

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

Via Video Conference Call

On April 27, 2023

MINUTES

Meeting called to order by Chair Smith at 1:01 p.m.

1. Roll Call

- 1.1. **Directors present:** Directors Allan Smith (Chair), Jan TenBruggencate (Vice Chair), Calvin Murashige (Secretary), Peter Yukimura (Treasurer), Dee Crowell, David Iha, Janet Kass, James Mayfield, Teofilo Tacbian; and David Bissell (CEO).
- 1.2. **Others present:** Stacie Dellamano (CFO), Laurel Loo (General Counsel), Teresa Amoy (Executive Administrator), Beth Amaro (Member Services & Communications Mgr.), Brad Rockwell (COO), Lisa Ubay (Mgr. of HR & Safety), Cameron Kruse (Engineering & Tech. Mgr.), Chris Yuh (Mgr. of Finance, Risk, & Analytics), Daurice Arruda (Accounting Mgr.), Corinne Cuaresma (Controller), Scott Sato (Energy Services Supervisor), Shelsey Francisco (Financial Analyst), Allison Young (Communications & PR Specialist), Shelley Paik (PA Specialist); Members of the press (0) and Members of the public (1)

2. Approval of the Agenda

- 2.1. The Board of Directors' Agenda of April 27, 2023 – no adjustments to the agenda, no action taken.

3. Approval of Minutes

- 3.1. The minutes of March 27, 2023, Regular Board meeting, and the minutes of March 27, 2023 Annual Board meeting were approved as circulated.

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

- 4.1. CEO discussed April's President's Report update (report attached) – no action taken.

5. Financial Report – Stacie Dellamano (CFO)

- 5.1. CFO discussed the Board Financial Report presented and the March 2023 YTD Financial Scorecard (report attached). No action taken.

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

- 6.1. Director Iha provided a brief update on NRECA’s Board of Directors. The NRECA Legislative Conference was held in Washington D.C. from April 16-19, 2023. Cooperative members from across the country gathered and presented their case for reliability, especially for supply chain issues. Director Iha noted that the congressional delegation is always very supportive of KIUC.

7. Charitable Foundation Board – Director Teofilo Tacbian update:

- 7.1. Director Tacbian submitted the Charitable Foundation Board report (attached).
- 7.2. Director Tacbian requested to replace Maile Alfiler as a member of the board who retired last year.
 - 7.2.1. **MOTION** to appoint Erin Tsuda, KIUC Finance Manager, to replace Maile Alfiler on the Charitable Foundation Board.

[Motion: Tacbian] [Second: TenBruggencate]

Discussion: Chair Smith clarified that this appointment would be a KIUC staff position on the Charitable Foundation Board.

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

Motion carried

8. Public Testimony

- 8.1. Chair Smith read one (1) written testimony that was submitted by Marj Dente (testimony attached).

9. New Business

- 9.1. Director Kass introduced *Guidelines for Hiring a New CEO* and explained that the guidelines document is intended to be a much lower level than a policy and not having the force of rule or obligation. Director Kass clarified the reason for the creation was to collect a set of best practices for directors who have never been through this process.

- 9.1.1. **MOTION** to approve the Guidelines for Hiring a New CEO.
No discussion.

[Motion: Kass] [Second: Murashige]

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

Motion carried

9.2. Director Kass introduced *Policy No. 5: Conflicts of Interest*, and explained that the only changes recommended by the policy committee were the formatting style changes; nothing substantive proposed on the change.

9.2.1. **MOTION** to approve the revisions shown on Policy No. 5.
No discussion.

[Motion: Kass] [Second: TenBruggencate]

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

Motion carried

9.3. Director Kass introduced *Policy No. 13: Community and Economic Development*, noting that the policy has been revised to the new formatting style, and nothing substantive in the proposed changes.

9.3.1. **MOTION** to accept the revisions proposed for Policy No. 13, Community and Economic Development.
No discussion.

[Motion: Kass] [Second: Iha]

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

Motion carried

9.4. Director Yukimura introduced *Board Approval Request: GT1 Exciter Replacement*. Staff is estimating additional funds to complete the project by June of this year. Requesting additional funds of \$250,000.

9.4.1. **MOTION** to approve Board Approval Request for GT1 Exciter Replacement.
No discussion.

[Motion: Yukimura] [Second: Mayfield]

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

Motion carried

9.5. Director Yukimura introduced *Board Approval Request: KPS OTSG Tube Replacement*; staff requesting additional funds of \$300,000 for KPS OTSG Tube Replacement. The F&A Committee recommended board approval.

9.5.1. **MOTION** to approve the Board Approval Request for the KPS Tube Replacement.
No discussion.

[Motion: Yukimura] [Second: Mayfield]

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

Motion carried

10. Calendar

- 10.1. **May 16, 2023** – Board Committee Meetings (9:00am, MCR)
- 10.2. **May 23, 2023** – Regular Board Meeting (1:00pm, via Zoom)
- 10.3. **May 24-25, 2023** – 2023 Hawai'i Energy Conference (Maui, HI)

11. Executive Session

11.1. Director TenBruggencate moved to defer the items in the Executive Session, including the minutes to the next board meeting. Director Murashige seconded the motion.

12. Adjournment

12.1. Meeting adjourned at 1:25 p.m.

Calvin Murashige
Calvin Murashige (May 23, 2023 16:44 HST)

Calvin Murashige
Board Secretary

April 27, 2023

David Bissell, President & CEO

PRESIDENT'S REPORT

PRESIDENT'S REPORT

Safety (March)	Month	2023 YTD	2022 YTD
Recordable Incidents	0	0	1
Days Away/Restricted	29	88	39
Availability and Reliability	Month	2023 YTD	2022 YTD
Reportable Outages	5	12	8
Average Outage Hours Per Customer	0.53	1.29	0.33
Efficiency	Month	2023 YTD	
Net Plant Heat Rate	9,051	9,080	
Peak Demand (MW)	75.6	75.6	
Residential Rates			
April 2023	\$0.366/kwh down \$0.001 from March		

UPDATE ITEMS

- West Kaua‘i Energy Project
 - KIUC granted intervention status in lawsuit against DLNR regarding FONSI
- Rate case filed in December
 - One party outside of Consumer Advocate filed to intervene
 - KIUC filed memo in opposition to intervention
- Endangered species
 - Reviewing public and agency comments on Draft HCP
 - Additional Endangered Species Recovery Committee meetings to be scheduled
 - Draft EIS for HCP expected to be published this summer (Federal and State)
 - Attended SOS blessing of new location at Hawaii Agriculture Experiment Station

UPDATE ITEMS- CONTINUED

- North Shore Resiliency Project - Earmark for Battery
 - Kickoff meeting held with Department of Energy project officers
- KIUC rates remain lowest in state - One full year
- Attended NRECA legislative conference in Washington, DC
- Attended Congresswomen Tokuda's townhall meeting on Kauai



LEGISLATIVE UPDATE

Bill Number	Summary	KIUC Position	Current Status
HB195/SB781	Creates expedited process for solar contractors to receive county permits	Offered amendments to ensure an interconnection agreement is completed with the utility	SB781 currently in conference; draft is acceptable to KIUC
HB588/SB839	Creates reliability standards and interconnection requirements for certain renewable projects	KIUC opposes: the bill addresses issues not being experienced on Kauai	Both bills dead
SB1154	Permits wheeling among governmental entities	Suggested member-owned cooperatives be exempted	Bill is dead
HB1151	Lowers the dollar threshold for capital projects that must be submitted to the PUC	Watching with concerns	Did not survive crossover
HB714/SB824	Relating to Mooring Lines	Considering submitting testimony in opposition	HB714 has not been assigned to conference committee

MAHALO!



Kaua'i Island Utility Cooperative

Your Touchstone Energy® Cooperative



Finance Department Board Presentation

April 2023

Finance, Accounting, Regulatory and Warehouse Monthly Summary

Finance and Accounting Update

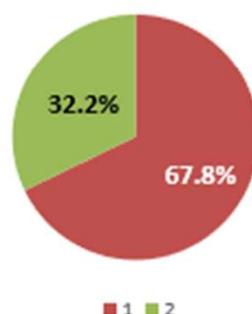
- Financial Results
 - Scorecard
 - Financials
 - Form 7 Financials
- Outstanding Loan Detail Report
- Supplemental Reports
 - Results of Operations (ROO)
 - Month to Date Budget versus Actual for March
 - Year to Date Budget versus Actual for March
 - Forecast for Rest of Year with 3 month actual and Budget Rest of Year
 - Sales Graphs
 - Commodity Graphs
 - A/R Graphs
- Capital Credit Retirement
- Treasury Management Discussion
- **May F&A Committee Meeting**
 - Audit Report – Review
 - RUS Forms
 - Stacie Out

Financial Scorecard - YTD March 2023

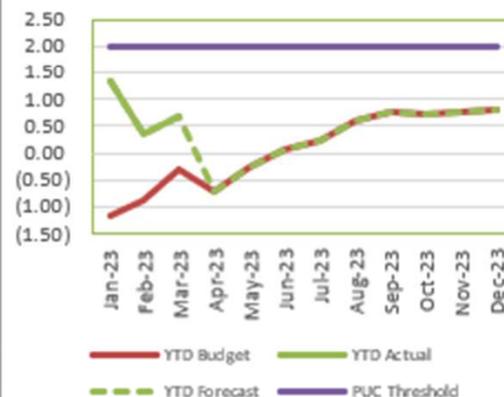
MWh Sales

Class	YTD Prior Year	YTD Actual	Percent Change
Residential (D)	44,415	44,851	↑ 1.0%
Small Comm (G)	14,869	15,081	↑ 1.4%
Large Comm (J)	11,671	12,136	↑ 4.0%
Lrg Pwr Primary (L)	10,167	10,951	↑ 7.7%
Lrg Pwr Secondary (P)	24,234	23,871	↓ -1.5%
Street Lighting (SL)	191	173	↓ -9.4%
Irrigation	588	482	↓ -18.1%
Total	106,135	107,545	↑ 1.3%

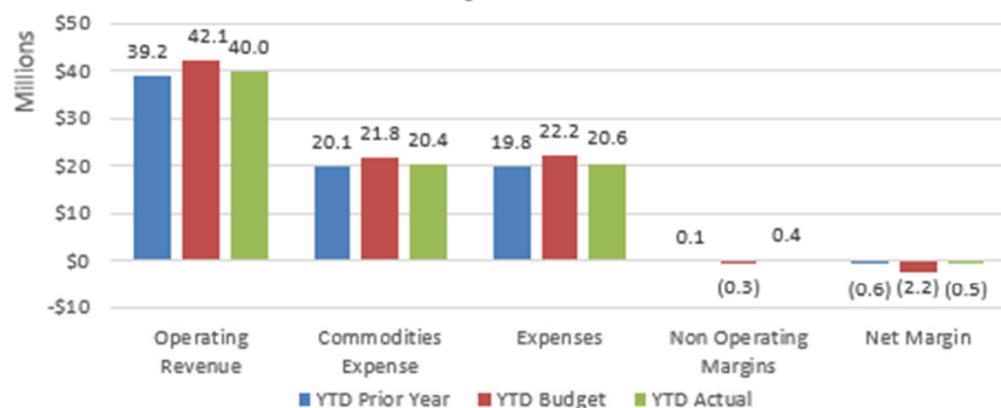
Equity Ratio



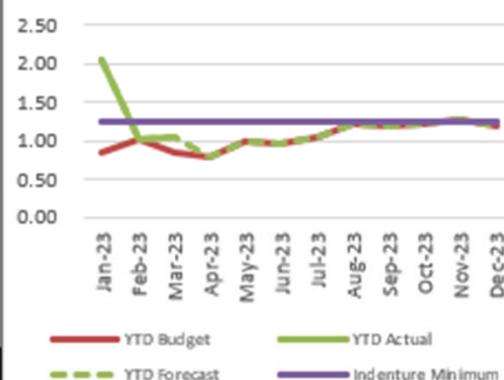
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Key Results



DSC



Expenses



Liquidity & Available Funding

(In Millions)	YTD Actual
Cash	\$0.5
Short-Term Investments	\$35.2
Cushion of Credit	\$3.9
Total Cash & Investment	\$39.6
Line of Credit Available	\$100.0
Line of Credit Drawn	\$0.0

General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR MAR 2023

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	576,701,530.23	597,451,415.76	20,749,885.53
2. Construction Work in Progress	14,057,141.35	13,041,195.32	-1,015,946.03
3. Total Utility Plant (1 + 2)	590,758,671.58	610,492,611.08	19,733,939.50
4. Accum. Provision for Depreciation and Amort.	327,881,428.84	338,981,723.25	11,100,294.41
5. Net Utility Plant (3 - 4)	262,877,242.74	271,510,887.83	8,633,645.09
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	25,652,062.36	23,526,072.16	-2,125,990.20
8. Invest. in Assoc. Org. - Patronage Capital	1,081,142.45	1,169,440.27	88,297.82
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	578,333.34	1,075,935.74	497,602.40
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)	28,152,838.15	26,602,748.17	-1,550,089.98
15. Cash - General Funds	7,907,758.94	1,151,741.06	-6,756,017.88
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	-14,403.46	-10,397.76	4,005.70
18. Temporary Investments	19,139,452.64	40,947,535.52	21,808,082.88
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	9,662,801.84	9,349,891.14	-312,910.70
21. Accounts Receivable - Other (Net)	697,179.12	392,299.89	-304,879.23
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	18,661,844.79	23,236,280.08	4,574,435.29
24. Prepayments	2,218,806.42	1,283,314.79	-935,491.63
25. Other Current and Accrued Assets	8,371,319.28	8,900,461.15	529,141.87
26. Total Current and Accrued Assets (15 thru 25)	66,644,759.57	85,251,125.87	18,606,366.30
27. Regulatory Assets	33,232,166.42	33,620,145.77	387,979.35
28. Other Deferred Debits	-63,532.23	141,535.17	205,067.40
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	390,843,474.65	417,126,442.81	26,282,968.16

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR MAR 2023

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
LIABILITIES AND OTHER CREDITS			
30. Memberships	586.82	600.90	14.08
31. Patronage Capital	133,546,230.49	134,698,703.26	1,152,472.77
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	-644,740.34	-536,674.83	108,065.51
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	188,438.60	67,748.15	-120,690.45
36. Total Margins & Equities (30 thru 35)	133,090,515.57	134,230,377.48	1,139,861.91
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	104,587,029.40	121,834,825.29	17,247,795.89
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	124,071,070.43	123,928,094.72	-142,975.71
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	-10,698,493.90	-3,922,735.34	6,775,758.56
43. Total Long-Term Debt (37 thru 41 - 42)	217,959,605.93	241,840,184.67	23,880,578.74
44. Obligations Under Capital Leases - Noncurrent	0.00	13,583,205.15	13,583,205.15
45. Accumulated Operating Provisions	-275,639.38	-78,278.01	197,361.37
46. Total Other Noncurrent Liabilities (44 + 45)	-275,639.38	13,504,927.14	13,780,566.52
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	5,803,588.89	6,746,638.42	943,049.53
49. Consumers Deposits	1,434,590.88	1,406,409.37	-28,181.51
50. Current Maturities Long-Term Debt	13,911,272.96	0.00	-13,911,272.96
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	7,615,977.57	8,078,481.12	462,503.55
54. Total Current & Accrued Liabilities (47 thru 53)	28,765,430.30	16,231,528.91	-12,533,901.39
55. Regulatory Liabilities	146,067.00	0.00	-146,067.00
56. Other Deferred Credits	11,157,495.23	11,319,424.61	161,929.38
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	390,843,474.65	417,126,442.81	26,282,968.16
Current Assets To Current Liabilities	2.32 to 1	5.25 to 1	
Margins and Equities To Total Assets	34.05 %	32.18 %	
Long-Term Debt To Total Utility Plant	36.89 %	39.61 %	

KAUAI ISLAND UTILITY COOPERATIVE
NOTES, BONDS, AND OTHER INDEBTEDNESS
TEST YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS, EXCEPT PERCENTAGES)

LINE NO.	LENDER	DATE OF NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	LOAN#	ORIGINAL AMOUNT	BALANCE AT 12/31/2022	BALANCE AT 12/31/2023	TY 2023 INTEREST EXPENSE
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
1	CFC	12/17/03	12/18/03	09/30/23	3.69%	HI001-9005	\$8,240	\$412	\$-	\$8
2	CFC	04/30/19	04/30/19	03/31/35	2.55%	HI001-9014-001	103,134	78,215	72,705	1,930
3	CFC	02/08/20	02/25/20	12/31/49	2.76%	HI001-9019B	26,500	24,856	24,227	680
4							<u>137,874</u>	<u>103,483</u>	<u>96,932</u>	<u>2,618</u>
5	FFB	06/01/04	10/19/04	12/31/23	2.84%	B8 - 1-1	8,240	580	-	10
6	FFB	06/01/04	10/19/04	12/31/23	2.57%	B8 - 1-2	8,240	580	-	9
7	FFB	06/01/04	10/19/04	12/31/23	4.43%	B8 - 1-3	16,480	1,298	-	36
8							<u>32,960</u>	<u>2,458</u>	-	<u>55</u>
9	FFB	07/01/11	06/07/12	12/31/42	2.42%	C8#1 - 2-1	8,716	6,523	6,263	155
10	FFB	07/01/11	10/23/12	12/31/42	2.60%	C8#1 - 2-2	1,806	1,210	1,163	31
11	FFB	07/01/01	06/24/13	12/31/42	3.26%	C8#1 - 2-3	9,100	7,028	6,770	225
12	FFB	07/01/11	11/25/13	12/31/42	2.66%	C8#1 - 2-4	2,889	2,007	1,928	52
13	FFB	07/01/11	03/18/14	12/31/42	3.33%	C8#1 - 2-6	5,198	4,091	3,942	134
14	FFB	07/01/11	08/07/14	12/31/42	3.02%	C8#1 - 2-7	5,731	4,510	4,340	134
15	FFB	07/01/11	06/08/15	12/31/42	2.87%	C8#1 - 2-8	4,213	3,339	3,208	87
16	FFB	07/01/11	09/18/15	12/31/42	2.72%	C8#1 - 2-9	748	598	575	16
17	FFB	01/15/15	10/29/15	12/31/42	2.56%	C8#2 - 3-1	6,000	4,801	4,611	121
18	FFB	01/15/15	01/12/16	12/31/42	2.64%	C8#2 - 3-2	35,587	28,723	27,601	744
19							<u>79,588</u>	<u>62,830</u>	<u>60,401</u>	<u>1,699</u>
20	FFB	12/01/17	04/24/18	12/31/51	3.20%	D8 - 4-1	22,192	20,820	20,366	659
21	FFB	12/01/17	10/22/18	12/31/51	3.44%	D8 - 4-2	5,707	5,368	5,256	183
22	FFB	12/01/17	06/06/19	12/31/51	2.58%	D8 - 4-3	4,776	4,448	4,341	113
23	FFB	12/01/17	06/22/20	12/31/51	1.33%	D8 - 4-4	3,992	3,729	3,620	49
24	FFB	12/01/17	10/08/21	12/31/51	2.09%	D8 - 4-5	7,889	7,694	7,494	159
25	FFB	12/01/17	05/19/22	12/31/51	3.24%	D8 - 4-6	3,450	3,415	3,341	109
26	FFB	12/01/17	08/29/22	12/31/51	3.42%	D8 - 4-7	12,706	12,645	12,379	428
27							<u>60,712</u>	<u>58,119</u>	<u>56,797</u>	<u>1,700</u>
28	COBANK	02/08/20	02/22/21	02/20/51	2.90%	00102606 T01	18,119	17,408	17,004	506
29	COBANK	02/08/20	02/10/22	02/10/52	3.33%	00102606 T01-DS	4,900	4,812	4,713	161
30							<u>23,019</u>	<u>22,220</u>	<u>21,717</u>	<u>667</u>
31	TOTAL						\$334,153	\$249,110	\$235,847	\$6,739
32	Adjustment due to Rounding						-	-	-	-9
33	ADJUSTED TOTAL						\$334,153	\$249,110	\$235,847	\$6,730
New Proposed Construction Work Plan Loan Funds Needed							\$ 203,400	\$ 203,400	\$ 203,400	
LOC Available (60M Disaster, CFC \$20, CFC \$5M CoBank \$15M)							\$ 100,000	\$ 100,000	\$ 100,000	
Outstanding Total Loan Balances							<u>\$637,553</u>	<u>\$552,510</u>	<u>\$539,247</u>	
LOC Available Deduct out of Ceiling (60M Disaster, CFC \$20, CoBank \$15M)							\$ (100,000)	\$ (100,000)	\$ (100,000)	
							<u>\$537,553</u>	<u>\$452,510</u>	<u>\$439,247</u>	

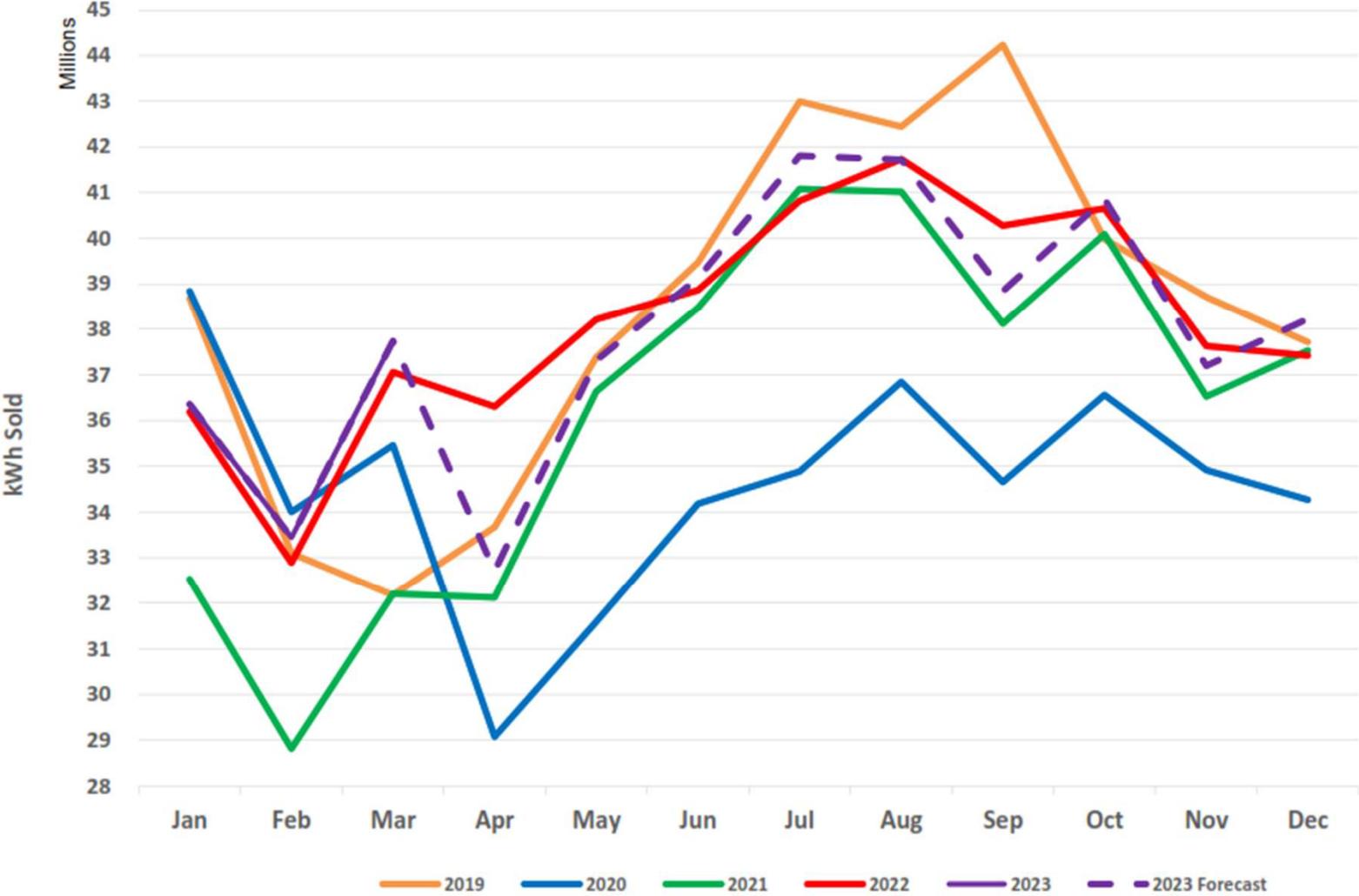
General Ledger Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR MAR 2023

Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	39,190,235.34	40,038,848.07	42,140,798.00	14,430,657.65	14,610,019.00
2. Power Production Expense	11,371,075.51	13,181,405.89	13,638,566.00	4,803,300.87	4,593,934.00
3. Cost of Purchased Power	11,827,576.60	10,490,862.33	11,753,079.00	3,617,855.63	4,114,324.00
4. Transmission Expense	366,213.41	293,029.38	345,466.00	100,809.87	118,549.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	367,656.15	391,436.80	344,395.00	150,783.48	117,290.00
7. Distribution Expense - Maintenance	1,106,801.28	1,370,149.30	1,264,629.00	466,450.20	431,359.00
8. Customer Accounts Expense	556,889.78	589,756.65	685,124.00	233,226.12	230,648.00
9. Customer Service and Informational Expense	65,560.47	63,713.85	127,942.00	28,061.07	79,114.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	5,389,541.44	5,680,882.29	6,521,854.00	2,128,370.95	1,790,044.00
12. Total Operation & Maintenance Expense (2 thru 11)	31,051,314.64	32,061,236.49	34,681,055.00	11,528,858.19	11,475,262.00
13. Depreciation & Amortization Expense	3,931,242.71	3,857,002.21	4,131,751.00	1,287,829.64	1,377,250.00
14. Tax Expense - Property & Gross Receipts	978,976.77	999,932.57	1,053,519.00	360,426.39	365,250.00
15. Tax Expense - Other	2,307,117.78	2,378,132.44	2,486,486.00	862,575.82	861,800.00
16. Interest on Long-Term Debt	1,621,562.75	1,680,088.39	1,677,300.00	560,796.75	559,800.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	34,000.00	0.00	18,000.00
19. Other Deductions	37,909.16	4,591.31	43,415.00	2,099.00	8,080.00
20. Total Cost of Electric Service (12 thru 19)	39,928,123.81	40,980,983.41	44,107,526.00	14,602,585.79	14,665,442.00
21. Patronage Capital & Operating Margins (1 minus 20)	-737,888.47	-942,135.34	-1,966,728.00	-171,928.14	-55,423.00
22. Non Operating Margins - Interest	223,184.30	692,310.42	235,525.00	238,573.13	78,641.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	-169,351.22	-338,587.41	-539,817.00	-84,287.22	-150,972.00
25. Non Operating Margins - Other	39,315.05	51,737.50	47,913.00	14,654.23	15,971.00
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	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)	-644,740.34	-536,674.83	-2,223,107.00	-2,988.00	-111,783.00
Operating - Margin	-644,740.34	-536,674.83	-2,223,107.00	-2,988.00	-111,783.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	0.54	0.44			
Times Interest Earned Ratio - Net	0.60	0.68			
Times Interest Earned Ratio - Modified	0.60	0.68			

Total kWh Sold

Beginning in 2020 Unbilled Recorded Monthly



Capital Credit Refunds

- No Capital Credit Refunds being sent based on 2022 Results
- Refunds historically have been given when TIER is above 2.0 (per PUC D&O)
- TIER for 2022 was 1.43
- 2023 Budget had no Capital Credit Retirement projected from 2022 results - only estate retirements projected in the budget
- From the Bylaws: *(B) Allocations and distribution of net margins shall be made as soon as practicable after the close of each fiscal year and written notice shall be sent to each member showing the total amount of distribution made and the manner of such distribution, showing the exact amount distributed in cash and in credits to the member's patronage capital account. Said notice shall be given not more than eight and one-half months after the close of the fiscal year*
- Letter to Members explaining no capital credit retirement and rate case currently under way.

Questions?

Report of KIUC Charitable Foundation

To KIUC Board of Directors

4/26/2023

The Charitable Foundation Board met on 4/26/23

The following reports were received:

Treasurer reported an ending balance of \$77,947.80.

Catholic Charities no assistance and have a balance \$2,314.88.

KEO assisted 3 households for \$672.52 and have a balance of \$2,614.29.

In the Makana program we have 403 participating and YTD contributed \$1,081.38.

Election of Officers as follows:

President- T. P. Tacbian
Vice President: Kyle Cremer
Secretary: Shelley Paik
Treasurer: Dee Crowell:

Golf Tournament: Nov. 18, 2023

T. Phil Tacbian, President

From: [Marj Dente](#)
To: testimony@kiuc.coop
Cc: [Amaro, Beth](#)
Subject: TESTIMONY FOR APRIL 27, 2023 KIUC BOD MEETING
Date: Tuesday, April 25, 2023 4:46:25 PM

CAUTION: This email originated outside of the KIUC organization. Do not click links, open attachments or respond unless you recognize the sender and know the content is safe. Contact IT for help.

TO: KIUC Board of Directors

At the last Board Meeting on March 27, 2023, I noticed that there was a change in the video camera coverage when individual Board members were speaking. Only a few head images appeared on my screen, making it difficult to see exactly who was speaking and what they were saying as well as not being clearly audible. I am hoping that this situation can be corrected for better visual awareness of reports being given and issues being discussed, and by whom.

Also, I have a suggestion: Before any actual vote is taken on any motion, that a clear description be given, by whomever is making the motion, as to why the motion is being made, considering that motions are framed by Committees in meetings not open to Coop Members.

Also, I suggest that the motion be repeated by the Chair before the actual vote is taken, in order for all Board Members, as well as any listening Members, hear it again. Sometimes there is a lengthy discussion of the issue. I have noticed this has caused some confusion before the vote.

It would also be helpful if Board Members would not be holding their hands in front of their mouths, when speaking.

It is apparent that there are serious challenges facing our Utility, considering economic situations, not only in the USA, but world wide at this time. Discussions at your March 27 meeting indicated to me that you are thoughtfully considering how KIUC could be affected. Thank you for your diligence.

I would appreciate your consideration of my ideas.

Thank You, Marj Dente

360-222-4172

KIUC Guidance Document #1
GUIDELINES FOR HIRING A NEW CEO

Purpose of This Document

The Board is responsible for hiring the CEO. The purpose of this document is to provide guidance and practical advice for the board, when it does need to hire a CEO.

I. When Does the Board Need to Hire a New CEO?

The Board is responsible for hiring and firing of a CEO. The Board becomes involved in the process of choosing an Interim CEO and a new CEO when the existing CEO resigns, becomes incapacitated, or dies, or when the Board determines that the CEO should be replaced.

II. The Interim Process

There may be a period of time when there is no permanent CEO. This would happen when the existing CEO plans to retire, resigns, is terminated, or dies. During this time, the Board likely would appoint an interim CEO ("Interim CEO"). There also may be a need for an Interim CEO if the existing CEO ("Existing CEO") gives notice of his/her intent to leave the job, or the Board informs the CEO that his/her job will be terminated at a specific future date.

A. Managing the Exit of the Existing CEO

If the Existing CEO does not leave the job abruptly, the Board could meet with the Existing CEO and discuss the critical goals and expected deliverables and determine deliverables that the Existing CEO should complete (if possible) prior to his/her exit.

Upon the exit of the Existing CEO, the Board could evaluate the pending critical goals and deliverables to determine the assignment to the Interim CEO or new CEO.

It could be helpful for the Existing CEO to provide the Interim CEO and/or one or two members of senior staff with key information such as the location of key files and documents and the status of key projects and negotiations with stakeholders. The Existing CEO may wish to complete performance reviews of his/her subordinates before he/she leaves.

B. Appointing and Empowering an Interim CEO

KIUC's bylaws or board policies may specify a KIUC officer who becomes the CEO automatically when the CEO is absent. As of March 2023, Board Policy 2, section C.2)

KIUC Guidance Document #1
GUIDELINES FOR HIRING A NEW CEO

says the CEO has the authority to "*Designate an appropriate person to serve as acting CEO in an extended absence of the CEO. If there is no formal delegation of authority in effect and the CEO becomes incapacitated, the Chief Financial Officer shall serve as acting CEO until the Board takes action.*" While this policy provides KIUC with a clear chain of command under both planned and unplanned absences of the Existing CEO, the Board has the prerogative of appointing an Interim CEO. The Board can choose to accept the continuing delegation of authority from the Existing CEO or may choose to appoint a different person as the Interim CEO, until a new CEO is hired.

By default, the Interim CEO has the full powers normally held by the CEO. If the Board wishes to place any restrictions on those powers, it would be helpful to document those restrictions clearly and communicate them to both the Interim CEO and senior staff.

The Board may wish to consider the compensation for the Interim CEO, particularly if the Interim CEO is expected to serve in that role for more than a short period of time.

C. Notifications

The entire Board should be notified immediately upon any event that indicates the likely need for a new CEO -- such as the resignation, death, or serious illness of the existing CEO. It is important to share this information immediately with all Directors, not merely with the officers, or members of the Executive Committee of the Board.

After being notified of the likely need for a new CEO, the Board should determine how and when to notify others of the appointment of an Interim CEO and the planned process for hiring a new CEO. Typically, the Board Chair or some other Director chosen by the Board would notify key members of staff. This chosen Director may also notify certain key stakeholders. The Board may appoint an employee to notify others, including the remainder of the employees, other stakeholders, and the press.

III. Should There Be a Formal CEO Search?

A key question that every board must deal with is whether to hire from within the organization or to look outside of the organization. The Board may decide whether to offer the job to an internal candidate or to engage in a more formal and extended process of searching for a CEO. An appropriate way to making this decision is to hold a robust discussion on the topic, followed by a vote.

KIUC Guidance Document #1
GUIDELINES FOR HIRING A NEW CEO

The remainder of this document assumes the Board has chosen to pursue a formal search process.

IV. Roles in the Hiring Process. The Board may decide who will play the following key roles in the hiring process.

A. Search Manager. The Board may choose a person to lead the day-to-day hiring process. This person likely will be either KIUC'S head of human resources or an external consultant. The Search Manager organizes the entire search and hiring process. Many electric cooperatives choose to use NRECA's Executive Search department. A few other firms specialize in recruiting executives for electric cooperatives or executives for positions in Hawaii.¹

B. Search Committee. The Board may choose to create an ad hoc committee to facilitate the hiring process and to provide guidance and instruction to the Search Manager. Committee members should be willing to commit many hours to the process, usually concentrated in short amount of time, such as a few weeks or months. If the Board chooses not to create an ad hoc committee for this purpose, the entire Board would serve in this role.

1. The responsibilities of the Search Committee could be:
 - a. Working with the Search Manager to guide the process of searching for and hiring a CEO.
 - b. Preparing documents pertaining to the CEO for the Board to approve, including:
 - (i) The job description for the CEO's position -- there may be a short version used for advertising the position and a longer version to be provided to candidates and the new CEO;
 - (ii) Goals for the upcoming year;
 - (iii) Key operational challenges; and
 - (iv) The employment contract.
 - c. Developing a short list of candidates for the Board to consider hiring as CEO.
 - d. Interviewing CEO candidates.
2. The membership of the Search Committee could be comprised of:
 - a. A committee chair who is a Director appointed by and serving at the pleasure of the Board,

¹ As of March 2023, there were several other executive search firms that regularly place electric cooperative executives, including Holmes Executive Search (Ken Holmes retired from NRECA, where he was the lead executive recruiter), Great Coops, and Mycoff Pry Partners. Two prominent executive recruiting firms in Hawaii (which do not specialize in recruiting for electric cooperatives) are Bishop and Company and Inkinen Executive Search.

KIUC Guidance Document #1
GUIDELINES FOR HIRING A NEW CEO

- b. At least one other Director appointed by and serving at the pleasure of the Board, and
- c. The Search Manager
- d. (Optionally) A subject matter expert, who need not be a KIUC employee nor a Director, also be appointed by and serving at the pleasure of the Board.

C. Special Roles for Certain Employees and Directors. A limited number of people may be appointed by the Board or by the Search Committee (if the Board empowers it to do this) to play certain key roles in the hiring process. Such roles could include screening applications, talking on the phone with candidates, interviewing candidates, and participating in onsite tours and interviews with candidates.

D. Orientation Mentor. Towards the end of the hiring process, and before the start date of the new CEO, the Board may choose to appoint an Orientation Mentor to assist the new CEO in taking on his/her new responsibilities.

V. Hiring Process

A. Create or Update Key Documents. The company likely already has a good CEO job description and a set of goals for the CEO for the present year, along with a longer-term strategic plan for the company. These documents could be reconsidered in light of the need to replace the CEO. The documents may be out of date, or they may need to be reevaluated in light of the impending change in CEO. Ideally the entire Board will be involved in this reevaluation. However, if this is not possible due to time constraints, this duty may be delegated to the Search Committee.

As part of the process of updating these documents, the Board may request input from various sources including the executive team, NRECA, and the Search Manager. In addition, the Board could review the status of the most recent Strategic Plan and the results of recent employee / leadership surveys. For example, each member of the executive team could be asked, "What are you looking for in the next CEO?" NRECA could advise the Board on trends concerning the skills and job duties of CEOs of electric cooperatives. Discussions with these people and review of these documents can help the Board get a better understanding of the present environment and needs of the organization, allowing them to do a better job of updating or creating the key documents listed below.

1. Job description. The existing job description could be updated for the present environment and situation. The updated job description could be shared with

KIUC Guidance Document #1
GUIDELINES FOR HIRING A NEW CEO

candidates. It may also be advisable to have a shorter job description for use in advertising the position and a longer job description for use with candidates. The job description would have the desired qualifications to be used in the recruitment announcements and shared with all applicants.

2. **Goals for the CEO.** In light of the upcoming transition in CEOs, the goals for a new CEO may need to change. The Board could review the goals of the CEO and determine the expected deliverables. It is very helpful for the Board to communicate these goals and expected deliverables to the new CEO.
3. **Key Operational Challenges.** Perhaps the most important document for the job search may be one that does not exist at the beginning of the search. The key focus of a new CEO may need to be something that is considerably different from the key focus of the previous CEO. For example, the previous CEO may have completed a key phase in the life of the company (such as addressing key financial challenges), and the company's new challenge may be in a completely different area (such as ensuring employee satisfaction and retention). It behooves the Board or its Search Committee to develop and document a common understanding of the key operational challenges that it wants the new CEO to tackle. The purpose of developing this document is to clarify the unique tasks that the new CEO will need to work on, and to identify the key skills that the new CEO will need to bring to the job.
4. **Develop the Employment Contract.** While non-executive employees are generally hired and fired at will, CEOs usually have a formal employment contract. It is the normal practice of KIUC to have a formal employment contract with its CEO.

The Search Committee likely will want to review the present CEO employment contract. The Search Committee may recommend to the Board the terms of a employment contract with the new CEO. The Board would establish the terms of that contract, along with parameters (such as ranges for the salary and vacation days) that can be used when the Search Manager negotiates the contract with the chosen candidate(s). The Board should expect the terms of employment to be negotiated, not merely accepted by the candidate.

B. Develop a Short List of Candidates.

The Search Manager should propose a search strategy to and obtain approval from the

KIUC Guidance Document #1
GUIDELINES FOR HIRING A NEW CEO

Search Committee, including a timetable. The Search Manager would then implement that strategy, advertising the position, processing applications, responding to questions from candidates, and scheduling meetings. The Search Manager will present information on a collection of candidates to the Search Committee for evaluation. The Search Committee will then develop the short list of candidates to consider. This selection process may involve phone or online screening discussions with candidates by Search Committee. The end result will be a short list of candidates that the Search Committee recommends for interviews, with interviews likely being in person and onsite.

C. Interview Candidates.

Ideally the same people will interview all the candidates and use the same interview questions with all candidates. Typically, the entire Board will interview the candidates.

The interviewing team should classify the candidates into acceptable and not acceptable. For the acceptable candidates, the Board would then rank the candidates in order of preference. Although there may be a clear winner in the eyes of the Board, it is helpful to have a ranking of acceptable candidates since some acceptable candidates may remove themselves from the running for a variety of reasons (insufficient compensation, family ties that prevent them from working or living on Kauai, the high cost of living and shortage of housing on Kauai, etc.).

D. Possible Iteration of Earlier Steps

After the Search Committee reviews the initial candidates, it may recommend repeating some of the earlier steps in the hiring process. With more clarity about what types of candidates are available, the Search Committee or Board may decide to reconsider some or all of the key documents they settled on earlier: job description, key goals, key operational challenges, and/or the terms of employment. Perhaps more candidates need to be found. Perhaps the Board has developed a better idea of what it wants in a new CEO.

E. Making the Offer

After all the candidates have been interviewed, the Board will decide whether to offer the job to any of them, and, if so, to whom. If there is not a suitable candidate, the search for candidates may resume. Alternatively, the hiring process may cause the Board to conclude that it needs to look for a different type of candidate, or that it may

KIUC Guidance Document #1
GUIDELINES FOR HIRING A NEW CEO

need to revise its planned compensation.

In addition to choosing a candidate, the Board will also determine the compensation to be offered to that candidate. The Board will authorize someone (perhaps the Board Chair, a Director, or the Search Manager) to deliver the job offer to the selected candidate. The Board may authorize an individual (perhaps the Board Chair, Vice Chair, or the Search Manager) or group (perhaps the Search Committee or both the Board Chair and Vice Chair) to negotiate the terms of employment with the selected candidate.

VI. Orientation for the New CEO

To improve the probability of a successful hire, it behooves the Board to provide an appropriate amount of attention and guidance to the new CEO. The Board Chair may appoint a Director (who may be the Board Chair) to serve as a temporary mentor for the new CEO. This Director would introduce the CEO to key stakeholders and help the new CEO understand the culture of the company and the environment. This mentor would meet with the new CEO when he/she starts the job, and reasonably frequently thereafter -- perhaps weekly for six weeks. This mentorship is intended to be temporary, and should not usurp the normal ongoing relationship of the Board Chair with the CEO.

It is helpful for the Board to provide more frequent than usual feedback and guidance to the new CEO, rather than waiting to provide feedback during an annual performance review.

~~KAUAI ISLAND UTILITY COOPERATIVE~~
~~BOARD~~ KIUC POLICY NO. 5
~~Reviewed 01/30/2020~~

CONFLICTS OF INTEREST
AND CONDUCT OF INTERESTED PERSONS

PURPOSE OF POLICY:

~~Kauai Island Utility Cooperative~~ (KIUC) has confidence in the loyalty and integrity of all members of its Board ~~of Directors~~ and staff. However, because of the importance of the subjects of conflicts of interest, improper corporate political activity, and internal accounting controls of corporations, the Board ~~of Directors~~ considers it desirable to emphasize the policy of KIUC on these subjects and to publish this statement as a guide for all persons, including directors, officers and other management personnel, who might, by reason of their corporate duties, find themselves in a position where a conflict of interest may exist. This policy applies to the individuals identified in the policy and to any other individual who is provided and required by the Board ~~of Directors~~ to fill out an annual disclosure statement pursuant to this policy. ~~It and~~ is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and cooperative corporations.

POLICY CONTENT:

~~A.~~

I. Definitions

~~1.~~

A. Interested Person. Any director, officer, or member of a committee with board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

~~2.~~

B. Family. The family of any individual shall include his/her spouse, partners in a civil union, domestic partners, reciprocal beneficiaries, children, siblings (whether of the whole or half-blood), grandparents, grandchildren, great grandchildren, and spouses of the same. Adopted children shall be considered the same as children by blood.

~~3.~~

C. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or Family:

~~a.~~

~~1.~~ an ownership or investment interest in any entity with which KIUC has a business transaction or arrangement, or;

~~b.~~

~~2.~~ a compensation arrangement with ~~KIUC~~ ~~the Corporation~~ or with any entity or individual with which KIUC has a business transaction or arrangement, or;

~~c.~~

a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which KIUC is negotiating a business transaction or arrangement.

3. Compensation includes direct or indirect remuneration as well as gifts or favors that are substantial in nature.

~~B.~~

D. Procedures.

1.

1. **Duty to Disclose.** In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence and nature of his/her financial interest to the Directors and members of committees with board-delegated powers considering the proposed business transaction or arrangement.

2.

2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after discussion with the Interested Person, the Interested Person shall leave the Board or committee meeting at which the financial interest is discussed and voted upon. The remaining Directors~~Board~~ or committee members shall decide if a conflict of interest exists.

3.

3. **Procedures for Addressing the Conflict of Interest.**

a.

a. An Interested Person may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.

b.

b. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c.

c. After exercising due diligence, the Board or committee shall determine whether KIUC can obtain a more advantageous business transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

d.

d. If a more advantageous business transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in KIUC's best interest and for its own benefit and whether the transaction is fair and reasonable to KIUC and shall

make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

~~4.~~

4. **Violations of the Conflicts of Interest Policy.**

~~a.~~

a. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

~~b.~~

b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary or corrective action.

~~5.~~

5. **General Conduct of Interested Persons.**

~~a.~~

a. **Confidential Information.**- Confidential information pertaining to KIUC must be held in strictest confidence and may not be used as a basis for personal gain or advantage by an Interested Person, the Interested Person's Family, or others. Financial or other corporate information is not to be released to any person unless it has been published or otherwise made generally available to the public in accordance with applicable disclosure regulations, except as specifically approved by the Board of Directors.

~~b.~~

b. **Real Estate/Security Interests.** Each Interested Person shall refrain from knowingly buying or selling, for his or her own account or the account of a member of his or her Family, any real estate, chattel, security or other interest which KIUC may be considering buying or selling, or has decided to buy or sell, until the decision by KIUC has been completely executed. Each Interested Person will also refrain from transmitting any knowledge of such consideration or decision or any other information which might be prejudicial to the interest of KIUC to any person other than in connection with the discharge of his/her corporate responsibilities.

~~c.~~

c. **Third Parties.**- Each Interested Person shall refrain from knowingly entering into any contract, agreement or transaction with a third party on behalf of KIUC which involves an improper or illegal advantage or disadvantage to such third party or to any competitor of such third party.

~~d.~~

d. **Gratuities.** - Each Interested Person must avoid placing himself or herself under actual or apparent obligation to anyone by accepting, or permitting his/her Family to accept gifts or other favors where it might appear that they were given for the purpose of improperly influencing the Interested Person in the performance of his or her corporate duties. Interested Persons shall not accept any items of nominal or minor value, including but not limited to, any singular gift meal, entertainment or service, in excess of a \$100 value or repeated gifts of lesser value, except where there is a business reason and prior approval is granted by the Board ~~of Directors~~.

~~e.~~

e. **Outside Activities.** - Each Interested Person shall avoid outside employment or activities which take away time and attention required by his or her corporate duties, or involve obligations which may in any way compete or conflict with the interest of KIUC, unless approved in advance by the Board ~~of Directors~~.

~~c.~~

Records of Proceedings

E. ~~_____~~. The minutes of the Board ~~of Directors~~ and all committees with board-delegated powers shall contain:

~~1.~~

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed; and

~~2.~~

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

~~D.~~

Annual Statements

F. ~~_____~~. Every year at the Annual Meeting of KIUC's Board ~~of Directors~~ as specified in Article III, Section 6, of the ~~KIUC~~ Bylaws (or the Bylaws' successor provision), each ~~d~~Director, officer and member of a committee with board-delegated powers shall sign a statement, in the form attached hereto and incorporated herein as Exhibit "A", which affirms that such person:

~~1.~~

1. Has received a copy of the conflicts of interest policy,

~~2.~~

2. Has read and understands the policy, and;

~~3.~~

3. _____ Has agreed to comply with the policy.

Reviewed on this 30th day of January, 2020

Calvin Murashige
Secretary

Adopted on this XX day of _____ 2023.

Calvin Murashige
Secretary

Reviewed:

Reviewed: 01/30/2020

Reviewed: 01/30/2018

Reviewed: 01/26/2016

Reviewed: 02/25/2014

-Revised: 05/31/2011

Revised: 02/22/2011

Reviewed: 02/19/2008

Original Adoption: 04/12/2000

|

EXHIBIT "A"

CONFLICTS OF INTEREST STATEMENT

I, _____, do hereby affirm as follows:
- PRINT NAME

1. _____ I am an officer or a member of the Board ~~of Directors~~ or of a committee with board-delegated powers for Kauai Island Utility Co-op ("KIUC");
2. _____ I have received a copy of KIUC's Board Policy No. 5 on Conflicts of Interest and Conduct of Interested Persons (the "Policy");
3. _____ I have read and understood the Policy;
4. _____ Unless otherwise indicated below and to the best of my knowledge, I am in full compliance with the Policy as of the latest date indicated below and agree to continue to comply with the Policy;
5. _____ The following is a list of my business interest(s) and other organization(s) with which either I or my Family (as such term is defined in the Policy) is financially involved in any manner:

Name of Organization	Name of Interested Person or Family Member	Nature of Involvement

_____ Executed this _____ day of _____, 20____.

Name:
Title:

Address:_____

|

|

~~KAUA'I ISLAND UTILITY COOPERATIVE~~
~~BOARD~~ KIUC POLICY NO. 13
~~(Reviewed 02/27/2020)~~

COMMUNITY AND ECONOMIC DEVELOPMENT

PURPOSE OF POLICY:

It shall be the policy of ~~Kaua'i Island Utility Cooperative~~ ("KIUC") to foster and participate in the community and economic development of the County of Kaua'i. To further that policy, it is necessary to provide consistent guidelines for application of KIUC's community and economic development programs.

POLICY CONTENT:

~~I.~~ ~~A.~~ **Objectives**

~~I.~~

~~The objectives of KIUC's~~ ~~C~~community and ~~E~~conomic ~~D~~development ~~p~~Policy are:

~~A.~~ ~~1.~~ To participate in community and economic development efforts by:

~~A.~~

- ~~1.~~ Creating and retaining jobs
- ~~2.~~ Diversification of the economy
- ~~3.~~ Improving the skills of the workforce
- ~~4.~~ Upgrading the public infrastructure

~~a.~~ ~~Creating and retaining jobs~~

~~b.~~ ~~Diversification of the economy~~

~~c.~~ ~~Improving the skills of the workforce~~

~~d.~~ ~~Upgrading the public infrastructure~~

~~B.~~ ~~2.~~ To keep members, employees, and the general public informed about ~~KIUC~~the Cooperative's community and economic development activities.

~~B.~~

~~C. 3.~~ To encourage local community involvement in community and economic development activities.

~~C.~~

~~D. 4.~~ To enhance the quality of life in KIUC's service areas through community development.

~~D.~~

~~E. 5.~~ To enlist the partnership of federal, state, local, public and private organizations in KIUC's community and economic development efforts. These organizations include: the USDA Rural Utility Services (RUS) and Rural Development; National Rural Electric Cooperative Association (NRECA); National Rural Economic Development Association (NREDA); and other federal, state, local, public and private organizations.

~~II. B.~~ Policy

It is the ~~C~~community and ~~E~~conomic ~~D~~development ~~P~~policy of KIUC to:

~~A. 1.~~ Provide loans via the Rural Economic Development Loan and Grant Program (REDLG) to promote rural economic development and/or job creation projects, including, but not limited to, project feasibility studies, start-up costs, business incubator projects, and other reasonable expenses for the purpose of fostering rural economic development.

~~A.~~

~~B. 2.~~ Use the following criteria for its participation in community and economic development projects:

~~B.~~

1. Be the provider of electric service to all of its economic development projects and community development projects requiring electric service within its service area.

2. Require sufficient supporting documentation to determine the overall feasibility of a particular community development or economic development project.

3. Require all projects to have the support of the local community. KIUC's financial participation should not exceed that of the local community.

C. The Board shall approve the financial participation of KIUC in any of the economic development programs.

- ~~1. a. Be the provider of electric service to all of its economic development projects and community development projects requiring electric service within its service area.~~
- ~~2. b. Require sufficient supporting documentation to determine the overall feasibility of a particular community development or economic development project.~~
- ~~3. c. Require all projects to have the support of the local community. KIUC's financial participation should not exceed that of the local community.~~

RESPONSIBILITIES:Responsibilities

~~A. The Board of Directors is responsible for the approval and periodic review of this policy. The Board of Directors shall approve the financial participation of KIUC in any of the economic development programs.~~

~~C. The President and CEO is responsible for the administration of this policy and for recommending to the Board of Directors any changes or additions to this policy. The policy is meant to provide guidelines for management to use when negotiating KIUC's participation in community and economic development projects prior to bringing the proposed project to the Board for its approval.~~

Adopted on this XX day of _____, 2023.

Calvin Murashige
Secretary

Revised:
Reviewed: 02/27/2020
Reviewed: 02/20/2018
Reviewed: 03/22/2016
Reviewed: 04/29/2014
Revised: 10/25/2011
Revised: 05/27/2008
Original Adoption: 07/28/2004

Adopted on this 27th day of February, 2020.

Calvin Murashige, Secretary

Reviewed: 02/27/2020

Reviewed: 02/20/2018

Reviewed: 03/22/2016

Reviewed: 04/29/2014

~~Revised: 10/25/2011~~

Revised: 05/27/2008

Original 07/28/2004

Adoption:

BOARD APPROVAL REQUEST FORM

Requestor

Department **Production**

Date **4/10/2023**

Name Byron Blanchard

Title: ICE Superintendent

Program/Project Name **GT1 Exciter Replacement (211202G)**

Project Dates (if any) 11/1/2021

Deadline(s) 6/30/2023

Description of Request (attach documentation if needed)

Originally budgeted in 2021 for \$300k. Life-to-date (2021 & 2022) spending is \$198k. The project had a planned completion date of 12/2022 but was postponed due to operational needs. We are now estimating an additional \$148k to complete the project by June 2023, which includes the extra cost using contractors versus in house labor to finish.

Financial Impact

Fiscal Year: 2023

Budgeted? _____ Unbudgeted? X

O&M _____ Capital X (if NEW, attach Capital Justification Sht)

Original Budget Amt \$ _____ -

Additional/Change \$ **250,000**

Revised Budget Amt \$ 250,000

Required (Initials)

CEO Review: DB

Committee Referral/Action

Committee F&A

Meeting Date: 4/13/2023

Committee Recommendations: _____

Cmte Chairperson Presiding: Peter Yukimura

Board Action

Board Workshop _____

Wrkshp Date: _____

Board Meeting Date 4/27/2023

Action Taken: _____

1st/2nd: _____

Other Info: _____

Res No. _____

File Date & Location _____

BOARD APPROVAL REQUEST FORM

Requestor

Department **Production**

Date **4/12/2023**

Name **Brooks Braun**

Title: **Plant Manager - KPS**

Program/Project Name **KPS OTSG Tube Replacement (231202R)**

Project Dates (if any) **01/01/2023 - 12/31/2023**

Deadline(s) **12/31/2023**

Description of Request (attach documentation if needed)

Maintaining optimal steam production through OTSG ensures best plant performance and heat rate. Steam is also necessary to effectively control NOx emissions and compliance with the plant's Covered Source Permit.

Presently, severe warping and material stress will result in eventual catastrophic failure which impacts reliability and efficiency of boiler. In order to prevent loss of power production and ensure continuous, safe operation of the boiler, periodic repairs and maintenance are required. Last renovation was done in 2010 & 2022.

Increased budget costs due to inflationary pressure in labor resources, supply availability, and material cost increases. Increased scaffolding services needed for project. Also, OEM being required to partner/use HI state licensed boiler contractor for allowable repair work. Additionally, approving extended OT hours and increased labor resources to shorten repair work time for fuel cost economic and adequacy of supply needs.

Financial Impact

Fiscal Year: **2023**

Budgeted? Unbudgeted?

O&M Capital (if NEW, attach Capital Justification Sht)

Original Budget Amt \$ **1,050,000**

Additional/Change \$ **300,000**

Revised Budget Amt \$ **1,350,000**

Required (Initials)

CEO Review: **DB**

Committee Referral/Action

Committee **F&A**

Meeting Date: _____

Committee Recommendations: _____

Cmte Chairperson Presiding: **Peter Yukimura**

Board Action

Board Workshop _____

Wrkshp Date: _____

Board Meeting Date **4/27/2023**

Action Taken: _____

1st/2nd: _____

Other Info: _____

Res No. _____

File Date & Location _____