

**REGULAR MEETING OF THE BOARD OF DIRECTORS  
KAUAI ISLAND UTILITY COOPERATIVE**

Held via Conference Call

On December 18, 2020

**MINUTES**

**Call to order at 1:00 p.m.**

**1. Roll Call**

1.1 **Directors present via Conference Call:** Directors Allan Smith (Chair), Jan TenBruggencate (Vice Chair.), Dee Crowell, David Iha, Janet Kass, James Mayfield, Calvin Murashige (Secretary), Teofilo Tacbian, and Peter Yukimura (Treasurer); and David Bissell (President and CEO). A quorum of directors were present.

1.2 **Others present via Conference Call:** Laurel Loo (General Counsel), Karissa Jonas (CFO), Maile Alfiler (Member Services Mgr.), John Cox (T&D Mgr.), Cameron Kruse (Engineering and Technology Mgr.), Brad Rockwell (COO), Beth Tokioka (Communications Mgr.), Lisa Ubay (HR Mgr.), and Nadine Tipps (Executive Administrator); Members of the press (0) and Members of the public (1).

**2. Invocation** – Director Kass opened the meeting with prayer.

**3. Approval of Agenda –**

3.1 The agenda was approved as circulated.

**4. Approval of Minutes**

4.1 The 11/23/2020 Regular meeting minutes and the 12/11/2020 Special Board Meeting minutes were approved unanimously.

**5. President's Report.** David Bissell, President and CEO

5.1 The current Cooperative statistics was reported by CEO Bissell. (report attached)

5.2 Congratulations to Director Kass on receiving her Credentialed Cooperative Director Program award.

**6. Financial Report:** Chris Yuh, Finance Manager reported.

6.1 The November 2020 preliminary financials were reviewed. (scorecard attached)

**7. NRECA Hawaii Director Report – Director David Iha**

7.1 Director Iha circulated the November NRECA Board meeting Presentation and Notes.

7.2 The NRECA Board met virtually in December.

7.2.1 NRECA CEO Jim Matheson outlined his main priorities for the next year.

- (a) Because of employees working from home, they are having enhanced employee engagement, rather than manual operations.
- (b) Another emphasis was to do member engagement. NRECA is adding some monies to use their social media platform to engage members in a different method.
- (c) The 2021 budget was approved. It was reduced. There is no fee increase for coops supporting the national organization.
- (d) About a year ago, they lobbied for changing the laws and how we pay premiums to the Pension Benefit Guaranteed Program of the Federal Government. They changed the law where this year, we had a reduction of premiums to the Federal agency of \$30.7M. Our premium to the retirement program is reduced.
- (e) NRECA recovered \$848k in cancelation policies because of going virtual, at least for the Annual Meeting. They have not announced the Legislative Conference yet.
- (f) They are still active in Legislative advocacy. Director Iha received an email regarding year end spending. They are still trying to get flexible financing to reprice our RUS debt without prepayment penalties. The data that was distributed by NRECA to our Congressional delegation was that over the long-term of our loan, we would have an approximate savings of \$20M - \$24M. Hopefully they will be able to add our provisions to the stimulus bill.
- (g) Regarding the next Legislative season, NRECA is in a good position because they are bipartisan, which helps to advocate for our issues.

## 8. Committee Reports

### 8.1 Executive – Committee Chair, Jan TenBruggencate

8.1.1 The committee met virtually on December 10<sup>th</sup>.

8.1.2 All substantial business was discussed in Executive Session.

### 8.2 Finance & Audit – Committee Chair, Peter Yukimura

8.2.1 The committee met virtually on December 10<sup>th</sup>.

8.2.2 We have several action items under New Business.

### 8.3 Government Relations/Legislative – Committee Chair, Phil Tachian

8.3.1 The committee met virtually on December 10<sup>th</sup>.

8.3.2 We had our meeting with our four State Legislators, which was successful.

8.3.3 We were informed that our Legislative Liaison this session will be the same people, SPJ.

8.3.4 The Legislature changed the rules to no gifts of any value to any Legislators.

8.3.5 We received the certification from ACRE that our Board of Directors participated at 100%. This certificate will be hung up in the Board Room.

- 8.4 **International – Committee Chair, David Iha**
- 8.4.1 The Committee do not meet. No report.
  - 8.4.2 At the National level, they are changing their business plan because of COVID-19. Travel is restricted, funding, USAID, etc. It is a challenge at the National level to carry out our International programs.
- 8.5 **Member Relations – Committee Chair, Dee Crowell**
- 8.5.1 The committee met virtually on December 10<sup>th</sup>.
  - 8.5.2 Written and oral reports were received from staff.
  - 8.5.3 Member Services is considering including Western Union as part of our payment process.
  - 8.5.4 A brief report of the Nominating Committee was made. There was a question about changes to the nominating process. After looking at the requirements in the bylaws and the policies, it is hard to change.
- 8.6 **Policy – Committee Chair, Janet Kass**
- 8.6.1 The committee met virtually on December 10<sup>th</sup>.
  - 8.6.2 The Policy Committee discussed two policies.
    - (a) Policy 4 will be brought up under New Business.
    - (b) Policy 18, Board Member Qualifications and Eligibility, was reviewed. We looked at a variety of numerous style changes. It was decided we are not going to change it now during the nominating process. This policy will be discussed in future months.
  - 8.6.3 Last month staff created a searchable book of policies and posted it on the KIUC website. Thank you to Beth and all who worked on it.
  - 8.6.4 Names of the Policy Committee members were read aloud: Janet Kass, Cal Murashige, Dee Crowell, Jan TenBruggencate, Phil Tachian, Allan Smith and Laurel Loo. It was stated that this Committee is doing outstanding work.
- 8.7 **Strategic Planning –Committee Chair, James Mayfield**
- 8.7.1 The committee met virtually on December 10<sup>th</sup>.
  - 8.7.2 It was decided that Committee Chair Mayfield should work with Chair Smith to create a calendar of working on the Strategic Plan and present it back to the Board.
  - 8.7.3 Director Yukimura stated that he has been attending courses to get his Director Gold Certificate, and he attended a breakout session on Electric Vehicles (EVs), and he was very impressed. It made him start to believe in EVs. He learned, especially for Kauai, that we do not need too many charging stations. Most people with EVs can charge their vehicles at their homes, and it will last more than the whole day. He believes we should focus on time of use or some sort of rate to encourage EV charging.
    - (a) Committee Chair Mayfield said thank you for the comment, and this is the process we will go through. He stated that there might be

need for charging stations at condominiums and such, where they do not have the opportunity to charge at home.

9. **Charitable Foundation (CF) Board** – Teofilo Tacbian, President

- 9.1 The Charitable Foundation met virtually on December 15<sup>th</sup>.
- 9.2 We had a contribution of \$120.00, and we paid out \$1,200.00 for our insurance. We have a balance of \$68,682.00.
- 9.3 KEO assisted one household in November for \$400.00. Their balance is \$15,168.00. We found that they had other funds for COVID-19.
- 9.4 Two applications came in for assistance.
  - 9.4.1 One was denied.
  - 9.4.2 We approved \$3,000.00 for Kauai teacher’s stipends.
- 9.5 There was one new member with the Makana Program. We have a total of 201 members. We have a total of \$1,100.00 in contributions.
- 9.6 The Ohana Reading Program, in conjunction with Dolly Parton, is a national program. We are looking at doing this program here on Kauai. First Lady Ige is involved in this program with the libraries and schools. We are talking about doing the Westside first. We are waiting to hear on this.

10. **Public Testimony** – Members Marj Dente and Steve Parsons submitted written testimony to the Board of Directors, which both were read aloud by Chair Smith.

11. **New Business** –

11.1 **Resolution 07-20 to approve the 2021 ROO Budget**

- 11.1.1 F&A Committee Chair Yukimura moved to approve the 2021 ROO Budget. [Motion: Yukimura/Mayfield]
- 11.1.2 The recommendation carried unanimously.

IN FAVOR:	Crowell, Iha, Kass, Mayfield, Murashige, Smith, Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

11.2 **Resolution 08-20 to approve the 2021 Capital Budget**

- 11.2.1 F&A Committee Chair Yukimura moved to approve the 2021 Capital Budget. [Motion: Yukimura/Kass]
- 11.2.2 The recommendation carried unanimously.

IN FAVOR:	Crowell, Iha, Kass, Mayfield, Murashige, Smith, Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

**11.3 PMRF Substation**

- 11.3.1 F&A Committee Chair Yukimura reported the original substation was budgeted in December 2017. Since the budget was put together, costs have risen, specifically construction costs and major equipment costs.
- 11.3.2 After much discussion, the Committee decided to bring this to the full Board for approval.
- 11.3.3 CEO Bissell stated that both the Engineering and Accounting departments will rectify this and make sure these type of budget items get to the Board earlier.
- 11.3.4 F&A Committee Chair Yukimura moved to approve PMRF Substation for an additional \$1.35M. [Motion: Yukimura/Kass]
- 11.3.5 The recommendation carried unanimously.

IN FAVOR:	Crowell, Iha, Kass, Mayfield, Murashige, Smith, Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

**11.4 COVID Lost Gross Margin**

- 11.4.1 F&A Committee Chair Yukimura reported that this item came up at the F&A Committee Meeting when we discussed Lost Gross Margins. We might have to pay Patronage Capital on anything over 2.0 TIER.
- 11.4.2 Director Kass stated that our margins for the year through November are \$7M, but we have already booked \$8M of Lost Gross Margins. Without the Regulatory Accounting treatment of the Lost Gross Margins, we would be making a loss. It is quite possible that this year, and 2021 also, we would need to do this. We are doing this Regulatory treatment so that we are able to borrow money.
- 11.4.3 Director Kass moved that staff consult with the Public Utilities Commission or its staff to determine whether KIUC should retire Patronage Capital based on its margins that include or exclude the Regulatory Accounting for Lost Gross Margin. [Motion: Kass/Mayfield]
- 11.4.4 Lengthy discussion ensued.
- 11.4.5 CEO Bissell agrees with the approach, but encouraged Board Member Kass if we can wait until the end of the year and see where we are at. He has a little concern that this could be a big undertaking. This could be a formal docket filing, not a minor process.
- 11.4.6 After lengthy discussion, Director Kass revised her motion that staff evaluate the options for whether we are required to retire Patronage Capital on the basis that includes Lost Gross Margins. [Motion: Kass/Mayfield]
- 11.4.7 The recommendation carried unanimously.

IN FAVOR:	Crowell, Iha, Kass, Mayfield, Murashige, Smith, Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0

EXCUSED: None

Total – 0

**11.5 Board Policy No. 4, Board Committees**

- 11.5.1 Policy Committee Chair Kass reported that last month we passed an updated version of Board Policy No. 4 and Charters for all 9 of our Committees.
- 11.5.2 In working on Policy No. 18 this month, we found the requirement that non Director Members of Board Committees sign a Confidentiality and non-Disclosure Agreement. A fourth section has been added to Policy No. 4. The Committee voted in favour of this.
- 11.5.3 Policy Committee Chair Kass has added another proposed change in section 1, which has a list of standing Committees. Nominating Committee is not actually a standing Committee, it is an Ad Hoc Committee. Chair Kass is proposing that we delete Nominating as the ninth Committee of the Standing Committees. We wanted to make sure that this goes along with the bylaws.
- 11.5.4 Policy Committee Chair Kass moved to approve Board Policy No. 4 with the proposed changes. [Motion: Kass/Murashige]
- 11.5.5 Discussion ensued.
- 11.5.6 There were concerns that there should be discussion on these additional changes at the Committee level before approving this at the Board meeting.
- 11.5.7 Policy Committee Chair Kass is happy to withdraw her motion and take this back to the Policy Committee.
- 11.5.8 Director TenBruggencate moved to recommit Board Policy No. 4 back to the Policy Committee.

**12. Calendar:**

- 12.1 **January 1, 2021** – HOLIDAY(New Year’s Day), KIUC Offices Closed
- 12.2 **January 19, 2021** – Board Committee Meetings (9:00am, via conference call)
- 12.3 **January 28, 2021** – Regular Board Meeting (1:00pm., via conference call)

**13. Executive Session.** At 2:08 p.m. the Board recessed the meeting to enter into an Executive Session closed to the public on matters limited to those specified in Section II. A. 2. of Board Policy No. 16. The items to be discussed in the Executive Session are matters of a proprietary or financial nature, public disclosure of which could affect on-going or potential negotiations or legal or administrative proceedings and human resource issues related to the hiring, evaluating, dismissing or disciplining an officer or employee and a matter requiring legal consultation on issues pertaining to the powers, duties, privileges, immunities and liabilities of the Board of Directors.

**14. Adjournment.** The meeting was adjourned by consensus at 2:31 p.m.

  
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Calvin Murashige  
Secretary



# President's Report

December 18, 2020  
*David Bissell, President and CEO*



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## President's Report

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David Bissell, President and CEO  
December 18, 2020

### Safety (November)

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Recordable Incidents	0	3	3
Days Away/Restricted	0	177	218

### Availability and Reliability:

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Reportable Outages	2	26	43
Average Outage Hours Per Customer	0.10	0.91	4.66

### Efficiency

	<u>Month</u>	<u>2020 YTD</u>
Net Plant Heat Rate	9,275	9,450
Peak Demand (MW)	70.70	73.2

### Residential Rates:

December 2020	\$0.317/kwh Up \$0.001 from November
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## Update Items

- WKEP – work continues on completing definitive documents
- HCP- central line reconfiguration complete
- Isenberg land sale closing
- Hawaii PUC has approved our Fuel Purchase Agreement
- Anahola Service Center- Groundbreaking ceremony held
- Calendar of Student Art- awards ceremony held
- Waiahi Hydro - BLNR granted extension of revocable permit
- PMRF substation has been completed
- Virtual Safety Day held



## Preview- 2020 Highlights

- KIUC maintained operational and organizational effectiveness during Covid-19
  - IT department was instrumental
- Financial stability achieved despite sales decrease of 9% YTD November compared to budgeted levels
  - Lost Gross Margin deferral approved by PUC
  - Cost control- Operations and Maintenance costs \$1.5 Million below budget
  - Restructuring of debt improved coverage ratios
- HCP/Endangered species take minimization
  - Central power line reconfiguration
  - Static line removal
  - Diverter installation



## 2020 Highlights -Continued

- PMRF substation construction completed
- Anahola Service Center –construction started
- Significant organizational transition completed
  - Three senior management team members retired
- Waiahi Hydro- Final Draft EA submitted to DLNR
- Likely will reach 60% renewable for year

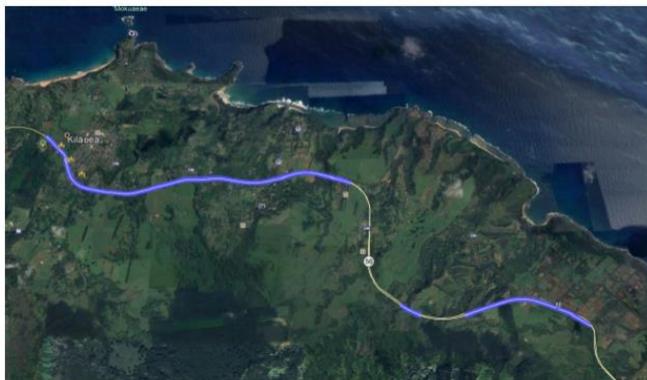


# 2020 Minimization Projects

## Reflective Diverters & Static Line Removal

5.57 Miles

Strike Reduction of  
796 birds/year



## LED Diverters

0.84 Miles

Strike Reduction of 290  
birds/year



## Static Line Removal

15.57 Miles

Strike Reduction of 245  
birds/year\*

*\*only includes spans between Moloaa and Kilauea  
where diverters are not installed.*

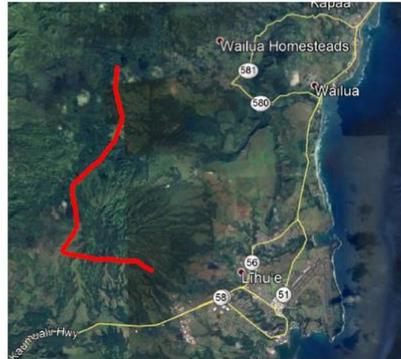


## Reconfiguration

8.06 Miles

Strike Reduction of 828  
birds/year\*

*\*Reduced strike numbers as a result of also  
removing static line in these areas*



# Mahalo!

# Financial Scorecard

