector:					
Agriculture, Forestry, Fishing/Hunting	0	65	0	0	0
Mining	0	8	9	0	0
Utilities	105	102	103	98	95
Construction	2,018	2,004	2,201	1,914	1,847
Manufacturing	640	525	502	457	426
Wholesale Trade	0	208	223	218	205
Retail Trade	1,421	1,408	1,381	1,361	1,262
Transportation and Warehousing	355	364	349	349	303
Information	70	81	88	77	69
Finance and Insurance	197	185	188	203	179
Real Estate and Rental and Leasing	254	264	232	202	193
Professional, Scientific & Tech Services	756	692	664	602	534
Management of Companies & Enterprises	52	48	48	46	36
Administrative, Support, Waste Management, & Remediation	464	656	424	410	381
Education Services	0	0	1,217	1,188	0
Health Care and Social Assistance	1,355	1,266	1,133	1,063	1,046
Arts, Entertainment, and Recreation	490	624	416	476	394
Accommodation and Food Services	1,391	1,482	1,548	1,417	1,216
Other Services & Unclassified	372	311	314	298	276
Public Administration	685	647	610	639	606
Total Establishments	1,666	1,586	1,546	1,547	1,429
Total Wages ($Millions)	690.8	661.5	614.4	526.3	483.6

	2024	2023	2022	2021	2020
INCOME AND WAGES					
Total Personal Income ($000)	n/a	$3,430,409	$3,161,895	$2,859,887	$2,424,049
Per Capita Income	n/a	92,354	86,398	78,902	69,150
Median Household Income	n/a	121,397	115,793	102,206	87,098
Average Monthly Nonfarm Wage	$4,730	$4,527	$4,376	$3,964	$3,940
SALES & CONSTRUCTION					
Gross Taxable Sales ($000,000)	$1,396.5	$1,319.4	$1,309.1	$1,108.7	$889.5
New Dwelling Units	814	616	824	1,119	371
New Residential Value	510,532,224	424,958,837	408,521,976	410,622,672	143,383,373
New Nonresidential Value	57,436,493	77,958,549	33,158,572	25,790,704	13,500,735
Additions/Alterations/Repairs	55,325,906	39,049,465	60,739,823	21,551,909	11,573,206
Total Construction Value	623,294,623	541,966,851	502,420,371	457,965,285	168,457,314

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated October 2025; (3) Utah State Tax Commission; (4) University of Utah Bureau of Economic and Business Research.)

Major Employers in the County

The following is a list of some of the largest employers in the County based on annual averages.

Company	Industry	Average Annual Employment
Wasatch County School District	Public Education	1,000-1,999
Wasatch County	County Government	250-499
Heber Valley Medical Center	Health Care	250-499
Smith's	Supermarkets	250-499
Summit Line Construction	Utility System Construction	250-499
State Of Utah	State Government	100-249
Wal-Mart Associates	Warehouse Clubs/Supercenters	100-249
Redmond Minerals	Food Manufacturing	100-249
Red Ledges Golf Club	Amusement and Recreation	100-249
Heber City	City Government	100-249
Lee's Marketplace	Supermarkets	100-249
Rocky Mountain Care Heber	Nursing Care	50-99
Zermatt Resort	Hotels	50-99
Innovative Harbor	Vocational Rehabilitation Services	50-99
Spring Gardens Heber	Nursing Care Facilities	50-99
Heber Valley Historic Railroad	Sightseeing Transportation	50-99
Midway Mercantile	Full-Service Restaurants	50-99
New Focus Academy	Private Education	50-99
Dairy Keen	Restaurants	50-99
Millstream Properties	Real Estate and Rental and Leasing	50-99
Zermatt Resort & Spa	Hotels	50-99
The Fit Stop Health Club	Fitness and Recreational Sports Centers	50-99
Miro Industries	Fabricated Metal Product Manufacturing	50-99
Soldier Hollow	Arts, Entertainment, and Recreation	50-99
Redo Tech, Inc.	Custom Computer Programming	50-99
Karl Malone Chrysler Dodge Jeep Ram	Motor Vehicle and Parts Dealers	50-99
Country Garden's And Nursery	Nursery and Tree Production	50-99
Heber Hub	Restaurants	50-99
Timberline Ace Hardware	General Merchandise Retailers	50-99
Cafe Galleria	Restaurants	50-99
Cascade Academy	Health Care and Social Assistance	50-99
Rooftop Anchor	Fabricated Metal Product Manufacturing	50-99

(Source: Utah Department of Workforce Services; last updated October 2025.)

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Heber Light & Power Company (the "Issuer") in connection with the issuance by the Issuer of its $[__________] Electric Revenue Bonds, Series 2026 (the "Series 2026 Bonds"). The Series 2026 Bonds are being issued pursuant to (i) the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended; (ii) a Trust Indenture dated as of October 1, 2002, as heretofore amended and supplemented (the "Trust Indenture"), as further supplemented by a Sixth Supplemental Indenture of Trust dated as of February 1, 2026 (the "Sixth Supplemental Indenture," and together with the Trust Indenture, the "Indenture"), each by and between the Issuer and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"); (iii) resolutions adopted on October 22, 2025 and November 19, 2025, by the governing board of the Issuer; and (iv) other applicable provisions of law.

The Issuer covenants and agrees as follows:

Section 1. Purpose of the Undertaking. This Undertaking is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Series 2026 Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below). The Issuer is executing this Undertaking as an "obligated person" with the meaning of the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Disclosure Report" shall mean any Annual Disclosure Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Undertaking.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer.

"Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

"Official Statement" shall mean the Official Statement of the Issuer dated [__________], 2026, relating to the Series 2026 Bonds.

"Participating Underwriter" shall mean the original Underwriter of the Series 2026 Bonds required to comply with the Rule in connection with offering of the Series 2026 Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Disclosure Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than July 31 of each year, commencing with a report for the fiscal year ending December 31, 2025, provide to the MSRB in an electronic format an Annual Disclosure Report which is consistent with the requirements of Section 4 of this Undertaking. In each case, the Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Undertaking; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Disclosure Report, and later than the date required above for the filing of the Annual Disclosure Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) If by fifteen (15) Business Days prior to the date specified in Section 3(a) for providing the Annual Disclosure Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Disclosure Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with Section 3(a).

(c) If the Dissemination Agent is unable to verify that the Annual Disclosure Report has been provided to the MSRB by the dates required in Section 3(a), the Dissemination Agent (or the Issuer) shall, in a timely manner, send a notice of a failure to file the Annual Disclosure Report to the MSRB in an electronic format.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Disclosure Report, the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) if the Dissemination Agent is other than an officer of the Issuer, file a report with the Issuer certifying that the Annual Disclosure Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Disclosure Reports. The Annual Disclosure Report shall contain or incorporate by reference the following:

(a) Copies of the Issuer's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of independent certified public accountants. If the Issuer's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Disclosure Report and audited financial statements will be provided when and if available.

(b) An update of the financial information of the type contained in the Official Statement in the tables under the following headings:

-- "THE SYSTEM—System Rates";
-- "—Largest Customers of the Issuer";
-- "—Selected Operating Information";
-- "—Summary of Production Cost";
-- "—Historical and Projected Debt Service Coverage
[*but only as the same becomes historically available*]"; and
-- "—System Energy Resources for System Peak."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2026 Bonds in a timely manner but not more than ten (10) Business Days after the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2026 Bonds, or other material events affecting the tax status of the Series 2026 Bonds;

(vi) Defeasances;

(vii) Tender offers;

(viii) Bankruptcy, insolvency, receivership or similar proceedings;

(ix) Rating changes; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2026 Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

(i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

(ii) Appointment of a successor or additional trustee or the change of the name of a trustee;

(iii) Non-payment related defaults;

(iv) Modifications to the rights of the owners of the Series 2026 Bonds;

(v) Series 2026 Bond calls;

(vi) Release, substitution or sale of property securing repayment of the Series 2026 Bonds; or

(vii) Incurrence of a Financial Obligation of the Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Series 2026 Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the Issuer determines that the Listed Event would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB.

Section 6. Termination of Reporting Obligation. The obligations of the Issuer under this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2026 Bonds. If such termination occurs prior to the final maturity of the Series 2026 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking and any provision of this Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2026 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2026 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2026 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2026 Bonds.

In the event of any amendment or waiver of a provision of this Undertaking, the Issuer shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the Issuer chooses to include any information in any Annual Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the Issuer shall have no obligation under this Undertaking to update such information or include it in any future Annual Disclosure Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Undertaking, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner may take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Undertaking in the event of any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 11. Beneficiaries. This Undertaking shall inure solely to the benefit of the Trustee, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2026 Bonds, and shall create no rights in any other person or entity.

Date: __________, 2026.

HEBER LIGHT & POWER COMPANY

By: ______________________________________
Chair, Board of Directors

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

Upon the issuance of the Series 2026 Bonds, Gilmore & Bell, P.C., Bond Counsel to the Issuer, proposes to issue its approving opinion in substantially the following form:

Re: $__________ Heber Light & Power Company, Utah Electric Revenue Bonds, Series 2026

We have acted as bond counsel to Heber Light & Power Company, Utah (the "Issuer") in connection with the issuance by the Issuer by the Issuer of the above-captioned bonds (the "Bonds"). In this capacity, we have examined the law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

The Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of law; (ii) resolutions of the Issuer adopted on October 22, 2025 and November 19, 2025; and (iii) a Trust Indenture dated as of October 1, 2002, as heretofore amended and supplemented (the "Trust Indenture"), as further supplemented by a Sixth Supplemental Indenture of Trust dated as of February 1, 2026 (the "Sixth Supplemental Indenture," and together with the Trust Indenture, the "Indenture"), each by and between the Issuer and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"). Under the Indenture, the Issuer has pledged certain revenues (the "Net Revenues") for the payment of principal of, premium (if any), and interest on the Bonds when due.

Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Indenture.

Regarding questions of fact material to the opinions below, we have relied on the representations of the Issuer contained in the Indenture, on the certified proceedings and other certifications of representatives of the Issuer and the certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The Issuer is validly existing as an energy services interlocal entity under the laws of the State of Utah (the "State"), which is a separate legal entity and political subdivision of the State with the power to execute the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer.

3. The Indenture creates a valid lien on the Net Revenues and other funds pledged by the Indenture for the security of the Bonds on a parity with other bonds, if any, issued or to be issued under the Indenture.

4. The Bonds have been duly authorized and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Net Revenues and the other funds provided therefor in the Indenture. The Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory provision, limitation, or restriction. The Issuer has no taxing power.

5. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from income taxation by the State.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding (a) the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds, except as may be set forth in our supplemental opinion of even date herewith, (b) the attachment, perfection, or priority of the lien on Revenues or other funds created by the Indenture, or (c) the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion letter.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

APPENDIX F

PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)