

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

Via Video Conference Call

On September 21, 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 Tachian; 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.), Chris Yuh (Mgr. of Finance, Risk & Analytics), Daurice Arruda (Accounting Mgr.), Erin Tsuda (Finance Mgr.), Corinne Cuaresma (Controller), Scott Sato (Energy Services Supervisor), Allison Young (Communications & PR Specialist), Shelley Paik (PA Specialist), Shelsey Francisco (Financial Analyst), Jordan Inafuku, Esq.; Members of the press (0) and Member of the public (1)
- 1.3. **Absent/Excused:** None

2. Approval of the Agenda

- 2.1. The Board of Directors' Agenda of September 21, 2023, was approved as circulated with no adjustments made.

3. Approval of Minutes

- 3.1. The minutes of August 24, 2023, Regular Board meeting were approved as circulated.

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

- 4.1. CEO discussed September's President's Report (report attached). No action taken.

5. Financial Report – Stacie Dellamano (CFO)

- 5.1. CFO discussed finance and accounting updates and summarized the Board Financial Report submitted to the Board of Directors (report attached). Supplemental financial information report included the Results of Operation (ROO), KIUC Key Performance Indicators for August 2023, Fuel/Commodities Cost, Fuel Oil Cost, Total kWh Sold, AR Reports, and Past Due Account information. No action taken.

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

6.1. Director Iha provided a brief update on NRECA's first fall meeting for the NRECA Board of Directors. Director Iha noted NRECA ranks at the top among trade associations annually regarding effectiveness in Washington D.C., noting that Jim Matheson states it's due to NRECA's lobbying efforts driven by members and its representation during the legislative conference. Agencies such as FERC have reached out to NRECA for their comments and issues they are facing. One of the speakers was Jim Matheson's counterpart, on the IOU side, from Edison Electric Institute, which represents the for-profit electric companies. He praised NRECA for the fact that NRECA has the best lobbying efforts in congress. The last speaker was the Chairman of the House Agriculture Committee that's working on the New Farm Bill and was very positive about NRECA.

7. Charitable Foundation Board – Director Teofilo Tacbian update:

7.1. Charitable Foundation Board met on September 12, 2023 (report attached). Golf Tournament will be held on November 18, 2023. As of last Tuesday, 16 teams signed up.

8. Public Testimony

8.1. No public testimony.

9. New Business

9.1. Policy 2 Authority and Responsibility of the Chief Executive Officer

- The proposed draft policy includes formatting edits only, with no substantial changes proposed.
- **MOTION** to approve the adoption of the proposed changes to Policy 2.
[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

9.2. Obsolete production materials for write-off out of inventory BAR Form

- The Finance and Accounting Department has requested the board approve a budget variance of \$400,000 to expense the write-off of obsolete inventory. Some of the inventory is very old and is part of the warehouse cleanup effort in which some materials are unusable and unsalvageable.
- **MOTION** to approve the request.
[Motion: Yukimura] [Second: Kass]

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

Motion carried

9.3. **NRECA International Program Contribution - \$5,000**

- The International Committee met this past month and reviewed its budget. In the past, the committee has contributed \$5,000 towards the NRECA International Program and would like to continue to contribute to NRECA International. In addition, Director Iha noted that NRECA has done a tremendous job providing electricity around the world, and this contribution will help with that cause.
- **MOTION** to approve the \$5,000 contribution.
[Motion: Iha] [Second: Crowell]

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. **Election of Nominating Committee Chair for 2024 Director Elections**

- The Nominating Committee Chair takes care of KIUC’s annual elections. Directors that are running in the next election are excluded from chairing the committee.
- Director Dee Crowell was recommended for the Nominating Committee Chair.
- **MOTION** to approve Director Dee Crowell as the Nominating Committee Chair.
[Motion: TenBruggencate] [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. **Resolution of Condolences for Dennis Esaki, Founding Board Member**

- **MOTION** to approve a Resolution of Condolence for the Esaki family and to present the resolution at the memorial service on September 30th.
- **Discussion:** The resolution will note the services the person has performed, provide the organizations’ appreciation for the service to the organization, and extend its condolences to the spouse and/or family members. The Board Chair confirmed with General Counsel in drafting the resolution. Presenting the resolution will be the Vice Chair and the CEO. The memorial will start at 2PM on Saturday, September 30th.
[Motion: Tacbian] [Second: Kass]

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

10. Calendar

- 10.1. **October 9, 2023** – HOLIDAY (KIUC Offices Closed)
- 10.2. **October 10, 2023** – NRECA Federal Funding Opportunities Webinar Series (8:00am)
- 10.3. **October 17, 2023** – Board Committee Meetings (9:00am, MCR)
- 10.4. **October 26, 2023** – Regular Board Meeting (1:00pm, via Zoom)
- 10.5. **October 26, 2023** – Election of State Director for NRECA (1:00pm, via Zoom)

11. **Executive Session** – No executive session.

12. Adjournment

- 12.1. Meeting adjourned at 1:29 p.m.


Calvin Murashige (Oct 26, 2023 1:18 HST)

Calvin Murashige
Board Secretary

September 21, 2023

David Bissell, President & CEO

PRESIDENT'S REPORT

PRESIDENT'S REPORT

Safety (August)	Month	2023 YTD	2022 YTD
Recordable Incidents	0	1	2
Availability and Reliability	Month	2023 YTD	2022 YTD
Reportable Outages	4	28	17
Average Outage Hours Per Customer	0.59	2.79	1.24
Efficiency	Month	2023 YTD	
Net Plant Heat Rate	9,059	9,035	
Peak Demand (MW)	79.17	79.17	
Residential Rates			
September 2023	\$0.356/kwh up \$0.019 from August		

UPDATE ITEMS

- KIUC rates
 - Continue to be lowest in state
 - Increased oil prices have pushed rates higher by 5.5% for month
 - Diesel +26%, Naphtha +17% for month
 - Renewable Energy 55%
- Rate case
 - Consumer Advocate's Direct Testimony Filed
 - PUC approved extension request for KIUC's Rebuttal Testimonies until October 5
 - Interim (or potentially final) rate decision November 27
- Wildfire related
 - Red Flag response August 30th

GRANT ACTIVITY

- Empowering Rural America (New ERA, RUS \$9.7 billion)
 - 2 potential PV projects submitted
 - 25% Grant
 - Would offset PPA pricing if awarded
- DOE 100% Energy Improvement in Rural Areas (ERA)
 - 3 grant requests totaling \$11.7 million
 - Not awarded to KIUC
 - Projects remain in other grant applications

WEST KAUAI ENERGY PROJECT

- Earthjustice challenge of FONSI from DLNR
 - Discovery process continues
 - Mediation efforts also ongoing
 - Resultant delays to project timeline becoming increasingly challenging
 - Most optimistic in-service date now end of 2027

MAHALO!



Kaua'i Island Utility Cooperative

Your Touchstone Energy[®] Cooperative



Board Presentation

September 2023

Finance, Accounting, Regulatory and Warehouse Monthly Summary

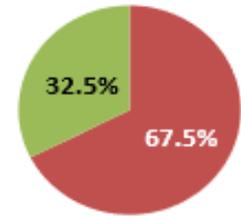
Finance and Accounting Update

- Scorecard
- Financial Results
 - Balance Sheet (Form 7 Reporting)
 - Income Statement (Form 7 Reporting)
- Outstanding Loan Detail Report
- A/R Reports
- Total kWh Sold Report
- Treasury Management Monthly Discussion
- Warehouse Update – Presentation
 - BAR Request

MWh Sales

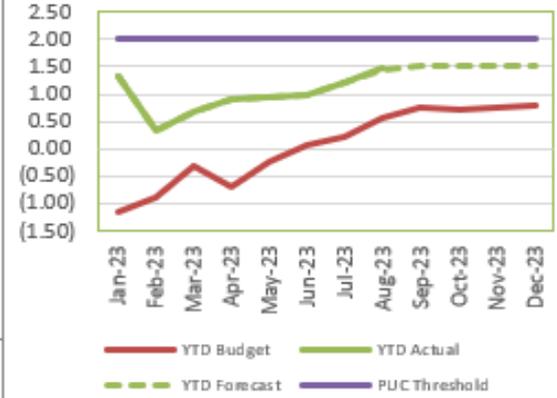
Class	YTD Prior Year	YTD Actual		Percent Change
Residential (D)	126,460	126,873	↑	0.3%
Small Comm (G)	42,550	43,061	↑	1.2%
Large Comm (J)	33,614	34,200	↑	1.7%
Lrg Pwr Primary (L)	28,924	31,753	↑	9.8%
Lrg Pwr Secondary (P)	68,443	68,073	↓	-0.5%
Street Lighting (SL)	503	463	↓	-8.1%
Irrigation	1,578	728	↓	-53.8%
Total	302,072	305,152	↑	1.0%

Equity Ratio

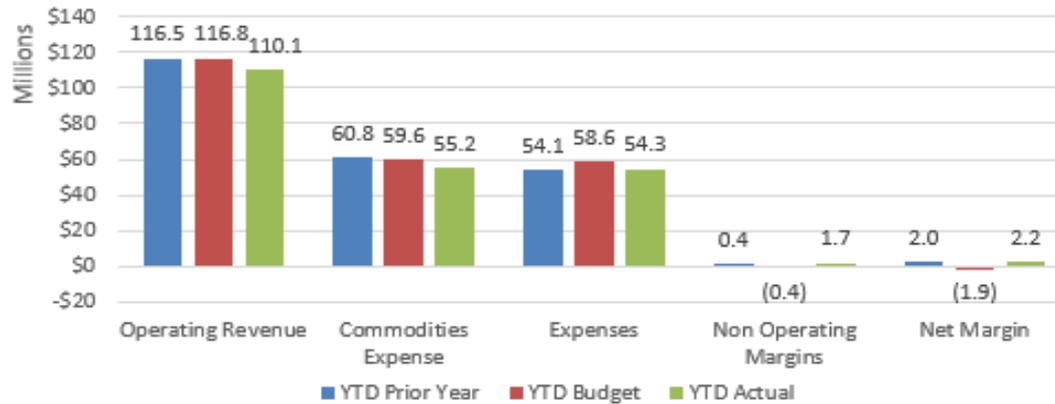


■ Liabilities as a % of Assets
■ Equity as a % of Assets

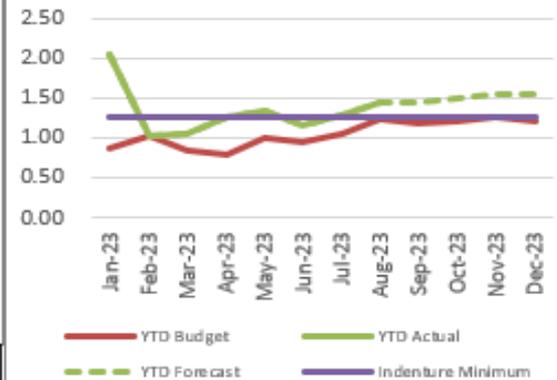
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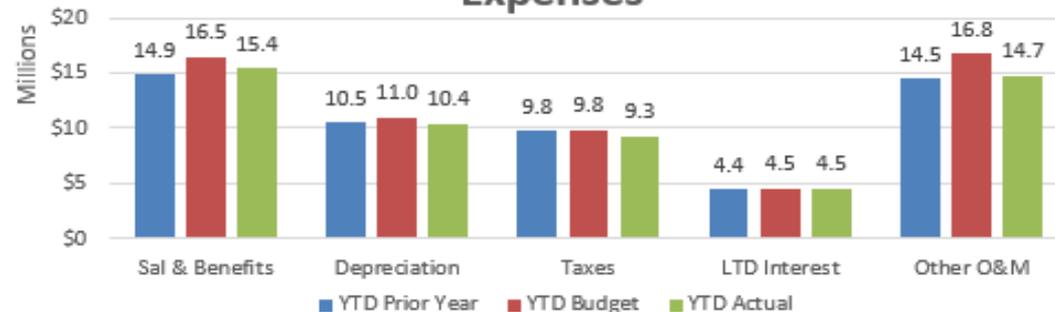
Key Results



DSC



Expenses



Liquidity & Available Funding

(In Millions)	YTD Actual
Cash	\$0.2
Short-Term Investments	\$42.2
Cushion of Credit	\$1.6
Total Cash & Investments	\$44.0
Line of Credit Available	\$100.0
Line of Credit Drawn	\$0.0

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR AUG 2023

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	578,650,912.98	606,122,592.42	27,471,679.44
2. Construction Work in Progress	16,669,736.16	9,694,629.15	-6,975,107.01
3. Total Utility Plant (1 + 2)	595,320,649.14	615,817,221.57	20,496,572.43
4. Accum. Provision for Depreciation and Amort.	333,179,094.09	343,407,293.83	10,228,199.74
5. Net Utility Plant (3 - 4)	262,141,555.05	272,409,927.74	10,268,372.69
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	25,172,954.99	22,958,828.01	-2,214,126.98
8. Invest. in Assoc. Org. - Patronage Capital	1,067,159.46	1,349,495.59	282,336.13
9. Invest. in Assoc. Org. - Other - General Funds	831,300.00	831,300.00	0.00
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	0.00	0.00
11. Invest. in Economic Development Projects	524,166.69	1,018,822.03	494,655.34
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)	27,595,581.14	26,158,445.63	-1,437,135.51
15. Cash - General Funds	1,623,247.84	1,292,399.56	-330,848.28
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	-14,172.61	-5,509.76	8,662.85
18. Temporary Investments	39,635,949.40	42,592,922.23	2,956,972.83
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	10,941,075.58	9,742,567.85	-1,198,507.73
21. Accounts Receivable - Other (Net)	383,580.31	629,330.70	245,750.39
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	20,857,058.76	21,992,284.42	1,135,225.66
24. Prepayments	1,604,323.39	2,388,941.10	784,617.71
25. Other Current and Accrued Assets	9,886,744.79	9,069,657.45	-817,087.34
26. Total Current and Accrued Assets (15 thru 25)	84,917,807.46	87,702,593.55	2,784,786.09
27. Regulatory Assets	33,496,270.79	34,708,670.37	1,212,399.58
28. Other Deferred Debits	-327,655.46	127,830.09	455,485.55
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	407,823,558.98	421,107,467.38	13,283,908.40

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR AUG 2023

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
30. Memberships	593.54	606.06	12.52
31. Patronage Capital	131,561,078.16	134,494,840.78	2,933,762.62
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	1,962,176.05	2,204,783.73	242,607.68
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	268,145.47	132,734.28	-135,411.19
36. Total Margins & Equities (30 thru 35)	133,791,993.22	136,832,964.85	3,040,971.63
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	119,324,718.94	120,289,229.62	964,510.68
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	121,349,628.33	121,133,176.65	-216,451.68
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	-8,491,695.13	-1,557,580.18	6,934,114.95
43. Total Long-Term Debt (37 thru 41 - 42)	232,182,652.14	239,864,826.09	7,682,173.95
44. Obligations Under Capital Leases - Noncurrent	0.00	13,583,205.15	13,583,205.15
45. Accumulated Operating Provisions	-156,577.80	83,514.29	240,092.09
46. Total Other Noncurrent Liabilities (44 + 45)	-156,577.80	13,666,719.44	13,823,297.24
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	5,970,331.87	5,819,079.54	-151,252.33
49. Consumers Deposits	1,114,941.92	1,503,358.59	388,416.67
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	10,750,439.68	10,893,872.28	143,432.60
54. Total Current & Accrued Liabilities (47 thru 53)	31,746,986.43	18,216,310.41	-13,530,676.02
55. Regulatory Liabilities	24,292.00	0.00	-24,292.00
56. Other Deferred Credits	10,234,212.99	12,526,646.59	2,292,433.60
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	407,823,558.98	421,107,467.38	13,283,908.40
Current Assets To Current Liabilities	2.67 to 1	4.81 to 1	
Margins and Equities To Total Assets	32.81 %	32.49 %	
Long-Term Debt To Total Utility Plant	39.00 %	38.95 %	

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

LINE NO.	LENDER (A)	DATE OF NOTE (B)	DATE OF ISSUE (C)	DATE OF MATURITY (D)	INTEREST RATE (E)	LOAN# (F)	ORIGINAL AMOUNT (G)	BALANCE AT 12/31/2022 (H)	BALANCE AT 12/31/2023 (I)	TY 2023 INTEREST EXPENSE (J)
1	CFC	12/17/03	12/18/03	09/30/23	3.89%	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	02/06/20	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	1,606	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	2,689	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	2.67%	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	06/19/22	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	02/06/20	02/22/21	02/20/51	2.90%	00102606 T01	18,119	17,408	17,004	506
29	COBANK	02/06/20	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>	

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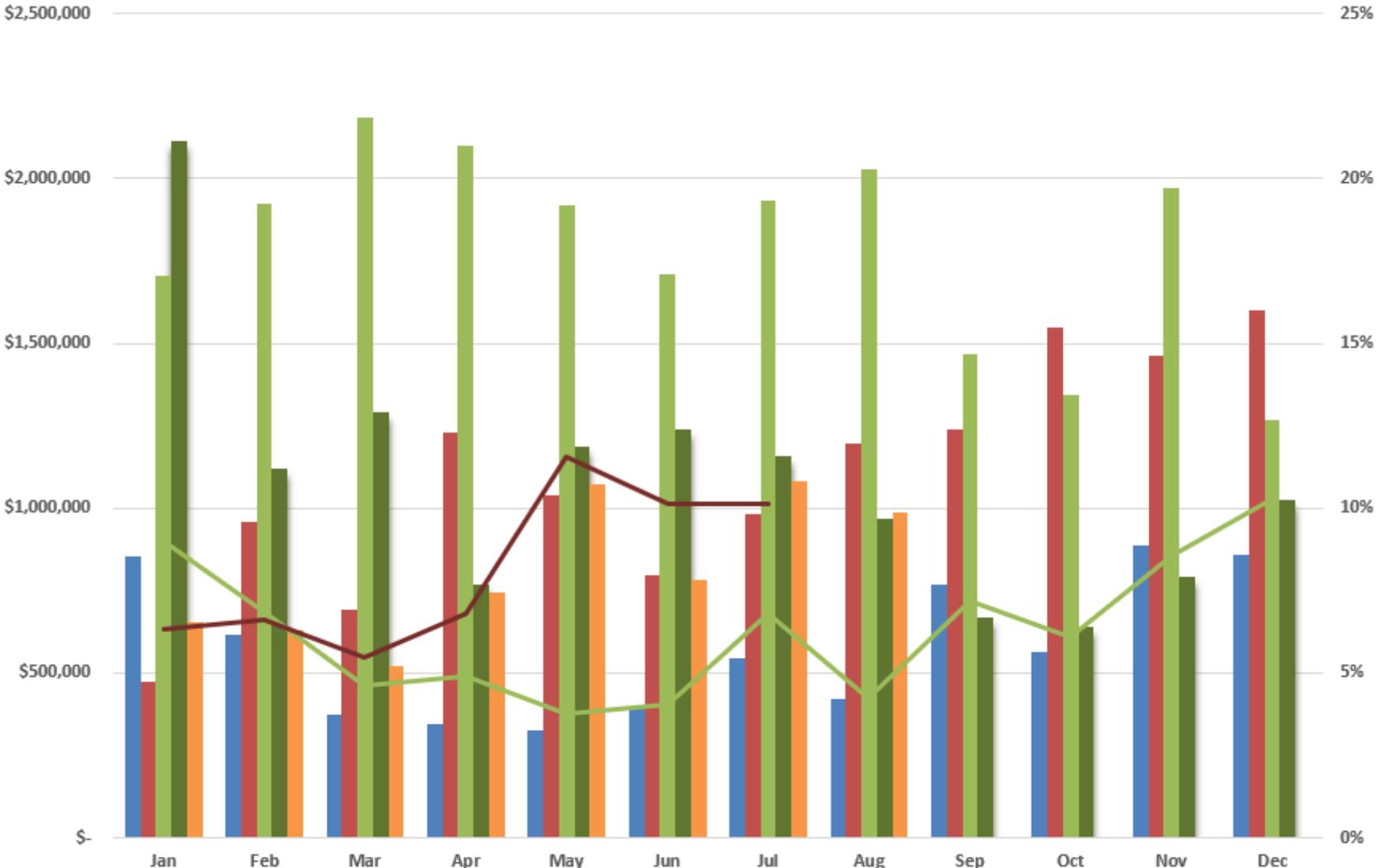
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General Ledger Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR AUG 2023

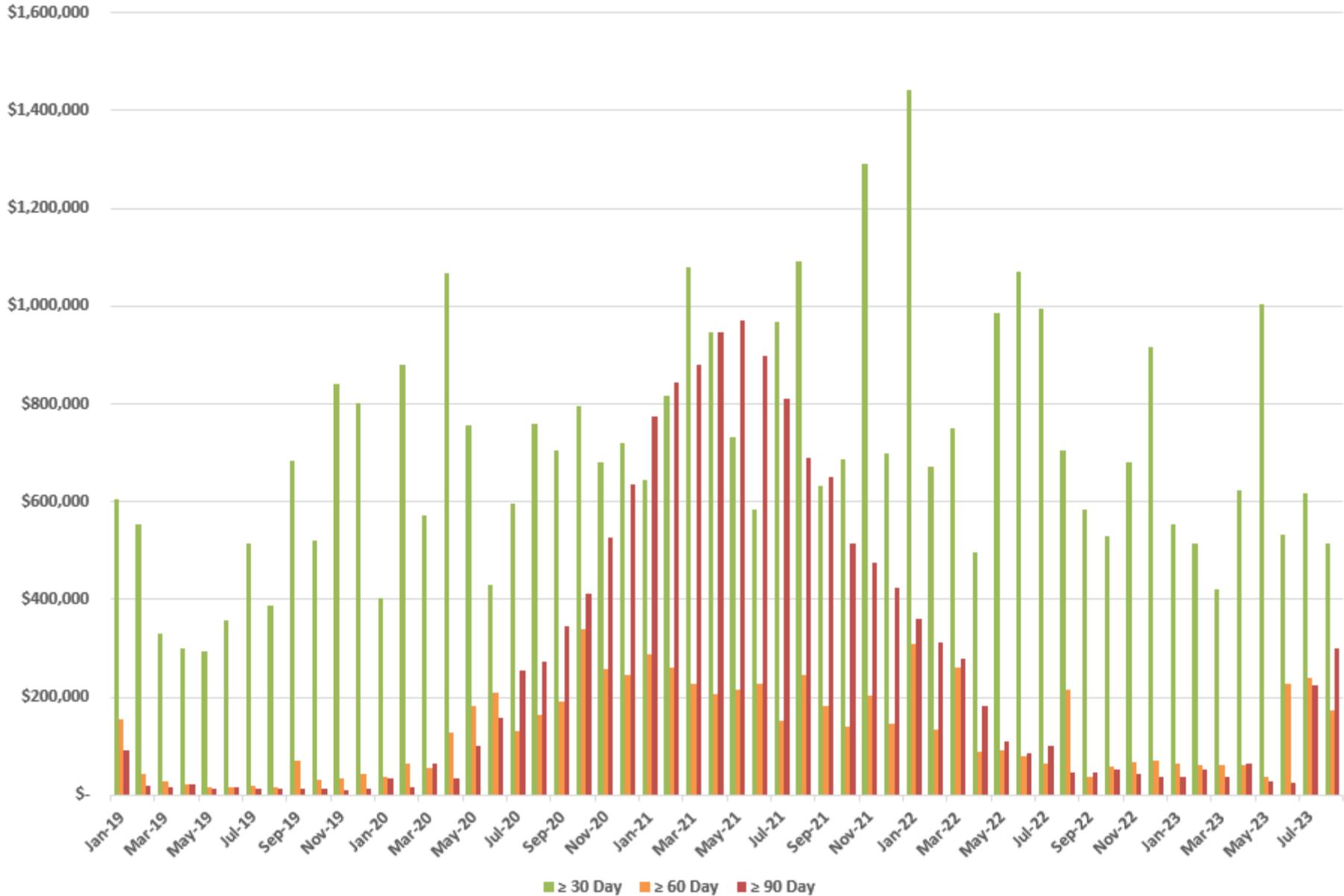
Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	116,464,366.32	110,074,614.01	116,757,273.00	14,863,328.28	16,164,898.00
2. Power Production Expense	36,685,226.23	33,171,894.82	36,202,770.00	4,233,133.77	5,102,603.00
3. Cost of Purchased Power	32,425,167.21	30,657,332.02	32,902,322.00	3,931,745.71	4,192,070.00
4. Transmission Expense	925,780.35	782,089.52	966,346.00	111,490.76	115,633.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	1,141,835.85	1,118,624.90	912,253.00	119,729.22	113,899.00
7. Distribution Expense - Maintenance	3,124,380.86	3,262,152.63	3,383,625.00	357,394.80	432,196.00
8. Customer Accounts Expense	1,550,507.89	1,509,074.96	1,839,005.00	162,453.86	235,573.00
9. Customer Service and Informational Expense	185,428.54	215,231.04	328,412.00	25,885.32	32,714.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	14,146,089.65	14,627,099.83	16,403,983.00	1,825,546.87	1,559,026.00
12. Total Operation & Maintenance Expense (2 thru 11)	90,184,416.58	85,343,499.72	92,938,716.00	10,767,380.31	11,783,714.00
13. Depreciation & Amortization Expense	10,490,113.07	10,364,159.99	11,018,004.00	1,296,722.13	1,377,251.00
14. Tax Expense - Property & Gross Receipts	2,909,628.24	2,749,791.22	2,918,931.00	371,238.17	404,122.00
15. Tax Expense - Other	6,876,703.97	6,563,778.38	6,894,665.00	902,595.19	953,304.00
16. Interest on Long-Term Debt	4,403,154.02	4,513,870.36	4,502,200.00	568,105.62	565,700.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	214,000.00	0.00	48,000.00
19. Other Deductions	51,325.25	15,202.27	65,715.00	1,150.00	2,830.00
20. Total Cost of Electric Service (12 thru 19)	114,915,341.13	109,550,301.94	118,552,231.00	13,907,191.42	15,134,921.00
21. Patronage Capital & Operating Margins (1 minus 20)	1,549,025.19	524,312.07	-1,794,958.00	956,136.86	1,029,977.00
22. Non Operating Margins - Interest	714,588.69	1,944,253.70	637,234.00	258,099.73	81,342.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	-408,762.09	-628,219.97	-858,609.00	-22,550.58	4,403.00
25. Non Operating Margins - Other	107,324.26	181,938.30	127,768.00	58,558.82	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	182,499.63	0.00	182,499.63	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	1,962,176.05	2,204,783.73	-1,888,565.00	1,432,744.46	1,131,693.00
Operating - Margin	1,962,176.05	2,204,783.73	-1,888,565.00	1,432,744.46	1,131,693.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	1.35	1.12			
Times Interest Earned Ratio - Net	1.45	1.49			
Times Interest Earned Ratio - Modified	1.45	1.45			

YOY > 30 days vs Total AR

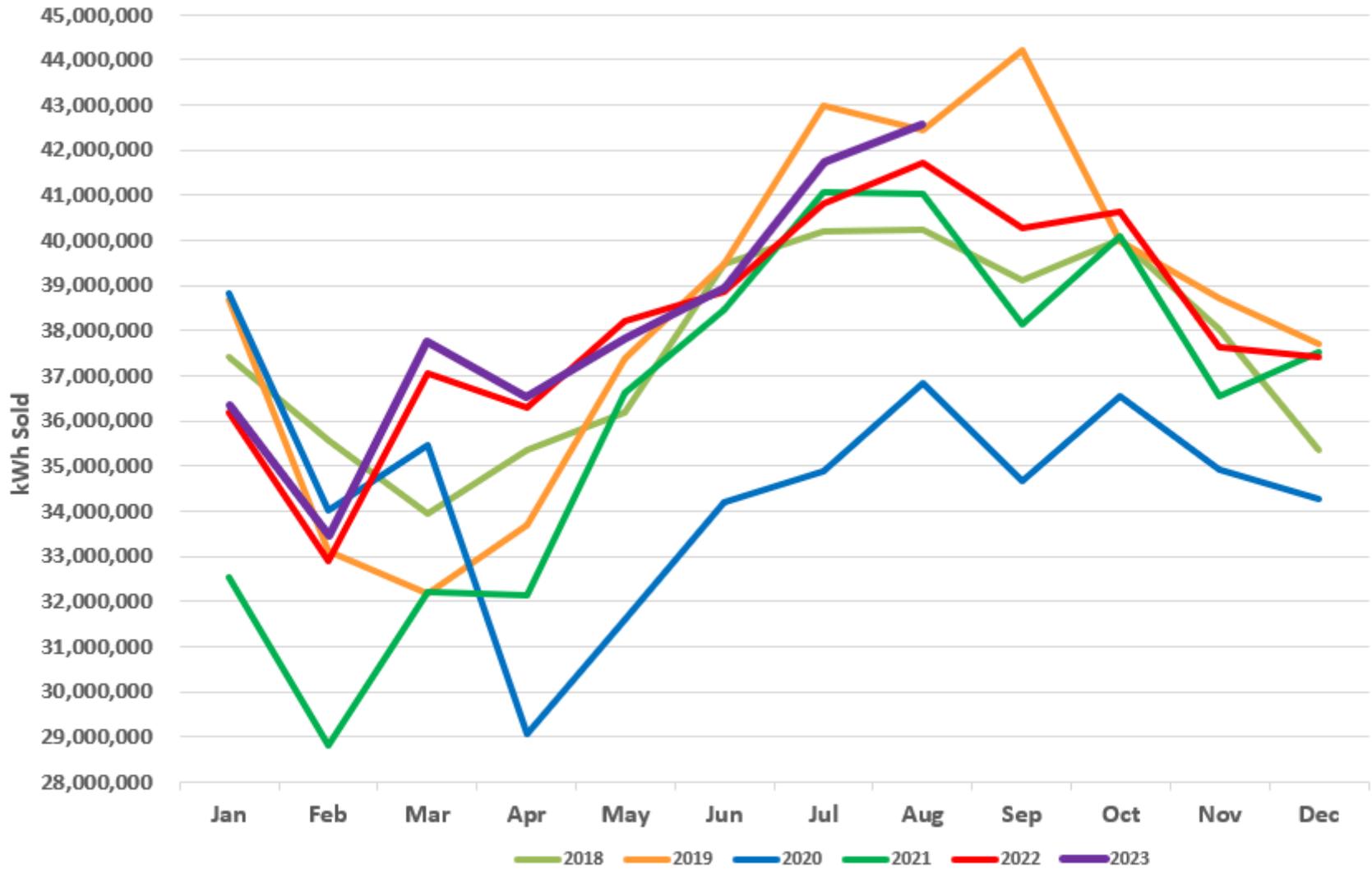


■ 2019 Past Due AR ■ 2020 Past Due AR ■ 2021 Past Due AR
■ 2022 Past Due AR ■ 2023 Past Due AR — 2019 % Past Due vs Total AR
— 2023 % Past Due vs Total AR

Past Due AR Balances



Total kWh Sold



Treasury Management – Monthly Discussion

- Ratings:
 - No changes in Money Market Fund Rating even with the downgrade of US Government Credit Ratings for Treasury.
- Current Summary Of Investments:
- \$32.2M Dreyfus Funds – AAA Rating Money Market Fund very ST
 - Government MM Fund – Treasury Only
 - Stable Value type of money market (heavily regulated and makes it difficult to break the dollar)
 - 4.98% Interest Rate
- \$4.9M CFC Daily and Monthly Commercial Paper – ST to Medium Term Investment – Daily to Monthly A2 Moody and S&P A-
 - Daily Fund \$4.9M 4.60%
- \$4.9M CoBank Commercial Paper Investment – AA- Moody and S&P
 - 60-day Investment – 4.23%
- \$253,300 Central Pacific Bank – New Relationship (all setup)
 - Backup for Checking in Money Market (unlimited) account
 - 4.08%

Questions?

Report of KIUC Charitable Foundation

To KIUC Board of Directors

9/21/2023

The Charitable Foundation Board met on 9/12/23

The following reports were received:

Treasurer reported an ending balance of \$67,125.74.

Catholic Charities assisted 1 fam. with \$300 and have a balance \$1,425.79.

KEO no assist for the mo.

In the Makana program we have 429 participating and YTD contributed \$2,367.99.

We had a short discussion on the Family Housing Project in Lihue which was deferred until an application is received for our perusal.

Golf Tournament: Nov. 18, 2023.

T. Phil Tacbian, President

**KIUC BOARD POLICY NO. 2
AUTHORITY AND RESPONSIBILITY OF THE CEO**

PURPOSE OF POLICY:

The purpose of this policy is to describe the CEO's authority.

POLICY CONTENT:

The Board and the CEO form a team united to serve the best interests of the membership. The need for them to work effectively and efficiently together is critical to the success of the Cooperative. The "flow" of authority for the management of the Cooperative shall pass through the CEO. The CEO shall be the link between the Board and Cooperative personnel. However, the Board is entitled to and shall receive full and complete information from the CEO concerning all matters in connection with the management of the Cooperative as set forth in Board policies.

The CEO is the senior employee and manager of KIUC, capable of binding it legally and responsible for its day-to-day operations. Both the Board and the CEO recognize efficient management of the Cooperative can exist only through mutual understanding and complete trust and cooperation between themselves. The CEO is expected to produce results, faithfully carry out all of the policies of the Board, and account to the Board for its stewardship. Correspondingly, the CEO shall be allowed to exercise independent judgment in executing policies of the Board. To enable KIUC to achieve its mission, the CEO is delegated the following authority, responsibilities, and duties:

I. Planning

- A. Assist in identifying the mission, objectives, and strategic priorities of KIUC by periodically engaging in a planning process with the Board.
- B. Develop policies to be recommended to the Board for its consideration. The CEO shall review such policies as appropriate with recommendations regarding revisions.
- C. Develop with the Board Chair a schedule of topics to be discussed and reports to be presented to the Board to ensure adequate attention can be devoted to strategic issues and challenges.
- D. Conduct studies and market research, utilizing staff and/or consulting assistance, to develop proposed action plans and reports in such areas as load forecasts, power requirements, financial plans, energy management, and marketing plans, and engineering requirements.
- E. Arrange for member satisfaction surveys and other techniques to measure consumer satisfaction, and conduct needs assessments to determine consumer interest in additional products or services that might be offered by KIUC.

- F. Develop plans for annual and other member meetings of KIUC and make appropriate recommendations to the Board regarding the conduct of such meetings.
- G. Develop long-range financial plans, cash management plans, work plans, and budgets for recommendation to the Board, and provide periodic reports on revenue, expenses, and other results compared to such plans.
- H. In coordination with the Board and the National Rural Electric Cooperative Association, analyze and determine county, state, and federal legislative and regulatory matters to be proposed, supported, or opposed.
- I. Periodically analyze KIUC's rates and service rules and regulations to make sure they meet operating requirements, and make appropriate recommendations to the Board.

II. Organization and Human Resource Management

- A. Determine and establish the organizational structure best suited to carry out its objectives within the limitations of the budget.
- B. Ensure written position descriptions and job specifications are prepared in accordance with all laws and regulations and reviewed as necessary for all personnel.
- C. Develop or approve standards and qualifications for use in recruitment, transfer, and promotion of personnel, and select, appoint, transfer, promote, and terminate personnel as appropriate for non-bargaining unit personnel, and consistent with the requirements of the collective bargaining agreement for bargaining unit personnel.
- D. Ensure staff members are trained in accordance with the qualifications and requirements of their positions.
- E. Appraise, at least annually, the performance of immediate subordinates, and ensure a performance appraisal program is established and carried out for all personnel.
- F. Determine all salary adjustments, except the CEO's, within the limitations of the budget. (The Board shall determine salary adjustments for the CEO.)
- G. Negotiate, with or without consulting assistance, labor contracts and make recommendations to the Board. Administer the approved labor contract and ensure the appropriate managers and supervisors understand the provisions of the contract and its administration.

- H. Authorize and approve travel expenses of personnel (except the CEO's) on company business within the limitations of the budget and within established policy. The policy on Directors states who will review the travel expenses of the CEO.
- I. Select and appoint consultants to provide advice and assistance within the limitations of the work plan and budget, and advise the Board of actions taken. The selection of consultants working in areas that affect the functions of the Board requires Board approval.

III. Operations

- A. Direct day-to-day operations of KIUC except as otherwise specified by the bylaws or the Board. Delegate authority to immediate subordinates; authorize further delegation of authority to any level of management with full recognition that the CEO cannot be relieved of overall accountability.
- B. 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.
- C. Participate in national, regional, state, and local meetings that further the best interests of KIUC, within the limitations of Board policy and the approved budget. Participation by the CEO in such activities that require considerable time over a sustained period requires the prior approval of the Board. The CEO's serving on the board of other organizations shall require prior approval of the Board.
- D. Serve as the authorized spokesperson for KIUC.
- E. Administer the approved budget, by taking the following actions:
 - 1. Make or approve any single non-budgeted expenditure in an amount up to \$100,000.
 - 2. Execute or cause or allow the execution of any check, draft, or electronic transfer of funds in or out of the normal course of business, whether solely or with co-signatures, in an amount up to \$2,500,000; provided, however, the CEO may, without further authority of the Board:
 - a. make electronic fund transfers up to \$10,000,000 for the purpose of making contractual fuel payments; and provided, further with the concurrence of the chair of the Board's Finance and Audit Committee or the Board Chair, such electronic fund transfers in excess of \$10,000,000 may be made in the normal course of business;

- b. pay the annual KIUC franchise tax; and
 - c. make payments on any previously approved credit lines or long-term debt loan payments.
3. Pay any attorney invoice for an amount in up to \$100,000, whether or not budgeted. All attorney invoices will be reviewed by General Counsel prior to being paid.
 4. Enter into any multi-year contract where the total expected contract amount will not exceed \$500,000.
 5. Enter into any extension of an existing contract where the total expected additional contract amount will not exceed \$150,000.
 6. Borrow any funds in the name of KIUC or based upon its credit in an amount up to \$10,000,000 from the previously approved "Disaster" line of credit from CFC. Provided, further, however, under emergency circumstances, the CEO may take action in contravention of such limits as is reasonable and necessary to protect the assets of KIUC or the safety of its personnel or members in such an emergency, so long as such action is immediately reported to the Board.
 7. The CEO, however, may not borrow any funds in the name of KIUC excluding draws from any previously approved credits lines from National Rural Utilities Cooperative Finance Corporation ("CFC") or CoBank, ACB ("CoBank"), or advance requests from any previously approved loans from the Federal Financing Bank ("FFB"), CFC, or CoBank without Board approval.
- F. Determine insurance coverage required for effective risk management and negotiate purchase of such coverage within the limitations of the budget and Board policy.
 - G. Authorize memberships in civic clubs and organizations and company memberships in local organizations in which membership would be beneficial to KIUC.
 - H. Report to the Board any non-adherence to this policy.

Authority in a Cooperative flows from the Board to the CEO. The CEO then delegates authority to individual staff members. It is the policy of the Board to refrain, as individuals, from directing the activities of Cooperative staff members. Exceptions to this normal flow of authority must be authorized in advance by an approved Board resolution and/or approval of the CEO.

Adopted on this XX day of _____, 2023.

Calvin Murashige
Secretary

Revised: 07/30/2020
Reviewed: 05/28/2019
Revised: 06/27/2017
Revised: 07/28/2015
Revised: 02/26/2013
Revised: 11/27/2012
Revised: 12/21/2010
Original Adoption: 04/12/2000

~~KAUAI ISLAND UTILITY COOPERATIVE ("KIUC")~~

BOARD POLICY NO. 2

~~Revised 07/30/2020~~

**AUTHORITY AND RESPONSIBILITY OF
THE CHIEF EXECUTIVE OFFICER ("CEO")**

PURPOSE OF POLICY:

~~TO DESCRIBE THE CEO'S AUTHORITY~~

The purpose of this policy is to describe the CEO's authority.

POLICY CONTENT:

The Board ~~of Directors~~ and the CEO form a team united to serve the best interests of the membership. The need for them to work effectively and efficiently together is critical to the success of the Cooperative. The "flow" of authority for the management of the Cooperative shall pass through the CEO. The CEO shall be the link between the Board and Cooperative personnel. However, the Board is entitled to and shall receive full and complete information from the CEO concerning all matters in connection with the management of the Cooperative as set forth in Board policies.

The CEO is the senior employee and manager of KIUC, capable of binding it legally and responsible for its day-to-day operations. Both the Board and the CEO recognize efficient management of the Cooperative can exist only through mutual understanding and complete trust and cooperation between themselves. The CEO is expected to produce results, faithfully carry out all of the policies of the Board, and account to the Board for its stewardship. Correspondingly, the CEO shall be allowed to exercise independent judgment in executing policies of the Board. To enable KIUC to achieve its mission, the CEO is delegated the following authority, responsibilities, and duties:

I. A. — Planning

A. 1) — Assist in identifying the mission, objectives, and strategic priorities of KIUC by periodically engaging in a planning process with the Board.

B. 2) — Develop policies to be recommended to the Board for its consideration. The CEO shall review such policies as appropriate with recommendations regarding revisions.

3) —
C. — Develop with the Board ~~Chairman~~Chair a schedule of topics to be discussed and reports to be presented to the Board to ensure adequate attention can be devoted to strategic issues and challenges.

- D. ~~4~~ — Conduct studies and market research, utilizing staff and/or consulting assistance, to develop proposed action plans and reports in such areas as load forecasts, power requirements, financial plans, energy management, and marketing plans, and engineering requirements.
- E. ~~5~~ — Arrange for member satisfaction surveys and other techniques to measure consumer satisfaction, and conduct needs assessments to determine consumer interest in additional products or services that might be offered by KIUC.
- F. ~~6~~ — Develop plans for annual and other member meetings of KIUC and make appropriate recommendations to the Board regarding the conduct of such meetings.
- G. ~~7~~ — Develop long-range financial plans, cash management plans, work plans, and budgets for recommendation to the Board, and provide periodic reports on revenue, expenses, and other results compared to such plans.
- H. ~~8~~ — In coordination with the Board and the National Rural Electric Cooperative Association, analyze and determine county, state, and federal legislative and regulatory matters to be proposed, supported, or opposed.
- I. ~~8~~ — Periodically analyze ~~the system's~~ KIUC's rates and service rules and regulations to make sure they meet operating requirements, and make appropriate recommendations to the Board.

II. ~~B.~~ — Organization and Human Resource Management

- A. ~~1~~ — Determine and establish the organizational structure best suited to carry out its objectives within the limitations of the budget.
- B. ~~2~~ — Ensure written position descriptions and job specifications are prepared in accordance with all laws and regulations and reviewed as necessary for all personnel.
- C. ~~3~~ — Develop or approve standards and qualifications for use in recruitment, transfer, and promotion of personnel, and select, appoint, transfer, promote, and terminate personnel as appropriate for non-bargaining unit personnel, and consistent with the requirements of the collective bargaining agreement for bargaining unit personnel.
- D. ~~4~~ — Ensure staff members are trained in accordance with the qualifications and requirements of their positions.

- E. ~~5)~~ — Appraise, at least annually, the performance of immediate subordinates, and ensure a performance appraisal program is established and carried out for all personnel.
- F. ~~6)~~ — Determine all salary adjustments, except the CEO's, within the limitations of the budget. (The Board shall determine salary adjustments for the CEO.)
- G. ~~7)~~ — Negotiate, with or without consulting assistance, labor contracts and make recommendations to the Board. Administer the approved labor contract and ensure the appropriate managers and supervisors understand the provisions of the contract and its administration.
- H. ~~8)~~ — Authorize and approve travel expenses of personnel (except the CEO's) on company business within the limitations of the budget and within established policy. The policy on Directors states who will review the travel expenses of the CEO.
- I. ~~9)~~ — Select and appoint consultants to provide advice and assistance within the limitations of the work plan and budget, and advise the Board of actions taken. The selection of consultants working in areas that affect the functions of the Board requires Board approval.

~~C.~~ —

III. Operations

- A. ~~1)~~ — Direct day-to-day operations of KIUC except as otherwise specified by the bylaws or the Board ~~of Directors~~. Delegate authority to immediate subordinates; authorize further delegation of authority to any level of management with full recognition that the CEO cannot be relieved of overall accountability.
- B. ~~2)~~ — 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.
- C. ~~3)~~ — Participate in national, regional, state, and local meetings that further the best interests of KIUC, within the limitations of Board policy and the approved budget. Participation by the CEO in such activities that require considerable time over a sustained period requires the prior approval of the Board. The CEO's serving on the board of other organizations shall require prior approval of the Board.
- D. ~~4)~~ — Serve as the authorized spokesperson for KIUC.
- ~~5)E.~~ Administer the approved budget, by taking the following actions:

- ~~a.1.~~ Make or approve any single non-budgeted expenditure in an amount up to \$100,000.
- ~~b.2.~~ Execute or cause or allow the execution of any check, draft, or electronic transfer of funds in or out of the normal course of business, whether solely or with co-signatures, in an amount up to \$2,500,000; provided, however, the CEO may, without further authority of the Board:
- ~~i)a.~~ make electronic fund transfers up to \$10,000,000 for the purpose of making contractual fuel payments; and provided, further with the concurrence of the chair of the Board's Finance and Audit Committee or the ~~Board's chair~~ **Board Chair**, such electronic fund transfers in excess of \$10,000,000 may be made in the normal course of business;
 - ~~ii)b.~~ pay the annual KIUC franchise tax; and
 - ~~iii)c.~~ make payments on any previously approved credit lines or long-term debt loan payments.
- ~~e.3.~~ Pay any attorney invoice for an amount in up to \$100,000, whether or not budgeted. All attorney invoices will be reviewed by General Counsel prior to being paid.
- ~~d.4.~~ Enter into any multi-year contract where the total expected contract amount will not exceed \$500,000.
- ~~e.5.~~ Enter into any extension of an existing contract where the total expected additional contract amount will not exceed \$150,000.
- ~~f.6.~~ Borrow any funds in the name of KIUC or based upon its credit in an amount up to \$10,000,000 from the previously approved "Disaster" line of credit from CFC. Provided, further, however, under emergency circumstances, the CEO may take action in contravention of such limits as is reasonable and necessary to protect the assets of KIUC or the safety of its personnel or members in such an emergency, so long as such action is immediately reported to the Board.
- ~~7.~~ The CEO, however, may not borrow any funds in the name of KIUC excluding draws from any previously approved credits lines from National Rural Utilities Cooperative Finance Corporation ("CFC") or CoBank, ACB ("CoBank"), or advance requests from any previously approved loans from the Federal Financing Bank ("FFB"), CFC, or CoBank without ~~board~~ **Board** approval.
- ~~F.~~ Determine insurance coverage required for effective risk management and negotiate purchase of such coverage within the limitations of the budget and Board policy.

7G. Authorize memberships in civic clubs and organizations and company memberships in local organizations in which membership would be beneficial to KIUC.

8H. Report to the Board any non-adherence to this policy.

Authority in a Cooperative flows from the Board to the CEO. The CEO then delegates authority to individual staff members. It is the policy of the Board to refrain, as individuals, from directing the activities of ~~cooperative~~ Cooperative staff members. Exceptions to this normal flow of authority must be authorized in advance by an approved Board resolution and/or approval of the CEO.

Adopted on this XX day of _____, 2023.

Calvin Murashige
Secretary

Revised: 07/30/2020
Reviewed: 05/28/2019
Revised: 06/27/2017
Revised: 07/28/2015
Revised: 02/26/2013
Revised: 11/27/2012
Revised: 12/21/2010
Original Adoption: 04/12/2000

Inserted Cells

BOARD APPROVAL REQUEST FORM

Requestor

Department **Accounting**

Date **8/31/2023**

Name Chris Yuh

Title: Manager

Program/Project Name **Write-off of obsolete**

Project Dates (if any) _____

Deadline(s) _____

Description of Request (attach documentation if needed)

It is requested of the Board to approve a budget variance request of \$400,000 to expense the write-off of obsolete inventory (some material dating back to 2002). As part of our recent Warehouse cleanup efforts, this material is not usable and not salvageable.

Financial Impact

Fiscal Year: 2023

Budgeted? _____ Unbudgeted? X

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

Original Budget Amt _____

Additional/Change **\$ 400,000**

Revised Budget Amt **\$ 400,000**

Required (Initials)

CEO Review: DB

Committee Referral/Action

Committee F&A

Meeting Date: 9/12/2023

Committee Recommendations: _____

Cmte Chairperson Presiding: Peter Yukimura

Board Action

Board Workshop _____

Wrkshp Date: _____

Board Meeting Date _____

Action Taken: _____

1st/2nd: _____

Other Info: _____

Res No. _____

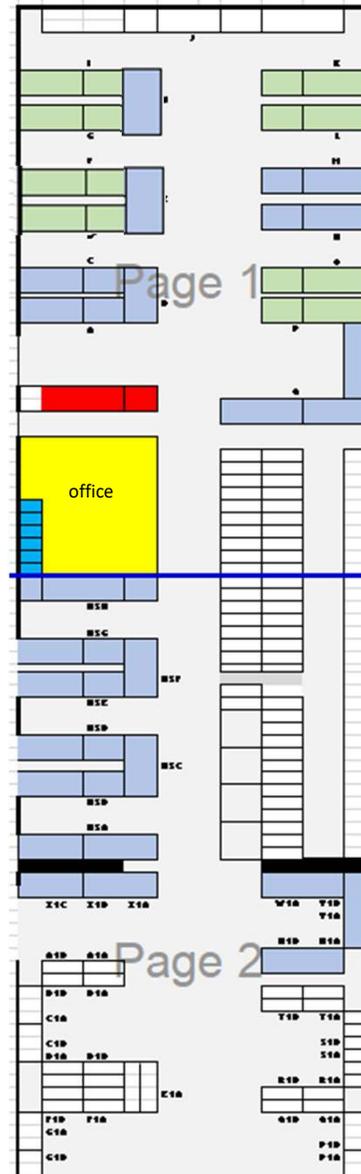
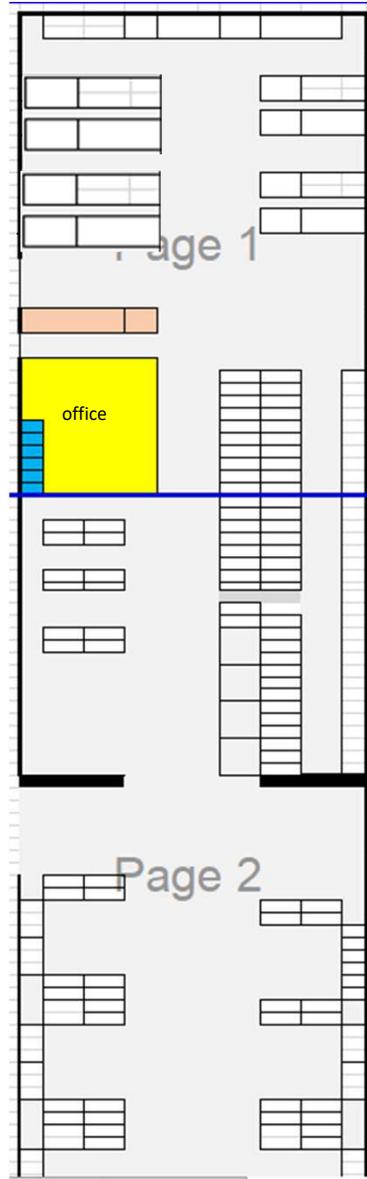
File Date & Location _____

Warehouse Update

August 2023



Before



moved

added

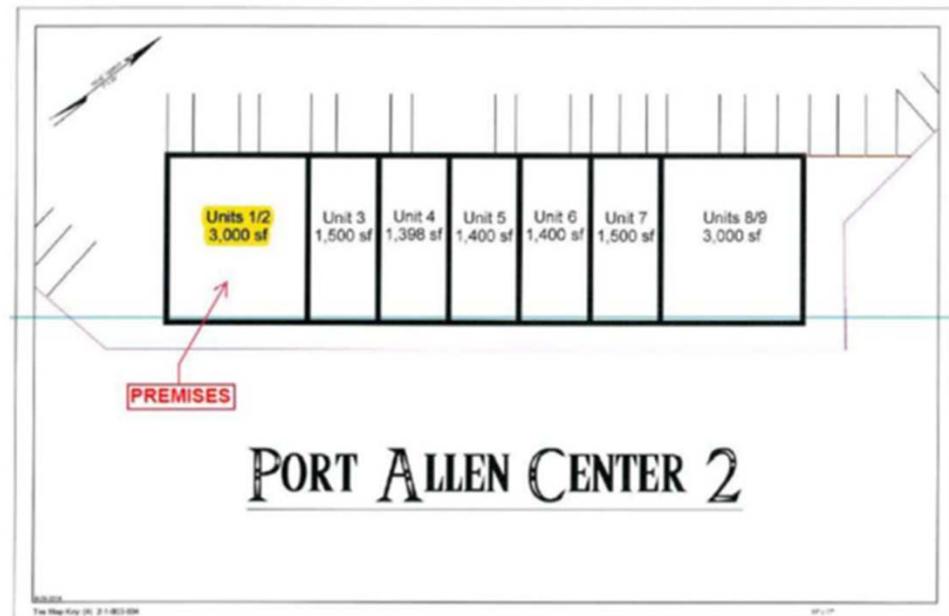
removed

to be removed

After

+35%

Moved out of additional warehouse space acquired in 2019 (\$4k/month)



Before T&D bays





After T&D bays



After T&D bays with new pallet stacker

Before Production bays

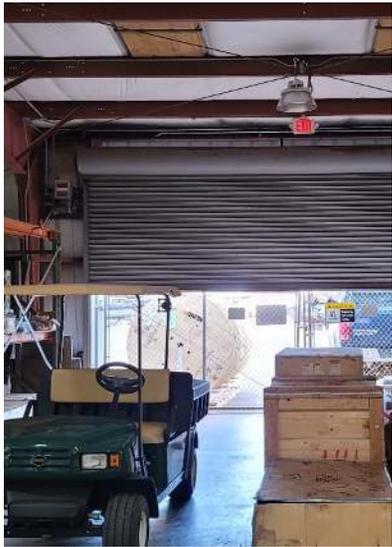




After Production bays



Before non-stock



After non-stock



Before yard





After yard



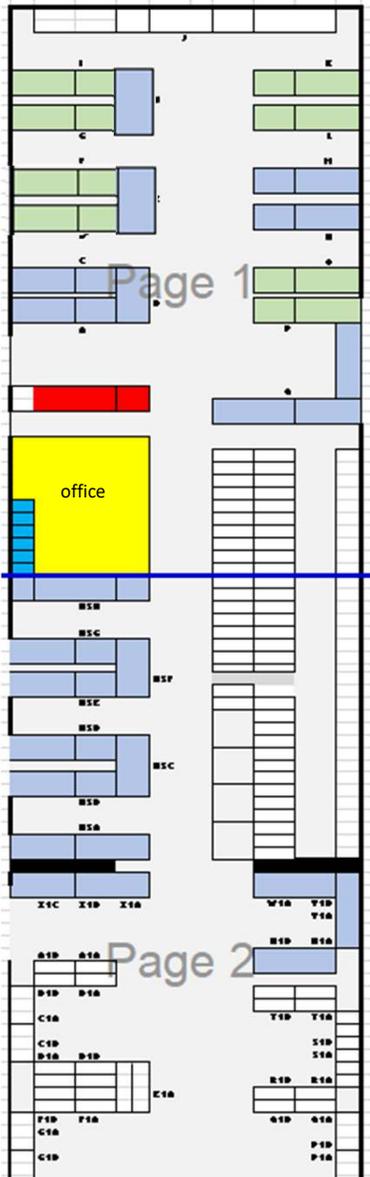
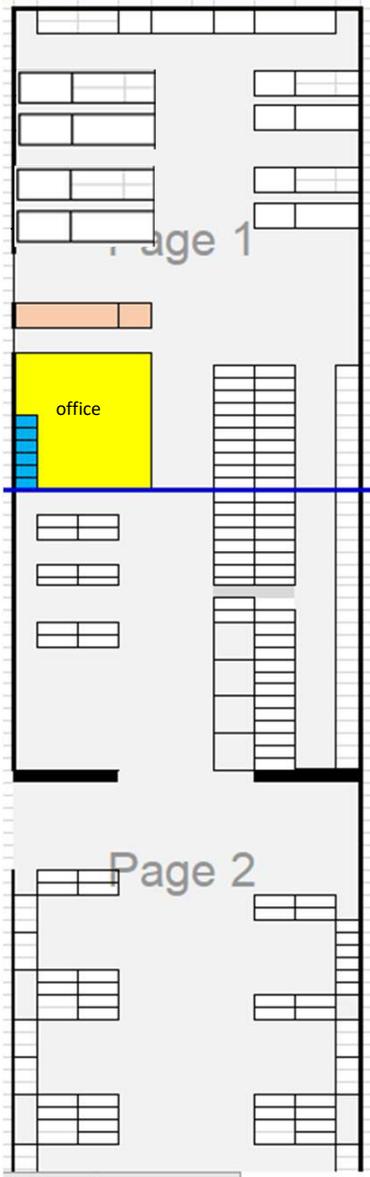
Before side of warehouse



After side of warehouse



Before



moved

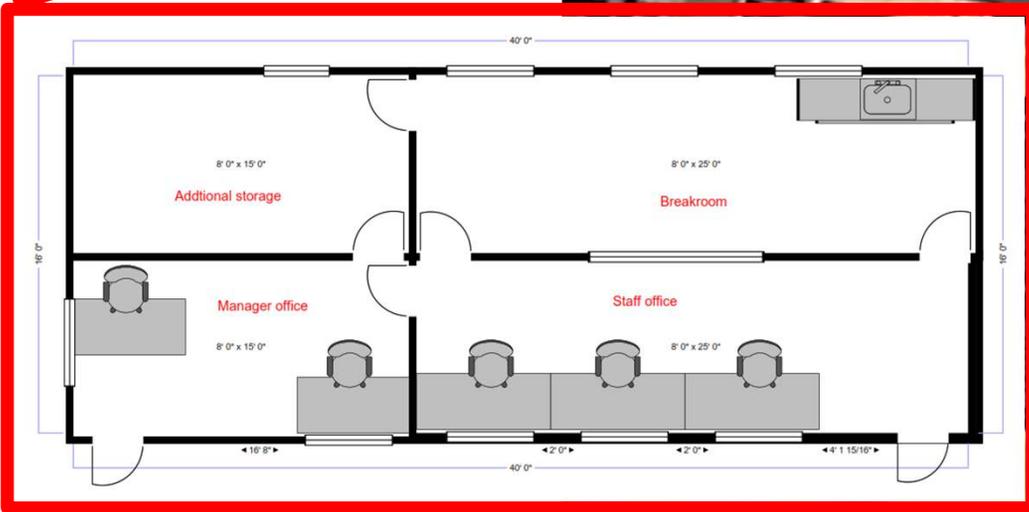
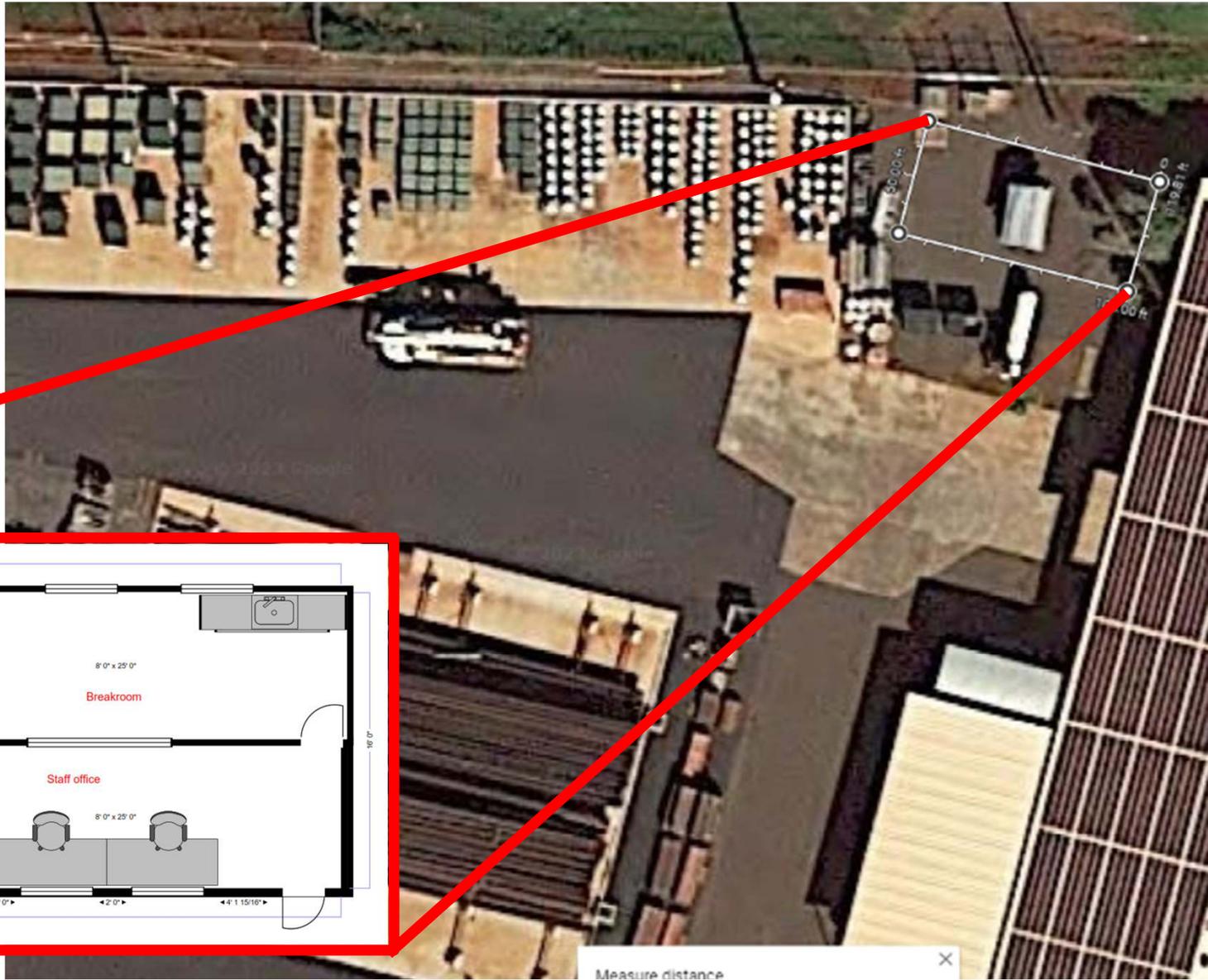
added

removed

to be removed

After

+35%



Measure distance



