



HURRICANE CITY

UTAH

Mayor

Nanette Billings

City Manager

Kaden C. DeMille

Power Board

Mac J. Hall, Chair

Dave Imlay, Vice Chair

David Hirschi

Colt Stratton

Kerry Prince

Mark Maag

Power Board Special Meeting Agenda

12/3/2025

4:00 PM

Power Department Meeting Room – 526 W 600 N

Notice is hereby given that the Power Board will hold a Regular Meeting in the Power Department Meeting room located at 526 W 600 N, Hurricane, UT. A silent roll call will be taken, along with the Pledge of Allegiance and prayer by invitation.

AGENDA

1. Pledge of Allegiance
2. Prayer

OLD BUSINESS

1. Discussion regarding the **Cost of Service Study** – Mike Johns

ADJOURNMENT

The above notice was posted to the Hurricane City website, the Utah State Public Notice Website, and at the following locations:

1. Hurricane City Office – 147 North 870 West, Hurricane, UT
2. US Post Office – 1075 West 100 North, Hurricane, UT
3. Washington County Library (Hurricane Branch) – 36 South 300 West, Hurricane, UT

REASONABLE ACCOMMODATION: Hurricane City will make efforts to provide reasonable accommodations to disabled members of the public in accessing City programs, please contact the Executive Assistant, 435-635-5536, at least 24 hours in advance if you have special needs.



Hurricane City Power

Minimum Cash Calculation Comparison

Electric Financial Projection and Cost of Service Study

*Jillian Jurczyk, Rates Manager
Utility Financial Solutions, LLC*

Financial Outlook

Assumptions

Fiscal Year	Inflation	Growth	Purchase Power Change	Impact Fee Related Capital	Retail Funded Capital	Total Capital Improvements Plan
2026	2.6%	4.5%	3.0%	\$ 3,725,623	\$ 6,513,707	\$ 10,239,329
2027	2.6%	4.5%	3.0%	8,338,095	3,037,205	11,375,300
2028	2.6%	4.5%	3.0%	1,136,226	413,878	1,550,104
2029	2.6%	1.0%	3.0%	2,880,123	1,049,103	3,929,226
2030	2.6%	1.0%	3.0%	4,033,958	1,469,396	5,503,354

Financial Outlook

Capital

Current Capital Spending

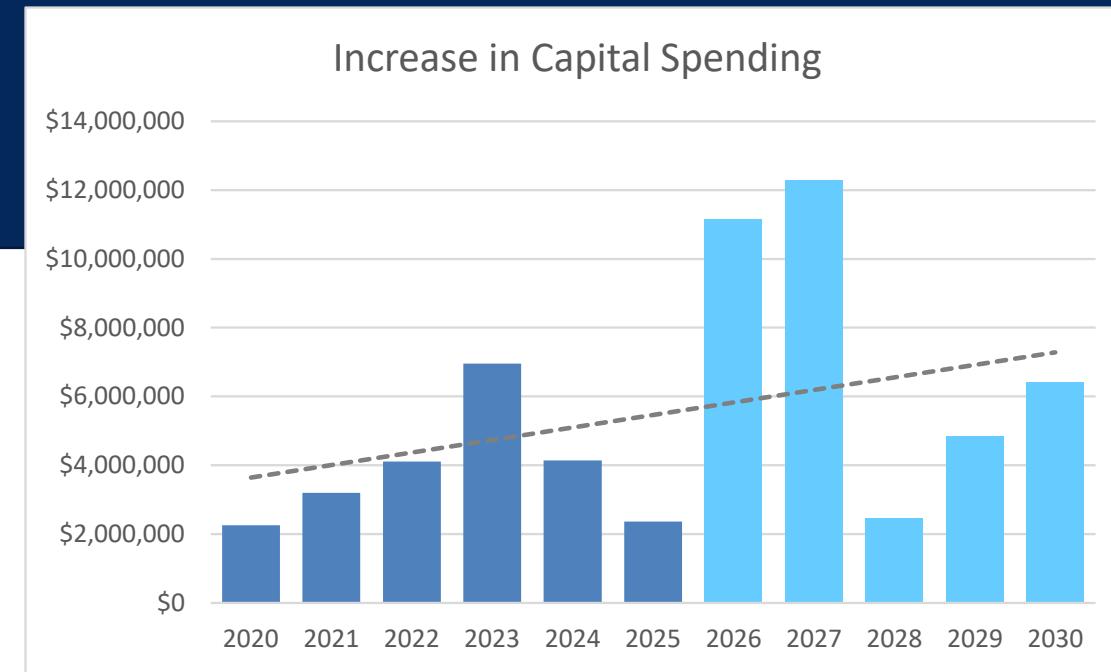
- Average annual capital spending for existing infrastructure is **~\$1.6M** year and **~\$2.2M** for new infrastructure.

Forecasted Capital Spending

- New growth is driving large projects and increasing the average spending to **~\$6.5M** over the next 5 years.

Funding Implications

- Impact fee recovery typically lags, as projects are completed before new growth connects.
- Capital projects significantly influence cash balances and how we goose to rate fund versus finance investments.



Financial Outlook

No Change

Hurricane City
Cash Minimum
<i>10 months</i>
<i>operating</i>
\$ 28,119,451

Fiscal Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted	Optimal			Projected Cash Balances	UFS
			Operating Income	Operating Income	Impact Fee	Operating Cash	(Operating & Impact)	Recommended Minimum Cash
2026	0.00%	N/A	\$ 1,740,602	\$ 1,678,286	\$ 1,061,417	\$ 14,651,687	\$ 15,713,104	\$ 10,731,602
2027	0.00%	N/A	1,265,367	2,143,469	(5,276,678)	14,145,469	8,868,791	11,246,453
2028	0.00%	N/A	944,969	2,201,859	(4,412,904)	15,983,398	11,570,494	11,494,719
2029	0.00%	N/A	358,658	2,357,085	(5,293,026)	16,690,525	11,397,498	11,731,704
2030	0.00%	N/A	(284,629)	2,575,316	(7,326,985)	16,450,665	9,123,680	12,020,375

Reasons for Minimum Cash

- Pay Bills
- Catastrophic Events
 - Wind, Ice, Equipment Failure
- Changes in Power Supply
- Capital Costs
- Debt Service

Current Power Fund Cash Reserve Policy

	FY 2026	Factor	Amount	
Depreciation Fund	\$ 27,032,100	38%	\$ 10,272,198	38% of Depreciable Assets
Contingency Fund	\$ 21,322,400	1%	\$ 213,224	1% of Budgeted Total Annual Revenue
10 months Operating Expenses	\$ 21,160,835	83%	\$ 17,634,029	10 months of Budgeted Operational and Power Cost Expenses
Total Current Policy			\$ 28,119,451	

POWER FUND CASH RESERVE POLICY
RESOLUTION NO: 2018-12

It is the Policy of Hurricane City, approved by the Power Board and resolved by the City Council to maintain Power Fund Cash Reserves in the following manner:

DEPRECIATION FUND

38% value of depreciable assets

CONTINGENCY FUND

1% of budgeted total annual revenue

TOTAL CASH RESERVES

10 months of budgeted operational and power costs expenses

If reserve fund drops below these targets for 12 months or are forecast to drop below these targets, action must be taken to bring these funds into compliance of the Cash Reserve Policy including raising electric usage rates.

Days Cash on Hand

- Acts as an important measure of a utility's cash flow strength
- Measures how many days the utility can cover operating expenses using available cash
- Formula:

$$\text{Days Cash on Hand} = 365 / \left(\frac{\text{Total Operating Expenses}}{\text{Total Cash Available}} \right)$$

* Typical range for a utility is 90 – 150 days

Hurricane – Days Cash on Hand

Hurricane *Target* Days Cash on Hand Calculation

Total Operating Expenses	\$ 21,160,835	<- from budget
Current Cash Policy	\$ 28,119,451	<- from current policy calculation
Factor	0.75	
Days Cash on Hand Target	485.00	

Hurricane *Actual* Days Cash on Hand Calculation

Total Operating Expenses	\$ 21,160,835	<- from budget
Current Cash	\$ 18,380,231	<- FYE 2025
Factor	1.15	
Days Cash on Hand Target	317.00	

UFS – Days Cash on Hand

No Bonding – metric changes slightly with bonding added

UFS **MINIMUM** Days Cash on Hand Calculation

Total Operating Expenses	\$	21,160,835	<-- from budget
Cash Policy	\$	10,731,602	<-- from UFS calculation
Factor		1.97	
<hr/>			Days Cash on Hand Minimum
			185.00

Allocator	% Risk Range	to Allocate	Total	Influenced By:
Operation & Maintenance Less Depreciation Expense	12.3%	\$ 595,917	595,917	Billing Cycle - Timing of Expenses vs Receipts
Purchase Power Expense	16.5%	2,213,749	2,213,749	Max Month Converted to Working Capital Days
Historical Rate Base	3%	1,402,474	1,402,474	Age of System, Likelihood of Ice, Wind, Other
Current Portion of Debt Service Reserve	100%	-	-	Timing of Debt Payments
Five Year Capital Improvements - Net of bond proceeds	20%	6,519,463	6,519,463	1/5 of Five-Year Plan - Funds Beginning of Season
Minimum Cash Reserve Level		\$ 10,731,602		

*What would we need to do with rates and bonding to
fund the current Cash Policy of \$28M?*

One Year Plan

100% Financed + 10% Rate Adjustment

Hurricane City
Cash Target
<i>10 months</i>
<i>operating</i>
\$ 28,119,451

Fiscal Year	Projected Rate Adjustments	Debt Coverage Ratio	Adjusted Optimal		Impact Fee		Projected Cash Balances (Operating & Impact)	UFS Recommended Minimum Cash
			Operating Income	Operating Income	Operating Cash	Operating Cash		
2026	10.00%	8.97	\$ 3,621,402	\$ 1,572,050	\$ 1,061,417	\$ 25,950,185	\$ 27,011,603	\$ 6,129,636
2027	0.00%	4.30	3,230,802	2,057,198	(5,276,678)	37,106,782	31,830,105	7,569,900
2028	0.00%	4.22	2,998,849	2,109,954	(4,412,904)	39,378,984	34,966,081	7,818,735
2029	0.00%	3.95	2,433,078	2,282,224	(5,293,026)	40,543,095	35,250,068	8,055,852
2030	0.00%	2.92	1,810,535	2,508,177	(7,326,985)	45,844,998	38,518,013	8,786,259

% Financed --> 100%

Fiscal Year	Bond Issues Including		
	Fees	Period	Rate
2026	10,239,329	20	5.00%
2027	11,375,300	20	5.00%
2028	-	-	0.00%
2029	-	-	0.00%
2030	5,503,354	20	5.00%

Three Year Plan

60% Financed + 5% Rate Adjustments

Hurricane City
Cash Target
<i>10 months</i>
<i>operating</i>
\$ 28,119,451

Projected		Debt Coverage Ratio	Adjusted Operating Income		Optimal Operating Income				Projected Cash Balances		UFS Recommended Minimum Cash
Fiscal Year	Rate Adjustments								(Operating & Impact)		
2026	5.00%	13.03	\$ 2,681,002	\$ 1,614,544	\$ 1,061,417	\$ 21,242,706	\$ 22,304,123	\$ 7,970,422			
2027	5.00%	7.22	3,300,345	2,091,706	(5,276,678)	28,603,116	23,326,438	9,045,889			
2028	5.00%	8.20	4,226,114	2,146,716	(4,412,904)	32,784,170	28,371,266	9,302,013			
2029	0.00%	7.77	3,672,615	2,312,168	(5,293,026)	35,879,252	30,586,225	9,539,207			
2030	0.00%	5.82	3,062,468	2,535,033	(7,326,985)	41,109,783	33,782,798	10,093,049			
% Financed -->		60%									

Bond Issues			
Fiscal Year	Including		
	Fees	Period	Rate
2026	6,143,598	20	5.00%
2027	6,825,180	20	5.00%
2028	-	-	0.00%
2029	-	-	0.00%
2030	3,302,012	20	5.00%

Five Year Plan

90% Financed + 0.75% Rate Adjustments

Hurricane City
Cash Target
<i>10 months</i>
<i>operating</i>
\$ 28,119,451

Projected		Debt Coverage Ratio	Adjusted Operating Income		Optimal Operating Income		Impact Fee Cash		Projected Cash Balances (Operating & Impact)	UFS Recommended Minimum Cash
Fiscal Year	Rate Adjustments									
2026	0.75%	7.61	\$ 1,881,662	\$ 1,582,674	\$ 1,061,417	\$ 23,268,676	\$ 24,330,093	\$ 6,589,832		
2027	0.75%	3.70	1,564,349	2,065,825	(5,276,678)	31,783,447	26,506,769	7,928,090		
2028	0.75%	3.66	1,416,988	2,119,144	(4,412,904)	32,625,069	28,212,165	8,177,446		
2029	0.75%	3.45	997,786	2,289,710	(5,293,026)	32,500,336	27,207,310	8,415,484		
2030	0.75%	2.57	526,132	2,514,891	(7,326,985)	36,154,049	28,827,064	9,102,678		
% Financed --> 90%										

Bond Issues			
Fiscal Year	Including		
	Fees	Period	Rate
2026	9,215,397	20	5.00%
2027	10,237,770	20	5.00%
2028	-	-	0.00%
2029	-	-	0.00%
2030	4,953,019	20	5.00%

Power Cost Adjustment Plan

75% Financed + PCA (no additional adjustments)

Hurricane City
Cash Target
<i>10 months</i>
<i>operating</i>
\$ 28,119,451

Projected			Debt Coverage Ratio	Optimal		Projected		UFS	
Fiscal Year	Rate Adjustments	Estimated PCA Impact		Adjusted Operating Income	Optimal Operating Income	Impact Fee	Operating Cash	Cash Balances (Operating & Impact)	Recommended Minimum Cash
2026	0.00%	0.00%	8.90	\$ 1,740,602	\$ 1,598,609	\$ 1,061,417	\$ 21,714,961	\$ 22,776,378	\$ 7,280,127
2027	0.00%	2.14%	4.53	1,685,305	2,078,766	(5,276,678)	28,894,663	23,617,985	8,479,566
2028	0.00%	2.29%	4.70	1,835,881	2,132,930	(4,412,904)	30,396,440	25,983,536	8,727,832
2029	0.00%	2.32%	4.69	1,731,592	2,300,939	(5,293,026)	31,247,755	25,954,729	8,964,817
2030	0.00%	2.41%	3.73	1,594,194	2,524,962	(7,326,985)	35,455,007	28,128,022	9,584,690

% Financed --> 75%

Bond Issues			
Fiscal Year	Including		
	Fees	Period	Rate
2026	7,679,497	20	5.00%
2027	8,531,475	20	5.00%
2028	-	-	0.00%
2029	-	-	0.00%
2030	4,127,516	20	5.00%

Cash Considerations

Target is \$28M (485 days cash)

Current Cash Balance is \$18M (317 days cash)

Difference is driving a need for rate adjustments

What should our cash philosophy be?

- **Higher cash policy if:** We do not have a PCA but have a willingness to weather the storms and pass on adjustments when necessary. Also need more cash if we are not willing to finance capital.
- **Lower cash policy if:** We implement a PCA (shift cost risk to customers) and are willing to take on bonding for capital.
- Is 485 days cash **acceptable**, **too high**, or **too low** for Hurricane?
 - *Industry standard is 90 – 200+ days*
 - If acceptable, how do we want to get there?
 - One year / Three years / Five years / PCA