

**REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE**

Held Via Zoom Webinar

On December 15, 2022

MINUTES

Meeting called to order by Chair Smith at 1:00 p.m.

1. Roll Call

- 1.1. Directors present: Allan Smith (Board Chair), Jan TenBruggencate (Vice Chair), Calvin Murashige (Secretary), Peter Yukimura (Treasurer), Dee Crowell, David Iha, Janet Kass, James Mayfield, and Teofilo Tacbian; and David Bissell (CEO). A quorum of directors was present
- 1.2. Others present: Stacie Dellamano (CFO), Brad Rockwell (COO), Beth Tokioka (Member Services & Communications Mgr.), John Cox (T&D Mgr.), Corinne Cuaresma (Controller), Shelley Paik (Public Affairs Specialist), Erin Tsuda (Finance Mgr.), Daurice Arruda (Accounting Mgr.), Shelsey Francisco (Financial Analyst), Scott Sato (Energy Services Supervisor), Cameron Kruse (Engineer & Technology Mgr.), Laurel Loo (General Counsel), and Teresa Amoy (Executive Administrator); Members of the press (0) and Members of the public (0)

2. Approval of the Agenda

- 2.1. The Board of Directors' Agenda of December 15, 2022 – no changes to the agenda; no action taken.

3. Approval of Minutes

- 3.1. The minutes of November 22, 2022, were approved as circulated.

4. President's Report – David Bissell (CEO)

- 4.1. CEO wished everyone a Merry Christmas and Happy Holidays. CEO thanked the board and staff and everyone's efforts this year, and looking forward to another good year. CEO discussed December's President's Report and provided an update (report attached) – no action taken.

5. Financial Report – Stacie Dellamano (CFO)

- 5.1. CFO discussed the Board Financial Report (report attached) and a brief summary of what was included in the Financial Supplemental Report. Discussion with directors and staff ensued – no action taken.

6. NRECA Hawai'i Director Report – Director David Iha update:

6.1. Director Iha provided an oral report on NRECA's activities noting that Washington, D.C. has been quiet; they extended the Omnibus Bill passage until December 23rd to give them another week to come up with an Omnibus Budget Bill that will end in September 30th of next year, that will fund the government including RUS.

7. Charitable Foundation Board – Director Teofilo Tacbian update:

7.1. Director Tacbian provided the Charitable Foundation report from its last meeting on 12/14/2022 (report attached) noting that the Charitable Foundation Golf Tournament was a very successful event. Director Tacbian clarified that KEO is not using KIUC Charitable Foundation Funds to help with family assistance at this time; KEO is using Federal Funds such as LIHEAP (Low Income Home Energy Assistance Program). The Charitable Foundation presented a \$1000.00 check to Kapaa Middle School Chorus and Ukulele Band Boosters Club at their Winter Choral & Ukulele Band Concert. No action taken.

8. Public Testimony

8.1. No public testimony this month.

9. New Business

9.1. Director Yukimura presented Resolution 07-22 (Rate Case Application), providing approval to staff to proceed with the rate case application that was discussed at the F&A Committee meeting.

9.1.1. **MOTION** to approve Resolution 07-22

[Motion: Yukimura] [Second: Kass]

IN FAVOR: Smith, TenBruggencate, Murashige, Yukimura,
Mayfield, Tacbian, Iha, Crowell, Kass Total – 9

OPPOSED: None Total – 0

EXCUSED: None Total – 0

Motion carried

10. Calendar

10.1. **January 2, 2023** – HOLIDAY, in observance of New Year's Day (KIUC Offices Closed)

10.2. **January 17, 2023** – Board Committee Meetings (9:00am, MCR)

10.3. **January 26, 2023** – Regular Board Meetings (1:00pm, via Zoom)

10.4. Chair Smith provided reminders of upcoming events for the rest of December: Calendar of Student Art at 5PM tonight 12/15/2022, Waimea Light Parade on Saturday, 12/17/2022. For the month of January, tentative HCP workshop. Chair noted that as of now, Board Meetings will continue via Zoom.

11. Executive Session – No Executive Session

12. Adjournment

12.1. Meeting adjourned at 1:27 p.m.

Calvin Murashige

Calvin Murashige (Jan 26, 2023 16:57 HST)

Calvin Murashige
Board Secretary



President's Report

December 15, 2022

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
December 15, 2022

Safety (November)

| | <u>Month</u> | <u>2022 YTD</u> | <u>2021 YTD</u> |
|----------------------|--------------|-----------------|-----------------|
| Recordable Incidents | 0 | 3 | 2 |
| Days Away/Restricted | 60 | 293 | 0 |

Availability and Reliability:

| | <u>Month</u> | <u>2022 YTD</u> | <u>2021 YTD</u> |
|--------------------------------------|--------------|-----------------|-----------------|
| Reportable Outages | 2 | 23 | 28 |
| Average Outage Hours Per Customer | 0.04 | 1.43 | 1.17 |

Efficiency

| | <u>Month</u> | <u>2022 YTD</u> |
|---------------------|--------------|-----------------|
| Net Plant Heat Rate | 9,046 | 9,147 |
| Peak Demand (MW) | 72.9 | 72.9 |

Residential Rates:

December 2022 \$0.382/kwh up \$0.000 from November

2022 Select Accomplishments

- Reached 20 years as a cooperative milestone in November
- Lowest electric rates in Hawaii since May
- Having achieved 2016 Strategic Plan Goals for renewables
 - Began new Strategic Plan with 100% target incorporated
- WKEP
 - Received final PUC approval for project
 - Submitted final Environmental Assessment to DLNR
- Retired \$1.7 million in patronage capital in May. \$37 million paid/credited to members for capital retirements since formation.

Other Update Items

- Public draft of Habitat Conservation Plan expected to be published in early 2023
- Rate case filing remains on schedule
 - Testimony and exhibit preparation continue
- New measurement requirements for renewables and load growth will lower KIUC's achieved RPS level in 2022
- Grid Resilience and Innovation Partnership (GRIP)
 - KIUC proposal for funding of grid hardening activities of \$5.1 million accepted by NRECA for participation in their consortium bid
 - KIUC also independently submitted to DOE a North Shore Resiliency Project concept paper for potential GRIP funding for \$30.6 million of projects

Mahalo!



Kaua'i Island Utility Cooperative

Your Touchstone Energy[®] Cooperative



Finance Department Board Presentation

November 2022

Finance, Accounting, Regulatory and Warehouse Monthly Summary

Finance and Accounting Update

- **Finance/Accounting – Board Reporting**
- **Manoa Valley – HCP Predator Fencing change will cause budget overruns which will need BOD in January still waiting for final invoices and will present at F&A committee meeting in January.**
- **Preparing for Year End Regulatory Accounting and Finance Filings**
- **Preparing for Year End Closeout**
- **Rate Case Full Time Staff Preparation**

Rate Case Update

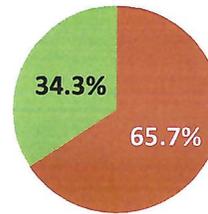
- **Application File Deadline of December 31, 2022**
- **Resolution to the Board for Submitting Rate Case Application by end of the year**
- **Staff is working on Testimony and Exhibits**

Financial Scorecard - YTD November 2022

MWh Sales

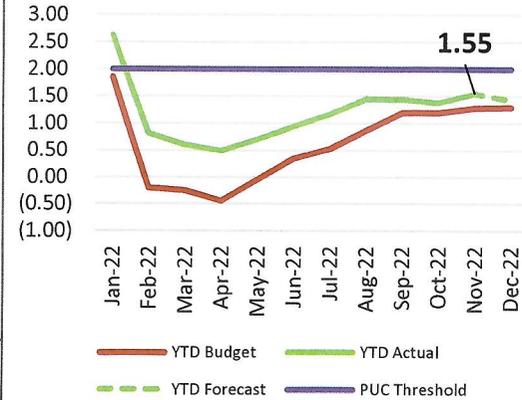
| Class | YTD Prior Year | YTD Actual | | Percent Change |
|-----------------------|----------------|----------------|----------|----------------|
| Residential (D) | 169,892 | 175,925 | ↑ | 3.6% |
| Small Comm (G) | 55,164 | 59,283 | ↑ | 7.5% |
| Large Comm (J) | 44,318 | 46,821 | ↑ | 5.6% |
| Lrg Pwr Primary (L) | 36,664 | 40,508 | ↑ | 10.5% |
| Lrg Pwr Secondary (P) | 90,046 | 95,286 | ↑ | 5.8% |
| Street Lighting (SL) | 705 | 676 | ↓ | -4.1% |
| Irrigation | 832 | 2,131 | ↑ | 156.2% |
| Total | 397,621 | 420,630 | ↑ | 5.8% |

Equity Ratio

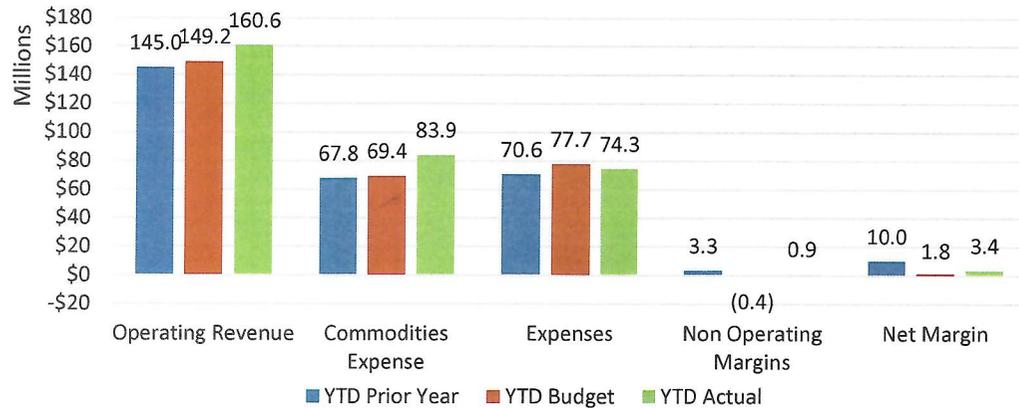


■ Liabilities as a % of Assets
■ Equity as a % of Assets

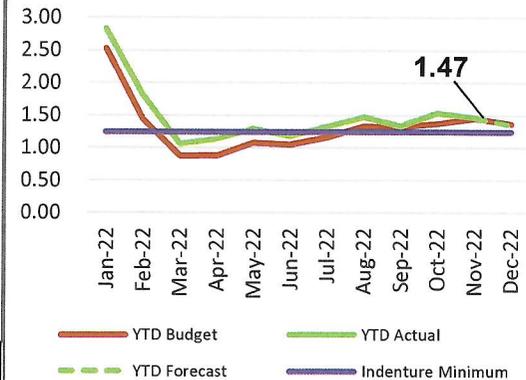
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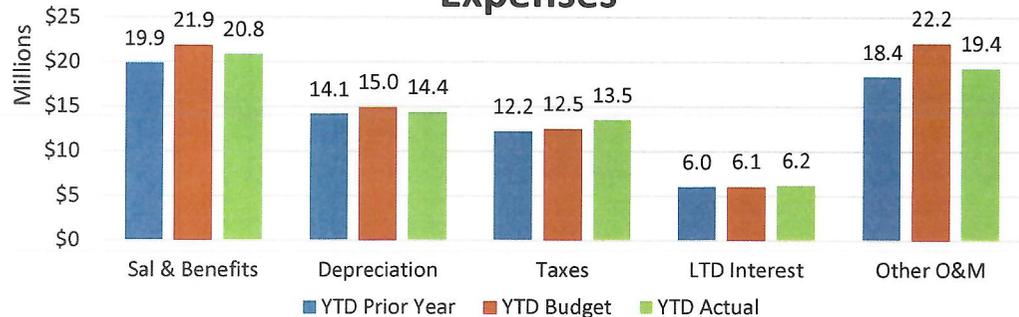
Key Results



DSC



Expenses



Liquidity & Available Funding

| (In Millions) | YTD Actual |
|-------------------------------------|---------------|
| Cash | \$29.7 |
| Short-Term Investments | \$15.0 |
| Cushion of Credit | \$6.2 |
| Total Cash & Investments | \$50.9 |
| Line of Credit Available | \$35.0 |
| Line of Credit Drawn | \$0.0 |

12/14/2022 11:57:47 am

General Ledger Financial And Operating Report Electric Distribution

Page: 1

BALANCE SHEET FOR NOV 2022

| | <u>Last Year</u> | <u>This Year</u> | <u>Variance</u> |
|---|------------------|------------------|-----------------|
| ASSETS AND OTHER DEBITS | | | |
| 1. Total Utility Plant in Service | 653,471,871.20 | 660,808,939.12 | 7,337,067.92 |
| 2. Construction Work in Progress | 11,743,208.99 | 13,058,453.60 | 1,315,244.61 |
| 3. Total Utility Plant (1 + 2) | 665,215,080.19 | 673,867,392.72 | 8,652,312.53 |
| 4. Accum. Provision for Depreciation and Amort. | 348,211,926.40 | 360,838,435.88 | 12,626,509.48 |
| 5. Net Utility Plant (3 - 4) | 317,003,153.79 | 313,028,956.84 | -3,974,196.95 |
| 6. Non-Utility Property (Net) | 0.00 | 0.00 | 0.00 |
| 7. Invest. in Subsidiary Companies | -2,749,076.07 | -1,980,754.27 | 768,321.80 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 1,066,068.88 | 1,180,778.97 | 114,710.09 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 841,300.00 | 831,300.00 | -10,000.00 |
| 10. Invest. in Assoc. Org. - Other - Nongeneral Funds | 0.00 | 0.00 | 0.00 |
| 11. Invest. in Economic Development Projects | 615,000.00 | 977,916.70 | 362,916.70 |
| 12. Other Investments | 0.00 | 0.00 | 0.00 |
| 13. Special Funds | 0.00 | 0.00 | 0.00 |
| 14. Total Other Property & Investments (6 thru 13) | -226,707.19 | 1,009,241.40 | 1,235,948.59 |
| 15. Cash - General Funds | 14,665,313.43 | 5,463,571.14 | -9,201,742.29 |
| 16. Cash - Construction Funds - Trustee | 0.00 | 0.00 | 0.00 |
| 17. Special Deposits | -19,326.79 | -17,784.71 | 1,542.08 |
| 18. Temporary Investments | 19,137,964.33 | 44,943,143.95 | 25,805,179.62 |
| 19. Notes Receivable (Net) | 0.00 | 0.00 | 0.00 |
| 20. Accounts Receivable - Sales of Energy (Net) | 11,112,763.68 | 11,181,952.25 | 69,188.57 |
| 21. Accounts Receivable - Other (Net) | 187,108.52 | 345,906.28 | 158,797.76 |
| 22. Renewable Energy Credits | 0.00 | 0.00 | 0.00 |
| 23. Material and Supplies - Electric & Other | 19,087,377.49 | 21,537,776.99 | 2,450,399.50 |
| 24. Prepayments | 120,389.58 | 1,248,483.41 | 1,128,093.83 |
| 25. Other Current and Accrued Assets | 8,524,241.62 | 9,193,397.32 | 669,155.70 |
| 26. Total Current and Accrued Assets (15 thru 25) | 72,815,831.86 | 93,896,446.63 | 21,080,614.77 |
| 27. Regulatory Assets | 34,081,518.34 | 32,421,774.23 | -1,659,744.11 |
| 28. Other Deferred Debits | 925,034.63 | 876,590.85 | -48,443.78 |
| 29. Total Assets and Other Debits (5 + 14 + 26 thru 28) | 424,598,831.43 | 441,233,009.95 | 16,634,178.52 |

12/14/2022 11:57:47 am

Page: 2

General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR NOV 2022

| | <u>Last Year</u> | <u>This Year</u> | <u>Variance</u> |
|---|------------------|------------------|-----------------|
| LIABILITIES AND OTHER CREDITS | | | |
| 30. Memberships | 581.82 | 596.80 | 14.98 |
| 31. Patronage Capital | 125,263,400.28 | 131,548,981.84 | 6,285,581.56 |
| 32. Operating Margins - Prior Years | 0.00 | 0.00 | 0.00 |
| 33. Operating Margins - Current Year | 8,704,118.76 | 2,797,846.80 | -5,906,271.96 |
| 34. Non-Operating Margins | 0.00 | 0.00 | 0.00 |
| 35. Other Margins and Equities | 17,100,884.28 | 17,138,033.47 | 37,149.19 |
| 36. Total Margins & Equities (30 thru 35) | 151,068,985.14 | 151,485,458.91 | 416,473.77 |
| 37. Long-Term Debt - RUS (Net) | 0.00 | 0.00 | 0.00 |
| 38. Long-Term Debt - FFB - RUS Guaranteed | 109,044,583.88 | 117,886,218.07 | 8,841,634.19 |
| 39. Long-Term Debt - Other - RUS Guaranteed | 0.00 | 0.00 | 0.00 |
| 40. Long-Term Debt - Other (Net) | 134,540,820.46 | 131,538,693.73 | -3,002,126.73 |
| 41. Long-Term Debt - RUS Econ. Devel. (Net) | 0.00 | 0.00 | 0.00 |
| 42. Payments - Unapplied | -15,040,633.68 | -6,211,710.01 | 8,828,923.67 |
| 43. Total Long-Term Debt (37 thru 41 - 42) | 228,544,770.66 | 243,213,201.79 | 14,668,431.13 |
| 44. Obligations Under Capital Leases - Noncurrent | 0.00 | 0.00 | 0.00 |
| 45. Accumulated Operating Provisions | 2,857,799.89 | 2,720,067.68 | -137,732.21 |
| 46. Total Other Noncurrent Liabilities (44 + 45) | 2,857,799.89 | 2,720,067.68 | -137,732.21 |
| 47. Notes Payable | 0.00 | 0.00 | 0.00 |
| 48. Accounts Payable | 5,815,061.68 | 5,625,700.51 | -189,361.17 |
| 49. Consumers Deposits | 1,401,410.92 | 1,271,599.47 | -129,811.45 |
| 50. Current Maturities Long-Term Debt | 12,136,256.48 | 14,422,636.87 | 2,286,380.39 |
| 51. Current Maturities Long-Term Debt - Econ. Devel. | 0.00 | 0.00 | 0.00 |
| 52. Current Maturities Capital Leases | 0.00 | 0.00 | 0.00 |
| 53. Other Current and Accrued Liabilities | 11,371,323.07 | 12,276,343.78 | 905,020.71 |
| 54. Total Current & Accrued Liabilities (47 thru 53) | 30,724,052.15 | 33,596,280.63 | 2,872,228.48 |
| 55. Regulatory Liabilities | 243,487.00 | 0.00 | -243,487.00 |
| 56. Other Deferred Credits | 11,159,736.59 | 10,218,000.94 | -941,735.65 |
| 57. Total Liab. & Other Credits (36+43+46+54 thru 56) | 424,598,831.43 | 441,233,009.95 | 16,634,178.52 |
| Current Assets To Current Liabilities | 2.37 | to 1 | 2.79 to 1 |
| Margins and Equities To Total Assets | 35.58 | % | 34.33 % |
| Long-Term Debt To Total Utility Plant | 34.36 | % | 36.09 % |

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Page: 1

General Ledger

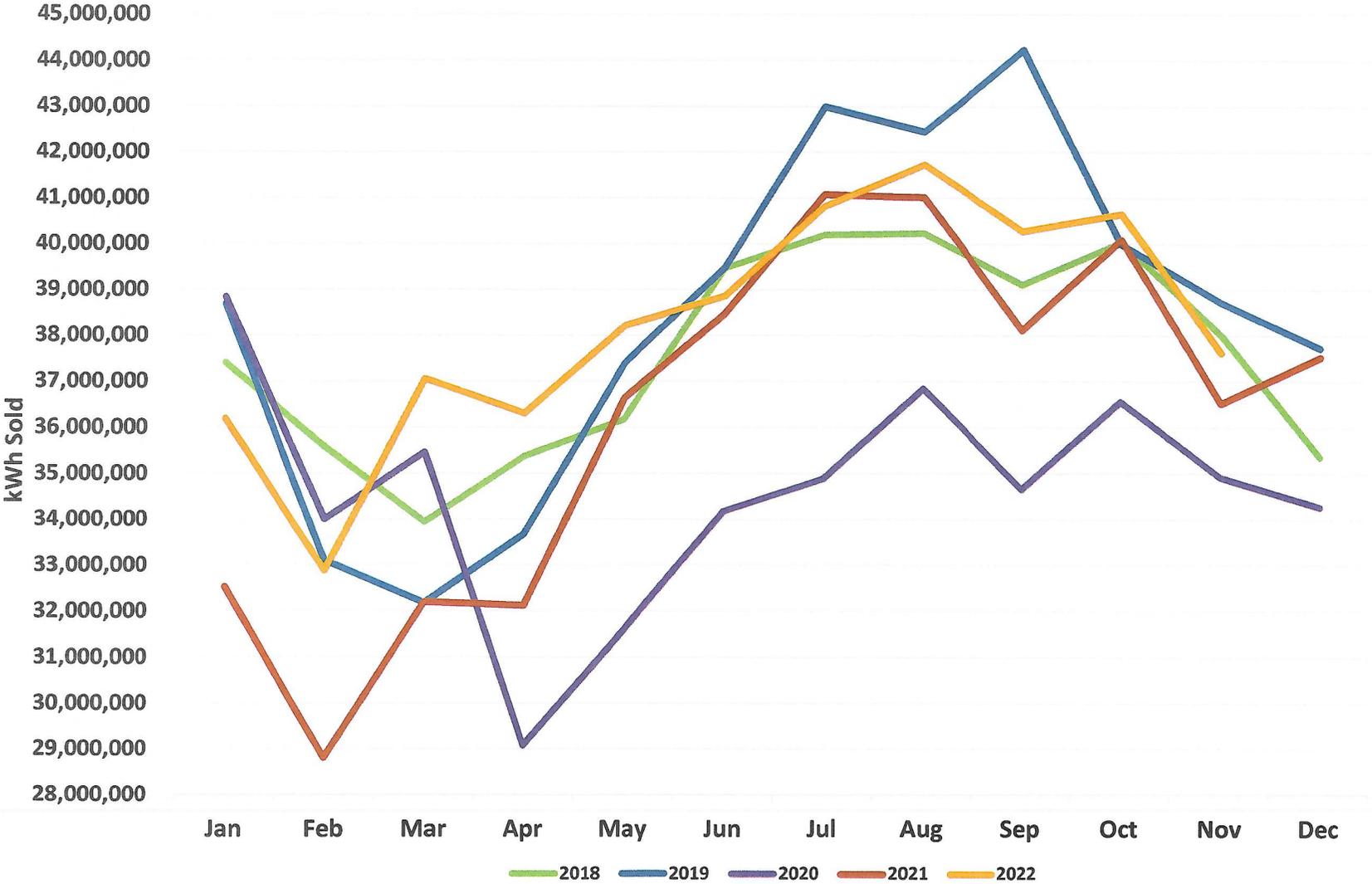
Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR NOV 2022

| Item | -----Year - To - Date----- | | | -----Period - To - Date----- | |
|--|----------------------------|----------------|----------------|------------------------------|---------------|
| | Last Year | This Year | Budget | Current | Budget |
| 1. Operating Revenue and Patronage Capital | 149,949,361.33 | 165,818,432.46 | 153,822,147.00 | 14,772,145.68 | 13,985,566.00 |
| 2. Power Production Expense | 38,338,970.38 | 53,439,056.04 | 40,730,202.00 | 4,828,018.16 | 4,108,190.00 |
| 3. Cost of Purchased Power | 41,481,028.85 | 43,145,728.60 | 42,803,522.00 | 3,339,176.20 | 3,462,183.00 |
| 4. Transmission Expense | 1,274,115.89 | 1,065,676.44 | 1,383,304.00 | 52,893.85 | 121,568.00 |
| 5. Regional Market Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. Distribution Expense - Operation | 1,556,694.23 | 1,725,898.49 | 1,433,837.00 | 147,824.66 | 107,113.00 |
| 7. Distribution Expense - Maintenance | 4,230,378.27 | 4,010,606.73 | 4,583,569.00 | 274,313.05 | 419,365.00 |
| 8. Customer Accounts Expense | 2,012,163.56 | 2,105,427.57 | 2,417,959.00 | 188,116.45 | 221,414.00 |
| 9. Customer Service and Informational Expense | 246,506.48 | 250,579.97 | 502,193.00 | 14,070.60 | 37,906.00 |
| 10. Sales Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 11. Administrative and General Expense | 18,303,749.05 | 19,571,052.20 | 21,130,820.00 | 1,994,255.58 | 1,457,945.00 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 107,443,606.71 | 125,314,026.04 | 114,985,406.00 | 10,838,668.55 | 9,935,684.00 |
| 13. Depreciation & Amortization Expense | 17,216,725.67 | 17,449,641.35 | 18,031,414.00 | 1,575,244.53 | 1,639,219.00 |
| 14. Tax Expense - Property & Gross Receipts | 3,621,863.53 | 4,012,750.12 | 3,730,298.00 | 358,350.26 | 341,308.00 |
| 15. Tax Expense - Other | 8,592,443.43 | 9,512,871.19 | 8,834,872.00 | 851,540.30 | 806,806.00 |
| 16. Interest on Long-Term Debt | 6,594,798.76 | 6,752,578.68 | 6,640,000.00 | 644,555.40 | 619,000.00 |
| 17. Interest Charged to Construction - Credit | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 18. Interest Expense - Other | 0.00 | 0.00 | 163,000.00 | 0.00 | 21,000.00 |
| 19. Other Deductions | 925,685.05 | 957,975.16 | 885,928.00 | 92,597.93 | 79,623.00 |
| 20. Total Cost of Electric Service (12 thru 19) | 144,395,123.15 | 163,999,842.54 | 153,270,918.00 | 14,360,956.97 | 13,442,640.00 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 5,554,238.18 | 1,818,589.92 | 551,229.00 | 411,188.71 | 542,926.00 |
| 22. Non Operating Margins - Interest | 1,271,123.70 | 1,238,477.41 | 809,939.00 | 192,441.22 | 75,972.00 |
| 23. Allowance for Funds Used During Construction | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 24. Income (Loss) from Equity Investments | -1,271,920.64 | -598,166.95 | -1,385,493.00 | -170,310.55 | -192,431.00 |
| 25. Non Operating Margins - Other | 2,942,642.00 | 150,025.50 | 177,353.00 | 16,883.50 | 16,123.00 |
| 26. Generation and Transmission Capital Credits | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 27. Other Capital Credits and Patronage Dividends | 208,035.52 | 188,920.92 | 205,000.00 | 0.00 | 0.00 |
| 28. Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 29. Patronage Capital or Margins (21 thru 28) | 8,704,118.76 | 2,797,846.80 | 358,028.00 | 450,202.88 | 442,590.00 |
| Operating - Margin | 8,704,118.76 | 2,797,846.80 | 358,028.00 | 450,202.88 | 442,590.00 |
| Non Operating - Margin | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Times Interest Earned Ratio - Operating | 1.84 | 1.27 | | | |
| Times Interest Earned Ratio - Net | 2.32 | 1.41 | | | |
| Times Interest Earned Ratio - Modified | 2.29 | 1.39 | | | |

Total kWh Sold

Beginning in 2020 Unbilled Recorded Monthly



Dec excludes Unbilled kWh

Questions?

Report of KIUC Charitable Foundation

To KIUC Board of Directors

12/14/22

The Charitable Foundation Board met on 12/13/22.

The following reports were received:

Treasurer reported income of \$31,223.88, expenses of \$17,327.91, and a balance of \$82,261.22.

Catholic Charities assisted 3 families totaling \$900.00, balance \$2,719.35.

KEO assisted 1 family for \$522.51, with a balance of \$4,460.85

Golf Committee: Golf Tournament revenue totaled \$31,223.88, expenses of \$18,969.44, net income \$12,254.44.

Other Business: Application from Kauai Soto-Zen Temple was denied since KIUC already supported this project.

The first check to the UH Foundation 5 year commitment was authorized and issued.

Mele Kalikimaka me na Hauoli Makahiki Hou!

T. Phil Tacbian, President

On Dec. 14, 2002, the Charitable Foundation made a contribution to the Kapaa Middle School Chorus and Ukulele band Boosters Club, at their Winter Choral & Ukulele Band Concert. There were approximately 200 plus people in attendance.

Pictured: Director Trinette Kauai, Musical Director Mary Lardizabal, School Principal Paul Zina & CF President T. Phil Tacbian.

