

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

Via Video Conference Call

On October 26, 2023

AMENDED MINUTES

Meeting called to order by Chair Smith at 1:00 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); Cameron Kruse (Engineering & Technology 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) Fred Pascual (Distribution Planning Coordinator); 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 October 26, 2023, was approved as circulated with no adjustments made.

3. Approval of Minutes

- 3.1. The minutes of September 21, 2023, Regular Board meeting were approved as circulated.

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

- 4.1. CEO discussed October'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). Reminder of upcoming Board Budget Workshop in November. Supplemental financial information report included the Results of Operation (ROO), KIUC Key Performance Indicators for September 2023, Fuel/Commodities Cost, Fuel Oil Cost, Rainfall/Cooling for Kaua'i and MWH Generation correlation, 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 NRECA's September 2023 Board update and the October 2023 update (attached).
7. **Charitable Foundation Board – Director Teofilo Tacbian update:**
 - 7.1. No report for the Charitable Foundation Board.
 - 7.2. Golf Tournament update (scheduled for November 18, 2023): As of Monday, all slots for the Golf Tournament have been filled.
8. **Public Testimony**
 - 8.1. Public testimony from Marj Dente was received and read into the record by Chair Smith (testimony attached).
 - CEO provided a quick update noting that KIUC has engaged expert engineering firm (BKI Engineering) out of Washington State to work with KIUC to develop a wildfire mitigation plan. Efforts with the engineering firm are ongoing and recommendations may not be completed until the first quarter of next year.
9. **New Business**
 - 9.1. **Election (by secret ballot) of the state director to serve a two (2) year term on the NRECA board beginning after 2024 NRECA Annual Meeting.**
 - Candidates Director Kass and Director Iha (current NRECA Board Member) each orally described their desire and qualifications to represent the state as the next NRECA Board member.
 - Secret ballot voting was sent to general counsel via text or phone call for recording and results.
 - Results were provided by general counsel at the end of the New Business agenda items. The votes were 6:3 in favor of Director David Iha.
 - Chair Smith asked for a motion to appoint David Iha as the NRECA Board Member.
 - Director Kass called for a Point of Order regarding the request of the new motion to appoint David Iha, referencing the secret ballot vote should be sufficient.
 - Director TenBruggencate moved to appoint David Iha as the NRECA Board Member and ratify the secret ballot vote
[Motion: TenBruggencate] [Second: Murashige]

| | | |
|-----------|--|-----------|
| IN FAVOR: | Smith, TenBruggencate, Murashige, Yukimura, Mayfield, Tacbian, Iha, Crowell | Total – 8 |
| OPPOSED: | None | Total – 0 |
| EXCUSED: | None | Total – 0 |
| ABSTAIN: | Kass | Total – 1 |

Motion carried

9.2. **Policy 19 Anti-retaliation and Whistleblowing**

- The proposed draft policy includes recommendations from the committee with formatting edits and one substantive change proposed. The substantive change allows whistleblowers to report anonymously.
- **MOTION** to approve the adoption of the proposed changes to Policy 19.
[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

9.3. **Policy 21 Financial Fraud Detection and Deterrence**

- The policy committee is proposing a complete rewrite of policy 21. The committee discussed the similarities with policy 19 but chose to keep the policies separate. In policy 21 the recommendation is to eliminate the complexity of the existing policy.
- **MOTION** to adopt the revision on Policy 21 on Fraud.
[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

9.4. **Board Request Approval for Attorney Invoices over the CEO Approval Limit**

- Board Approval Request to approve invoice which exceeds the CEO’s expenditure limits of \$100,000. Invoice in the amount of \$153,768 for the services of the law firm Schneider, Tanaka, Radovich, Andrew, & Tanaka (STRAT).
- **MOTION** to approve the Board Approval Request.
[Motion: Yukimura] [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

9.5. Confirmation of 2024 Board Elections Nominating Committee

- Appointment request for the 2024 Board Elections Nominating Committee
 - Marissa Sandblom – Sr. Director with Hawai'i Community Foundation
 - Allison Lee – Partner at Cade Schutte LLP
 - Arryl Kaneshiro – Former County Council Chair
 - Ed Nakaya – Retired KIUC Employee with Member Services

- **MOTION** to confirm the committee members of the Nominating Committee for the 2024 KIUC Board Elections
[Motion: Crowell] [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

10. Calendar

- 10.1. **November 10, 2023** – HOLIDAY – Veterans Day (KIUC Offices Closed)
- 10.2. **November 13, 2023** – Board Budget Workshop (1:00 pm, MCR)
- 10.3. **November 14, 2023** – Board Committee Meetings (9:00am, MCR)
- 10.4. **November 21, 2023** – Regular Board Meeting (1:00pm, via Zoom)
- 10.5. **November 23, 2023** – HOLIDAY - Thanksgiving (KIUC Offices Closed)

11. **Executive Session** – At 1:46 p.m. the Board recessed the meeting to enter Executive Session closed to the public on matters limited to those specified in Section II. A. 2. of Board Policy No. 16. The items to be discussed in the Executive Session are matters of a proprietary or financial nature, public disclosure of which could affect on-going or potential negotiations, or legal or administrative proceedings and human resource issues related to the hiring, evaluating, dismissing, or disciplining an officer or employee and a matter requiring legal consultation on issues pertaining to the powers, duties, privileges, immunities, and liabilities of the Board of Directors.

- 11.1. The open session of the Regular meeting was reconvened at 1:50 p.m.
- 11.2. Director TenBruggencate moved to ratify the following decision made in executive session; Director Murashige seconded the motion. All directors present voted in favor and the actions were ratified by unanimous consent:
 - Approval of the Executive Session minutes of August 24, 2023
 - Approval of allowing staff to proceed with the next steps in the acquisition of property.

12. Adjournment

12.1. The meeting was adjourned at 1:50 p.m.

Calvin Murashige
Calvin Murashige (Nov 21, 2023 17:50 HST)

Calvin Murashige
Board Secretary

October 26, 2023

David Bissell, President & CEO

PRESIDENT'S REPORT

PRESIDENT'S REPORT

| Safety (September) | Month | 2023 YTD | 2022 YTD |
|-----------------------------------|---------------------------------------|----------|----------|
| Recordable Incidents | 1 | 2 | 2 |
| Availability and Reliability | Month | 2023 YTD | 2022 YTD |
| Reportable Outages | 3 | 31 | 18 |
| Average Outage Hours Per Customer | 0.23 | 3.02 | 1.28 |
| Efficiency | Month | 2023 YTD | |
| Net Plant Heat Rate | 9,021 | 9,033 | |
| Peak Demand (MW) | 78.4 | 78.4 | |
| Residential Rates | | | |
| October 2023 | \$0.384/kwh up \$0.028 from September | | |

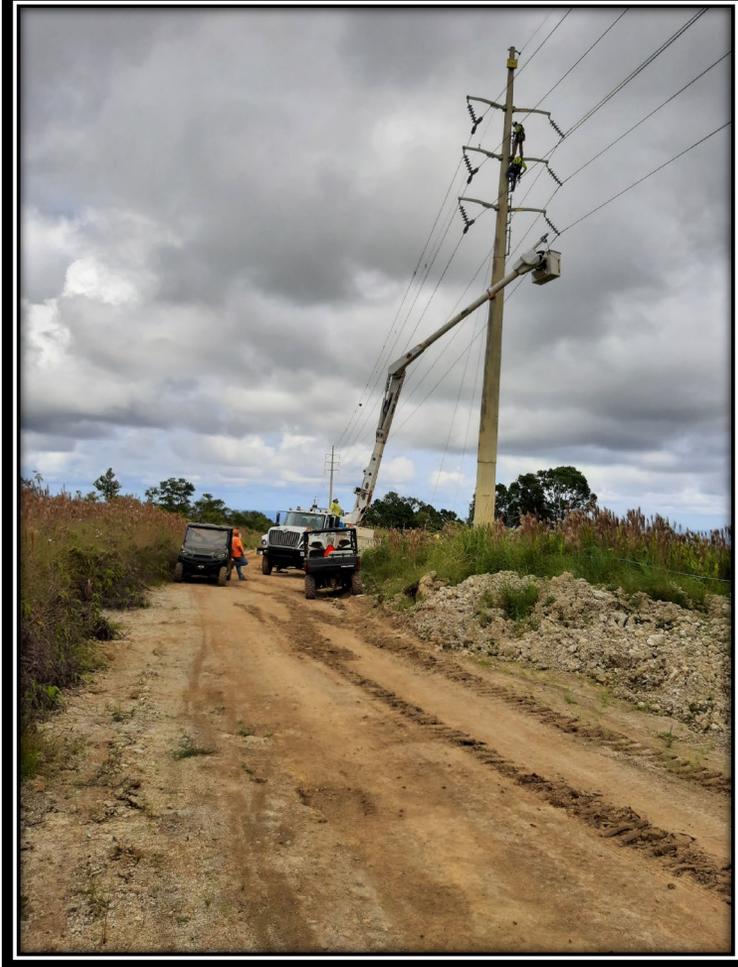
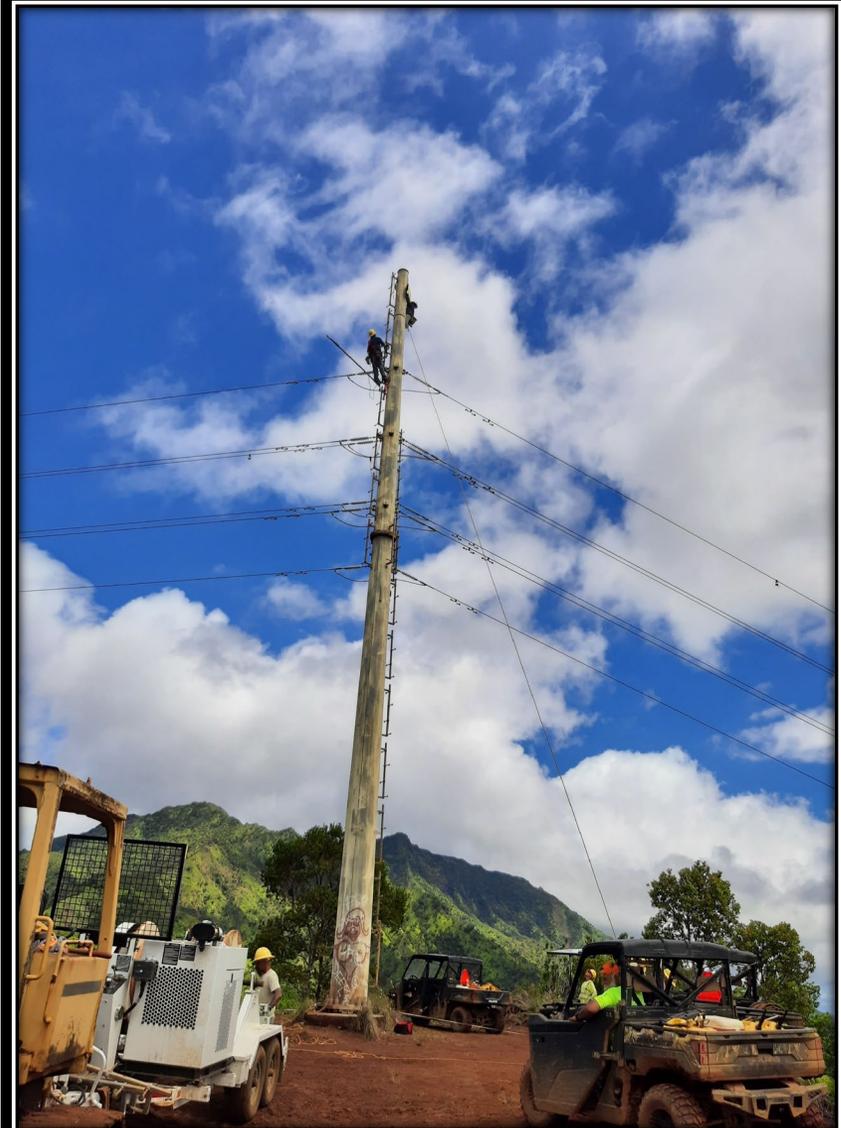
UPDATE ITEMS

- KIUC rates continue to be lowest in state
- 80 MW record peak reached week of October 15
- Rate case
 - Rebuttal testimony filed on October 5
 - Response to CA Rebuttal IRs filed Monday, October 23
 - Upcoming dates
 - November 3- Settlement letter (if any) and Statement of Probable Entitlement
 - November 23-Interim Rate Decision and Order
- Union Negotiations
 - Contract expires December 4
 - Initial meetings held October 11 and 12
 - Upcoming meetings week of November 6

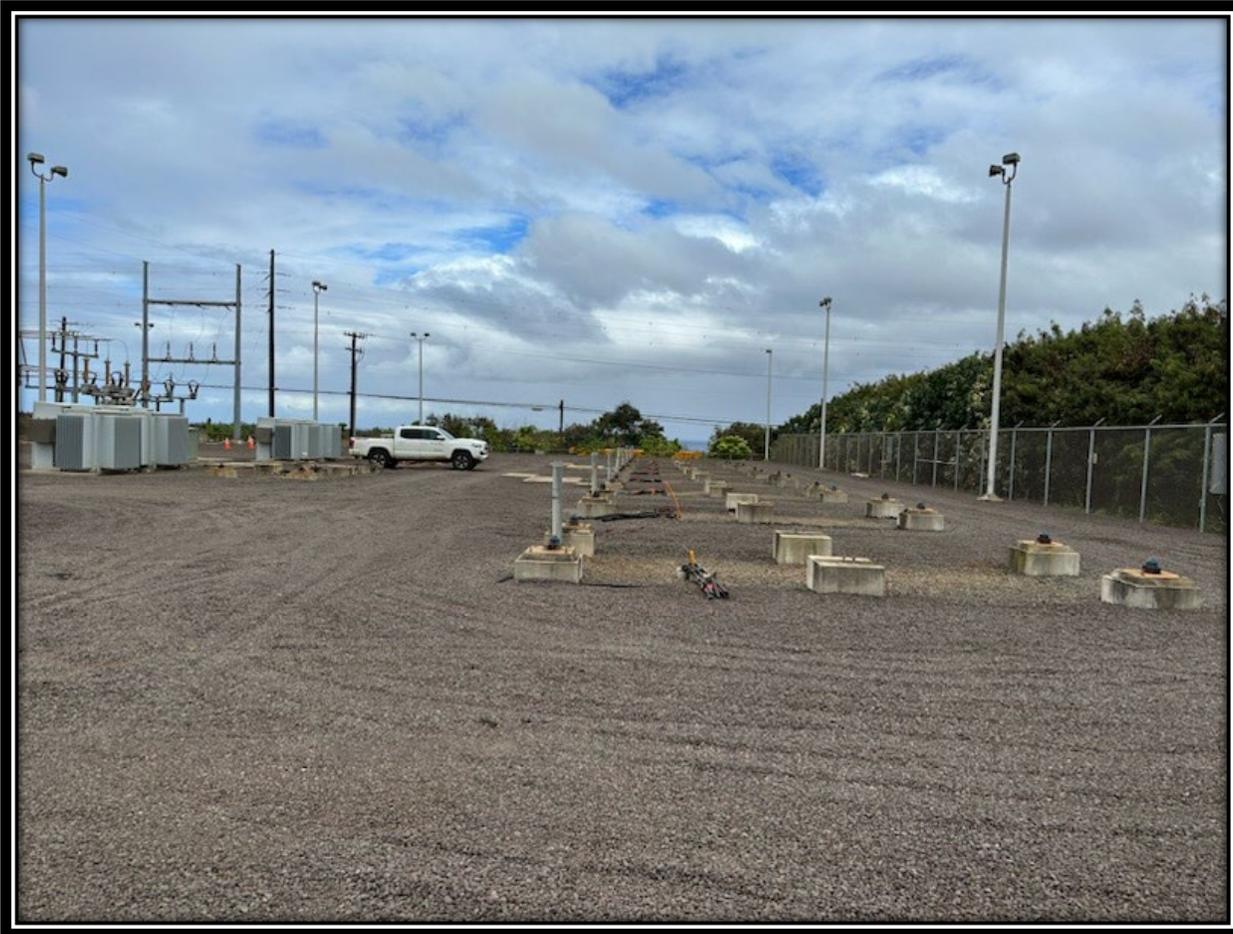
HABITAT CONSERVATION PLAN

- Targeting end of year delivery to agencies of revised HCP and ESRC comment/response matrix
- Draft EIS in process for federal publication in 2024 with revised HCP
- Exploratory surveys for site replacing Upper Manoa going well and on schedule. Should have top three sites identified within the next few weeks.
- Minimization goal of 65% almost met
 - Power line trail 40 of 50 spans have static line removed

MINIMIZATION WORK ON PLT



UPDATE CONTINUED



- Anahola battery removal and recycling
- Work completed Redwood Materials

GRANTS

- Grid Resilience and Innovation Partnership (GRIP)
 - Awarded two grants
 - Synchronous Condenser – \$1.67 million
 - Solar Grid Forming Technology (batteries and invertors)- \$16.25 million
- RUS Powering Affordable Clean Energy (PACE)
 - Received invitation to submit application for project listed above

MAHALO!



Kaua'i Island Utility Cooperative

Your Touchstone Energy[®] Cooperative



Board Meeting Financial Report

October 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
- 2024 Budget Preparation – November Workshop
- BAR Form Approval – STRAT – Attorney over \$100,000

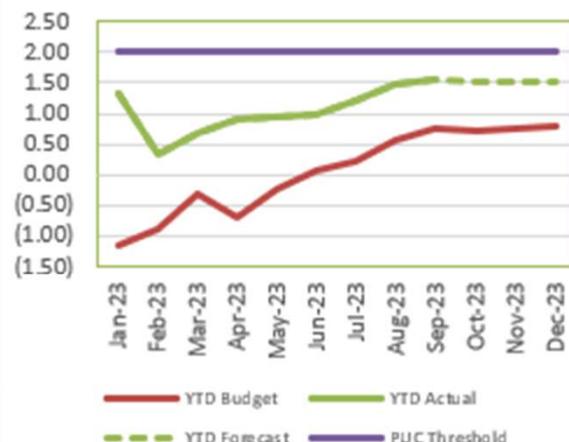
MWh Sales

| Class | YTD Prior Year | YTD Actual | | Percent Change |
|-----------------------|----------------|----------------|----------|----------------|
| Residential (D) | 143,410 | 144,001 | ↑ | 0.4% |
| Small Comm (G) | 48,238 | 48,933 | ↑ | 1.4% |
| Large Comm (J) | 37,963 | 38,831 | ↑ | 2.3% |
| Lrg Pwr Primary (L) | 32,879 | 36,127 | ↑ | 9.9% |
| Lrg Pwr Secondary (P) | 77,486 | 77,258 | ↓ | -0.3% |
| Street Lighting (SL) | 561 | 520 | ↓ | -7.2% |
| Irrigation | 1,810 | 788 | ↓ | -56.4% |
| Total | 342,347 | 346,458 | ↑ | 1.2% |

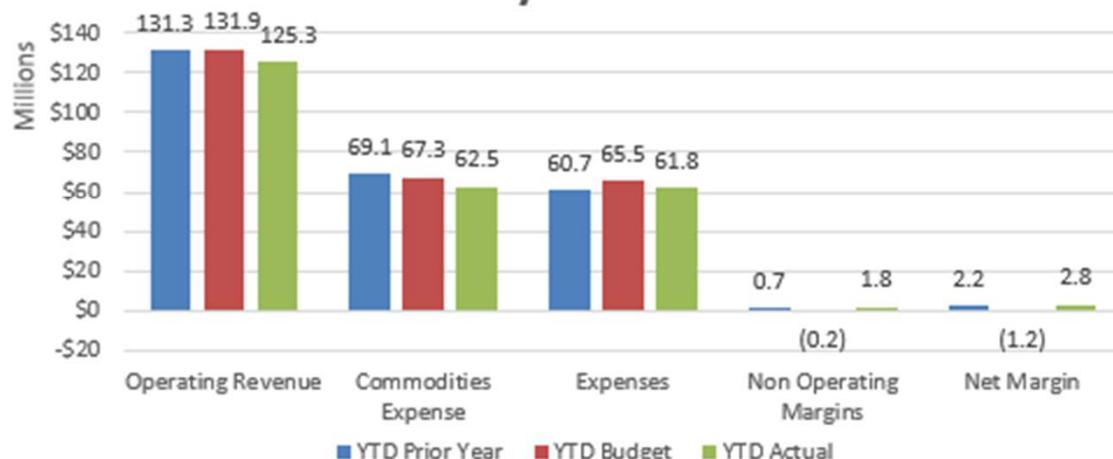
Equity Ratio



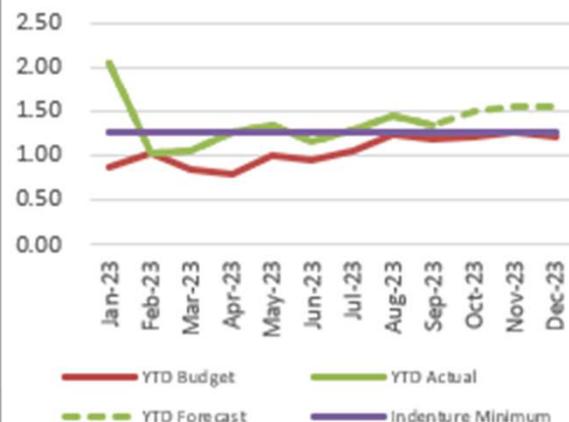
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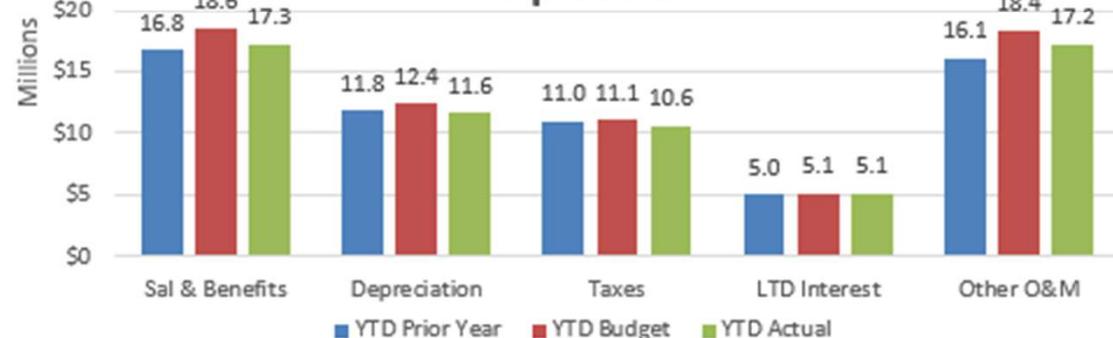
Key Results



DSC



Expenses



Liquidity & Available Funding

| (In Millions) | YTD Actual |
|-------------------------------------|----------------------|
| Cash | \$0.4 |
| Short-Term Investments | \$41.1 |
| Cushion of Credit | <u>\$0.0</u> |
| Total Cash & Investments | <u>\$41.5</u> |
| Line of Credit Available | \$100.0 |
| Line of Credit Drawn | \$0.0 |

General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR SEP 2023

| | Last Year | This Year | Variance |
|---|----------------|----------------|---------------|
| ASSETS AND OTHER DEBITS | | | |
| 1. Total Utility Plant in Service | 580,474,724.28 | 600,683,426.87 | 20,208,702.59 |
| 2. Construction Work in Progress | 15,747,793.67 | 10,395,038.00 | -5,352,755.67 |
| 3. Total Utility Plant (1 + 2) | 596,222,517.95 | 611,078,464.87 | 14,855,946.92 |
| 4. Accum. Provision for Depreciation and Amort. | 334,298,096.13 | 338,251,695.39 | 3,953,599.26 |
| 5. Net Utility Plant (3 - 4) | 261,924,421.82 | 272,826,769.48 | 10,902,347.66 |
| 6. Non-Utility Property (Net) | 0.00 | 0.00 | 0.00 |
| 7. Invest. in Subsidiary Companies | 25,162,335.91 | 22,482,821.12 | -2,679,514.79 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 1,158,794.30 | 1,263,969.31 | 105,175.01 |
| 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 | 517,083.36 | 1,007,148.81 | 490,065.45 |
| 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) | 27,669,513.57 | 25,585,239.24 | -2,084,274.33 |
| 15. Cash - General Funds | 1,751,393.85 | 1,931,725.83 | 180,331.98 |
| 16. Cash - Construction Funds - Trustee | 0.00 | 0.00 | 0.00 |
| 17. Special Deposits | -5,134.51 | -14,781.87 | -9,647.36 |
| 18. Temporary Investments | 40,265,136.03 | 41,087,431.73 | 822,295.70 |
| 19. Notes Receivable (Net) | 0.00 | 0.00 | 0.00 |
| 20. Accounts Receivable - Sales of Energy (Net) | 11,556,366.98 | 11,043,266.68 | -513,100.30 |
| 21. Accounts Receivable - Other (Net) | 296,691.20 | 604,214.30 | 307,523.10 |
| 22. Renewable Energy Credits | 0.00 | 0.00 | 0.00 |
| 23. Material and Supplies - Electric & Other | 21,592,834.27 | 22,731,122.71 | 1,138,288.44 |
| 24. Prepayments | 1,384,482.16 | 1,914,912.86 | 530,430.70 |
| 25. Other Current and Accrued Assets | 9,365,891.90 | 9,233,335.38 | -132,556.52 |
| 26. Total Current and Accrued Assets (15 thru 25) | 86,207,661.88 | 88,531,227.62 | 2,323,565.74 |
| 27. Regulatory Assets | 33,279,807.43 | 34,831,910.98 | 1,552,103.55 |
| 28. Other Deferred Debits | -378,929.50 | 163,819.06 | 542,748.56 |
| 29. Total Assets and Other Debits (5 + 14 + 26 thru 28) | 408,702,475.20 | 421,938,966.38 | 13,236,491.18 |

10/24/2023 10:40:41 am

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR SEP 2023

| | Last Year | This Year | Variance |
|---|----------------|----------------|----------------|
| LIABILITIES AND OTHER CREDITS | | | |
| 30. Memberships | 594.79 | 607.16 | 12.37 |
| 31. Patronage Capital | 131,557,221.63 | 134,487,860.52 | 2,930,638.89 |
| 32. Operating Margins - Prior Years | 0.00 | 0.00 | 0.00 |
| 33. Operating Margins - Current Year | 2,197,548.55 | 2,849,037.64 | 651,489.09 |
| 34. Non-Operating Margins | 0.00 | 0.00 | 0.00 |
| 35. Other Margins and Equities | 269,342.52 | 134,234.19 | -135,108.33 |
| 36. Total Margins & Equities (30 thru 35) | 134,024,707.49 | 137,471,739.51 | 3,447,032.02 |
| 37. Long-Term Debt - RUS (Net) | 0.00 | 0.00 | 0.00 |
| 38. Long-Term Debt - FFB - RUS Guaranteed | 117,886,218.07 | 118,759,126.23 | 872,908.16 |
| 39. Long-Term Debt - Other - RUS Guaranteed | 0.00 | 0.00 | 0.00 |
| 40. Long-Term Debt - Other (Net) | 120,572,914.36 | 120,333,944.55 | -238,969.81 |
| 41. Long-Term Debt - RUS Econ. Devel. (Net) | 0.00 | 0.00 | 0.00 |
| 42. Payments - Unapplied | -6,210,770.21 | 0.00 | 6,210,770.21 |
| 43. Total Long-Term Debt (37 thru 41 - 42) | 232,248,362.22 | 239,093,070.78 | 6,844,708.56 |
| 44. Obligations Under Capital Leases - Noncurrent | 0.00 | 13,583,205.15 | 13,583,205.15 |
| 45. Accumulated Operating Provisions | -187,177.18 | 53,759.21 | 240,936.39 |
| 46. Total Other Noncurrent Liabilities (44 + 45) | -187,177.18 | 13,636,964.36 | 13,824,141.54 |
| 47. Notes Payable | 0.00 | 0.00 | 0.00 |
| 48. Accounts Payable | 6,985,481.57 | 7,225,004.25 | 239,522.68 |
| 49. Consumers Deposits | 1,278,560.70 | 1,500,043.42 | 221,482.72 |
| 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 | 10,171,858.45 | 9,903,698.20 | -268,160.25 |
| 54. Total Current & Accrued Liabilities (47 thru 53) | 32,347,173.68 | 18,628,745.87 | -13,718,427.81 |
| 55. Regulatory Liabilities | 0.00 | 0.00 | 0.00 |
| 56. Other Deferred Credits | 10,269,408.99 | 13,108,445.86 | 2,839,036.87 |
| 57. Total Liab. & Other Credits (36+43+46+54 thru 56) | 408,702,475.20 | 421,938,966.38 | 13,236,491.18 |
| Current Assets To Current Liabilities | 2.67 to 1 | 4.75 to 1 | |
| Margins and Equities To Total Assets | 32.79 % | 32.58 % | |
| Long-Term Debt To Total Utility Plant | 38.95 % | 39.13 % | |

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 | 02/06/20 | 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>-</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 | 05/08/15 | 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 | 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 | 02/06/20 | 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 | | | | | | <u>\$334,153</u> | <u>\$249,110</u> | <u>\$235,847</u> | <u>\$6,730</u> |
| | CWP Loan Funds Needed (with Add of Hana Kukui Purchase (\$25M) and Remodel (\$15M) for a total \$40M) | | | | | | \$ 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, CFC \$5M CoBank \$15M) | | | | | | \$ (100,000) | \$ (100,000) | \$ (100,000) | |
| | | | | | | | <u>\$537,553</u> | <u>\$452,510</u> | <u>\$439,247</u> | |

10/24/2023 10:40:40 am

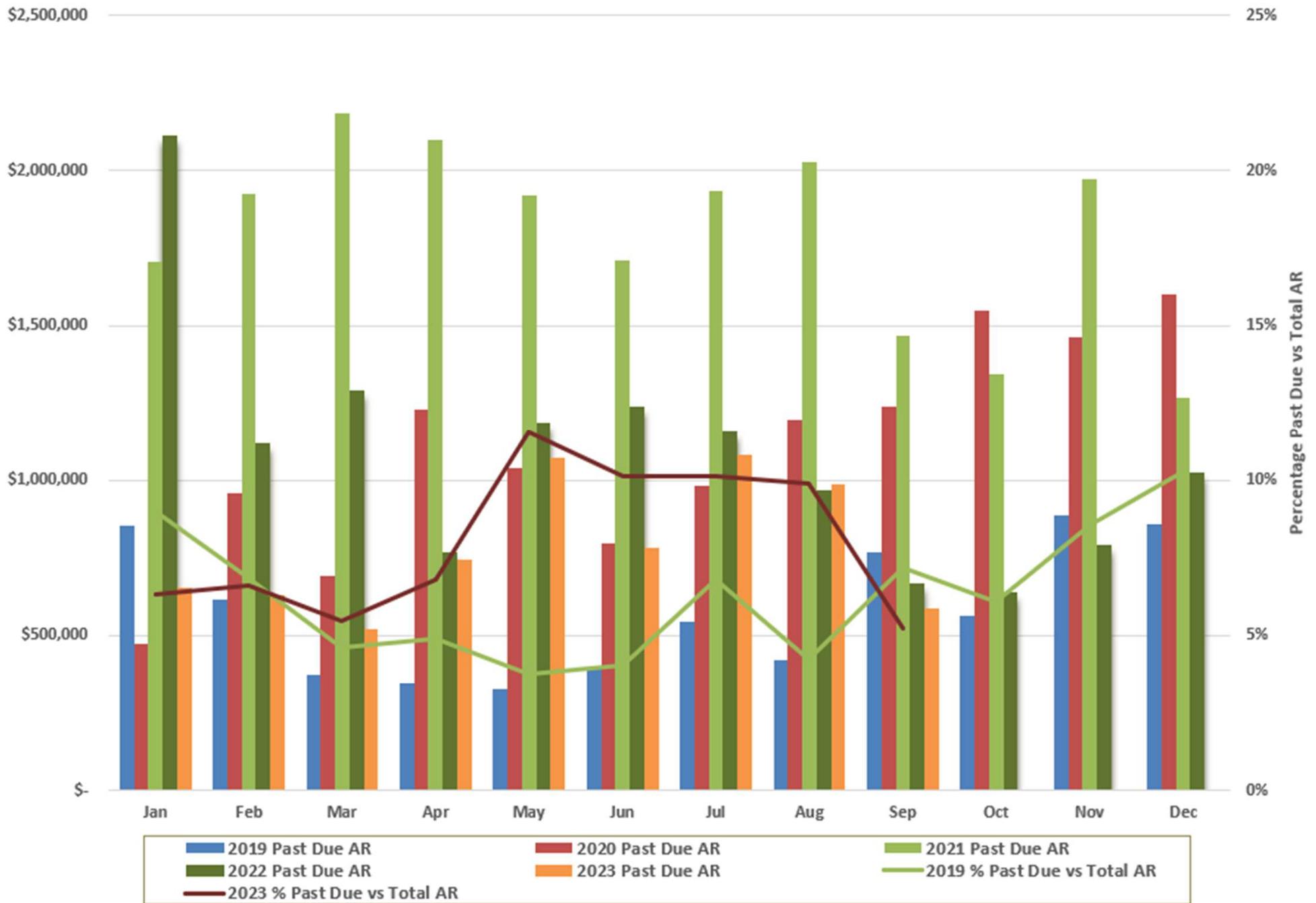
General Ledger Financial And Operating Report Electric Distribution

Page: 1

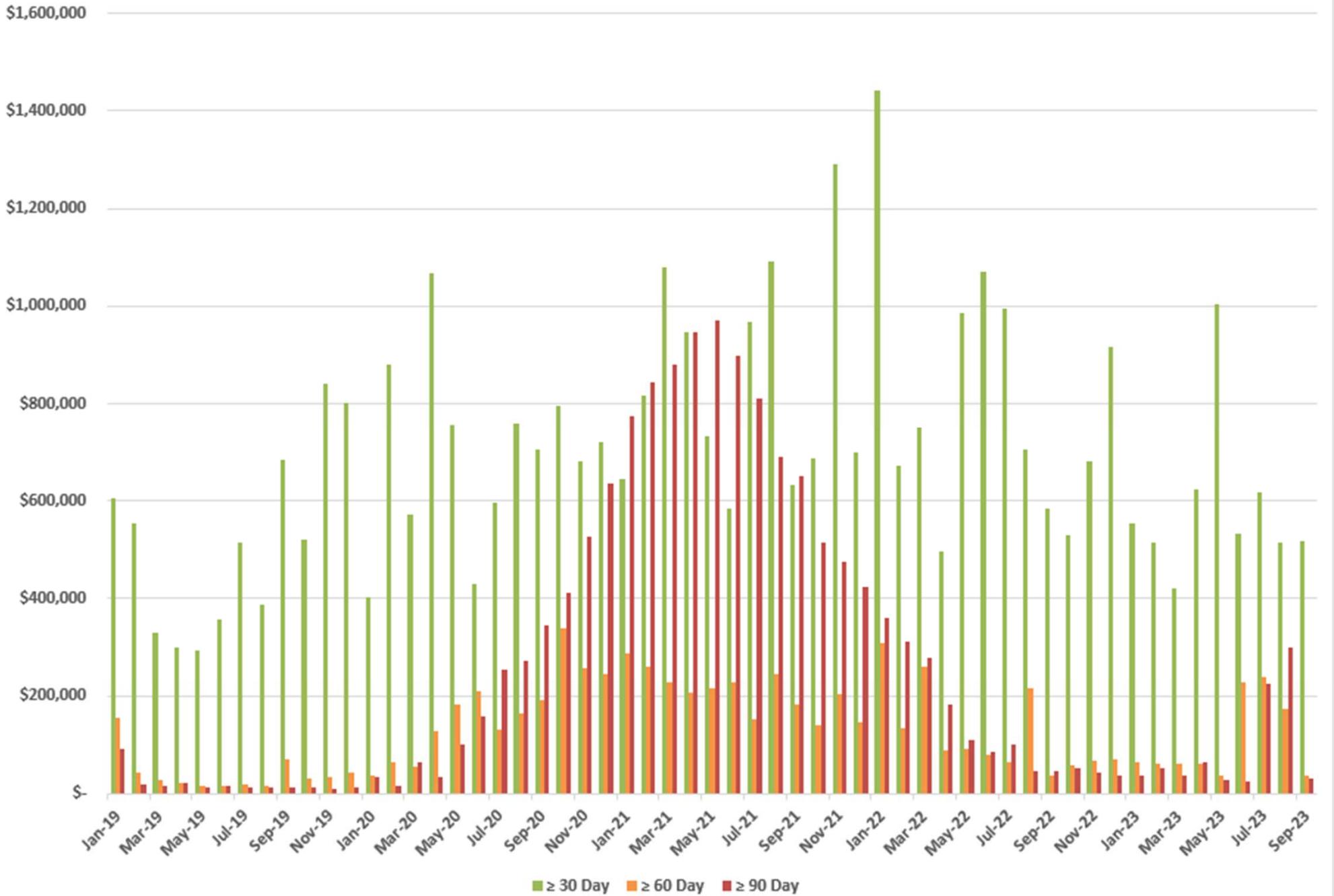
INCOME STATEMENT FOR SEP 2023

| Item | Year - To - Date | | | Period - To - Date | |
|--|------------------|----------------|----------------|--------------------|---------------|
| | Last Year | This Year | Budget | Current | Budget |
| 1. Operating Revenue and Patronage Capital | 131,290,453.84 | 125,344,367.79 | 131,940,529.00 | 15,269,753.78 | 15,183,256.00 |
| 2. Power Production Expense | 42,548,371.47 | 38,299,832.34 | 41,338,860.00 | 5,127,937.52 | 5,136,090.00 |
| 3. Cost of Purchased Power | 36,110,130.44 | 34,430,576.13 | 36,609,351.00 | 3,773,244.11 | 3,707,029.00 |
| 4. Transmission Expense | 1,021,837.18 | 889,761.98 | 1,081,459.00 | 107,672.46 | 115,113.00 |
| 5. Regional Market Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6. Distribution Expense - Operation | 1,284,986.18 | 1,216,992.06 | 1,025,478.00 | 98,367.16 | 113,225.00 |
| 7. Distribution Expense - Maintenance | 3,534,645.61 | 3,600,136.06 | 3,802,454.00 | 337,983.43 | 418,829.00 |
| 8. Customer Accounts Expense | 1,737,726.59 | 1,708,838.31 | 2,063,186.00 | 199,763.35 | 224,181.00 |
| 9. Customer Service and Informational Expense | 221,365.35 | 236,852.18 | 371,826.00 | 21,621.14 | 43,414.00 |
| 10. Sales Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 11. Administrative and General Expense | 15,512,056.99 | 16,583,848.37 | 18,021,702.00 | 1,956,748.54 | 1,617,719.00 |
| 12. Total Operation & Maintenance Expense (2 thru 11) | 101,971,119.81 | 96,966,837.43 | 104,314,316.00 | 11,623,337.71 | 11,375,600.00 |
| 13. Depreciation & Amortization Expense | 11,798,314.90 | 11,639,641.52 | 12,395,254.00 | 1,275,481.53 | 1,377,250.00 |
| 14. Tax Expense - Property & Gross Receipts | 3,279,901.37 | 3,131,164.59 | 3,298,512.00 | 381,373.37 | 379,581.00 |
| 15. Tax Expense - Other | 7,751,863.66 | 7,503,774.51 | 7,793,700.00 | 939,996.13 | 899,035.00 |
| 16. Interest on Long-Term Debt | 4,995,415.91 | 5,079,066.53 | 5,069,000.00 | 565,196.17 | 566,800.00 |
| 17. Interest Charged to Construction - Credit | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 18. Interest Expense - Other | 0.00 | 0.00 | 266,000.00 | 0.00 | 52,000.00 |
| 19. Other Deductions | 58,006.99 | 18,952.27 | 68,545.00 | 3,750.00 | 2,830.00 |
| 20. Total Cost of Electric Service (12 thru 19) | 129,854,622.64 | 124,339,436.85 | 133,205,327.00 | 14,789,134.91 | 14,653,096.00 |
| 21. Patronage Capital & Operating Margins (1 minus 20) | 1,435,831.20 | 1,004,930.94 | -1,264,798.00 | 480,618.87 | 530,160.00 |
| 22. Non Operating Margins - Interest | 866,635.43 | 2,199,189.06 | 717,575.00 | 254,935.36 | 80,341.00 |
| 23. Allowance for Funds Used During Construction | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 24. Income (Loss) from Equity Investments | -404,237.45 | -737,786.40 | -976,868.00 | -109,566.43 | -118,259.00 |
| 25. Non Operating Margins - Other | 116,049.69 | 200,204.41 | 143,739.00 | 18,266.11 | 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 | 183,269.68 | 182,499.63 | 205,000.00 | 0.00 | 205,000.00 |
| 28. Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 29. Patronage Capital or Margins (21 thru 28) | 2,197,548.55 | 2,849,037.64 | -1,175,352.00 | 644,253.91 | 713,213.00 |
| Operating - Margin | 2,197,548.55 | 2,849,037.64 | -1,175,352.00 | 644,253.91 | 713,213.00 |
| Non Operating - Margin | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Times Interest Earned Ratio - Operating | 1.29 | 1.20 | | | |
| Times Interest Earned Ratio - Net | 1.44 | 1.56 | | | |
| Times Interest Earned Ratio - Modified | 1.40 | 1.53 | | | |

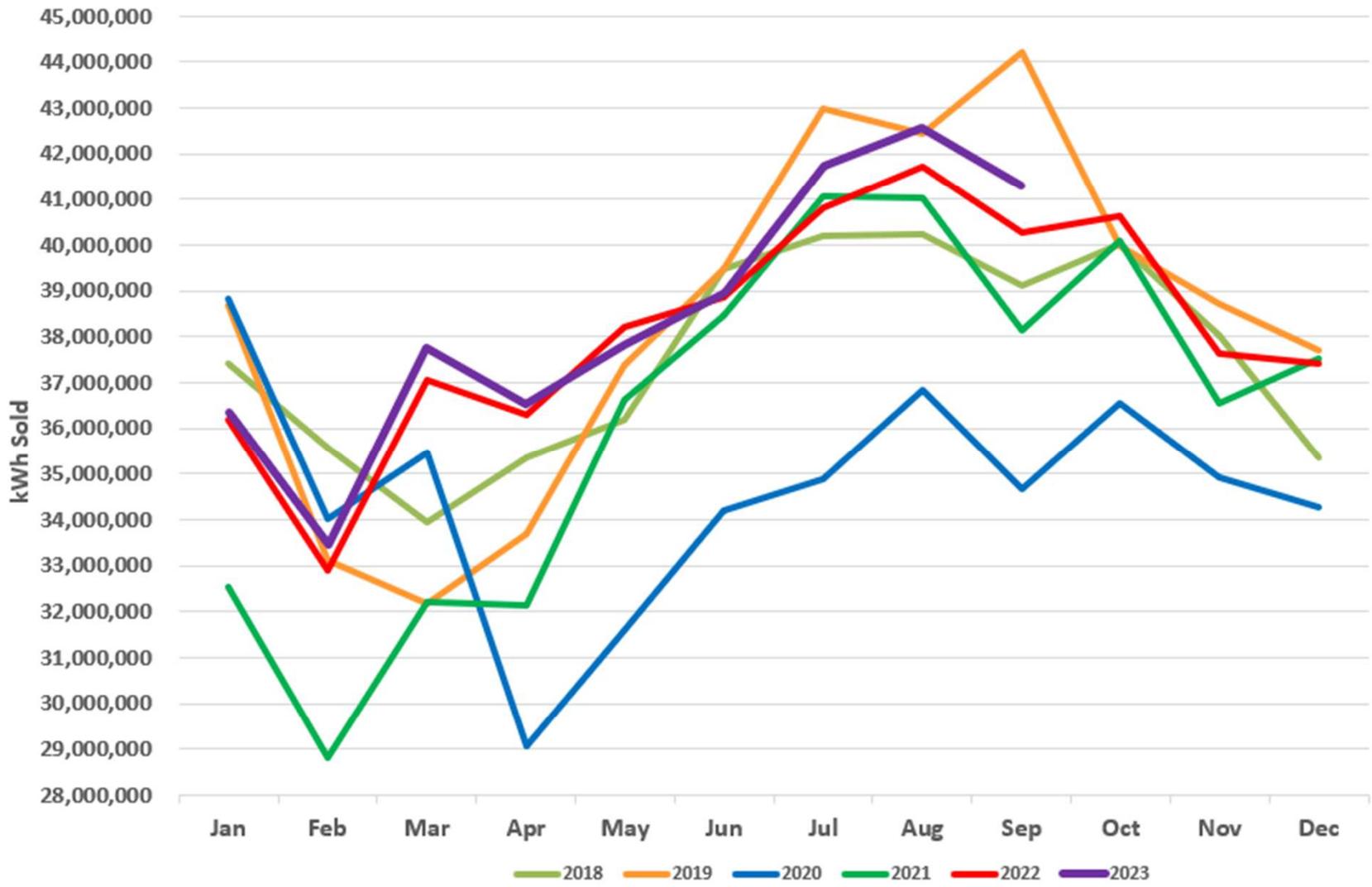
YOY > 30 days vs Total AR



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:
- \$31.3M 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
- \$4.95M 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%
- \$4.95M CoBank Commercial Paper Investment – AA- Moody and S&P
 - 60-day Investment – 4.23%
- \$254,800 Central Pacific Bank – Backup Checking in NISC if needed
 - Backup for Checking in Money Market (unlimited) account
 - 4.08%

Budget Discussion for Upcoming Workshop

- Budget Draft Completed – Review Process
 - Accounting/Finance Review Completed
 - David Review - TBD
 - Senior Staff Review - TBD
- High Dollar Budget Impact Items still TBD by KIUC Rate Case
 - Sales – Rate Case and Rate Increase
 - Lost Gross Margin – decrease to sales
 - Pension Costs
 - Pension Expense
 - Pension Amortization of Regulatory Asset
 - Depreciation Expense
 - 2012
 - 2017
 - 2022
- Union Negotiations
 - Economic Impact Items
 - Wages
 - Other Union Asks
- Budget Workshop Date Change?

Questions?

NRECA Board Update

September 2023



- ◆ The U.S. Department of Agriculture (USDA) [announced](#) that it received 157 proposals from electric cooperatives to access the agency's \$9.7 billion New ERA program to promote co-op energy innovation. USDA reported that the 157 co-op proposals cover 750 projects totaling more than two times the \$9.7 billion in funding that Congress made available for the program. NRECA issued a press [release](#) in response to the news. USDA will now analyze the submissions and determine which applications to fund.
- ◆ Cobb EMC, NRECA and three national laboratories have won global [recognition](#) for their work on microgrid control modeling software that can boost grid reliability by using distributed assets to mitigate power outages.
- ◆ NRECA continues to engage decision-makers regarding the practical impacts of policymaking on affordability and reliability. Ongoing efforts include:
 - ◇ A [letter](#) from Sen. Mitch McConnell, R-Ky., and over three dozen Republican colleagues, to the Environmental Protection Agency asking it to withdraw a proposed rule that would reduce emissions by coal and natural gas-fired plants.
 - ◇ Congressional [testimony](#) from Mid-Carolina Electric Cooperative CEO Bob Paulling to the House Energy and Commerce Subcommittee on Energy, Climate and Grid Security at a hearing on reliability.
 - ◇ A [letter](#) from NRECA to the White House Council on Environmental Quality, pushing back on ongoing efforts to breach the Lower Snake River Dams on the Columbia River System.
 - ◇ A national coalition [letter](#) with the American Public Power Association, National League of Cities and National Association of Counties urging the House and Senate to swiftly pass the Federal Emergency Management Agency Loan Interest Payment Relief Act.
- ◆ Registration is open for the NRECA Broadband Leadership [Summit](#), an exclusive benefit for NRECA Broadband participants. The summit takes place Nov. 7-9 in Washington, D.C., and features updates on legislative and regulatory actions, as well as opportunities to hear from policymakers in the broadband space.

NRECA Board of Directors

NRECA Update

October 2023

Co-ops Oversubscribe NEW ERA Program

- USDA received 157 proposals from electric co-ops to access the agency's \$9.7 billion to promote energy innovation.
- The 157 co-op proposals cover 750 projects totaling more than two times the available funding.

USDA Sees Record Demand to Advance Clean Energy in Rural America Through President Biden's Investing in America Agenda

The New ERA clean energy program will reduce costs for rural Americans while improving grid reliability

WASHINGTON, Sept. 27, 2023 – U.S. Department of Agriculture (USDA) Secretary Tom Vilsack announced today that USDA received record demand for funding to advance affordable and reliable clean energy in rural America under key programs made possible by President Biden's Inflation Reduction Act, the largest clean energy and climate investment in history and the largest investment ever in rural energy infrastructure. Part of Bidenomics and the President's Investing in America agenda, these programs will lower energy costs for consumers and small businesses and create good-paying jobs across rural America.

"The Biden-Harris Administration's Inflation Reduction Act is driving investment in rural communities across the nation, particularly in places that for too long have been left out or left behind," Vilsack said. "Our programs are a major opportunity to build a clean energy economy in rural America that will lower energy costs, strengthen energy security, create good-paying jobs, and meet our climate goals. The response from rural America and rural electric cooperatives to these programs is a resounding 'yes' to federal funding for clean energy infrastructure to provide relief to farmers, rural small businesses and individuals by lowering energy costs and creating economic opportunity for generations to come."

Press Release
Release No. 0199.23

Contact: USDA Press
Email: press@usda.gov

Advocating for Affordability & Reliability

NRECA continues to engage decision-makers regarding impacts of policymaking on affordability & reliability:

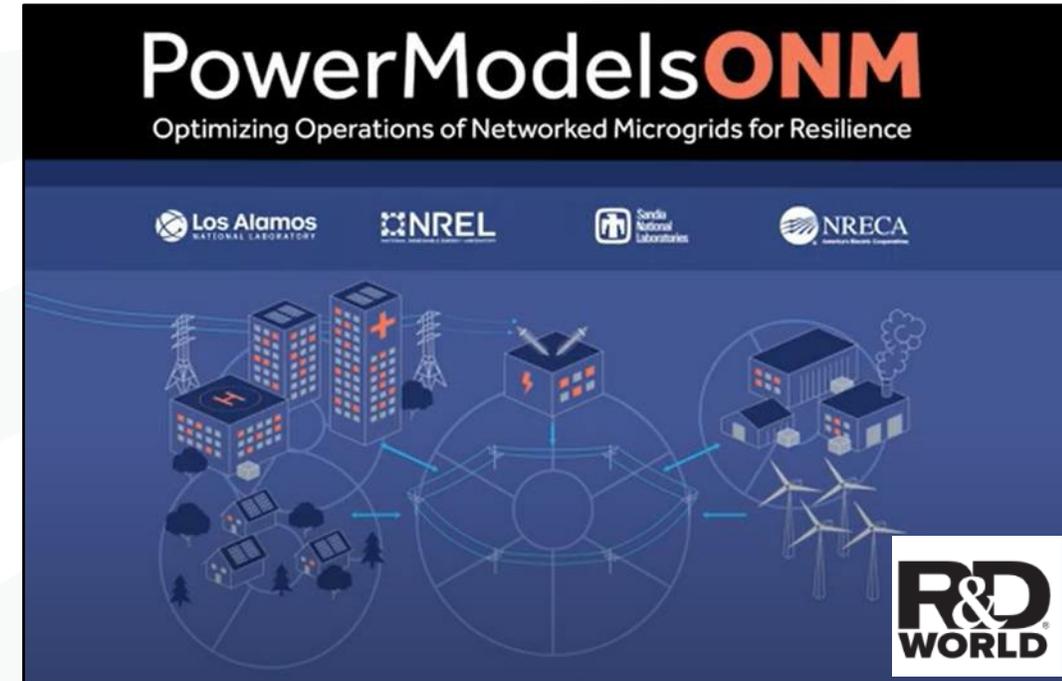
- Testimony from Mid-Carolina EC CEO Bob Paulling to the House Subcommittee on Energy, Climate & Grid Security
- Letter to the White House Council on Environmental Quality
- National coalition letter with APPA, National League of Cities, National Association of Counties
- Letter from Sen. Mitch McConnell & Republican colleagues to the EPA



Mid-Carolina EC CEO Bob Paulling

Co-ops Part of Global Science Award

- Cobb EMC, NRECA and three national laboratories have won global recognition for their work on microgrid control modeling software that can boost grid reliability by using distributed assets to mitigate power outages.



Register for Broadband Leadership Summit

- Registration is open for the NRECA Broadband Leadership Summit—an exclusive benefit for NRECA Broadband participants.
- Summit takes place Nov. 7-9 in Washington, D.C., and features opportunities to hear from policymakers in the broadband space.



*Joseph Wender
Director of Capital Projects Fund
U.S. Department of the Treasury
speaking at the 2022 NRECA
Broadband Leadership Summit*



From: [Marj Dente](#)
To: testimony@kiuc.coop
Subject: UPDATE REQUESTED FOR WILDFIRE PROTOCOLS
Date: Wednesday, October 25, 2023 9:10:28 AM

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.

Dear KIUC Board Members and CEO David Bissell

At the August 24, 2023 monthly Board Meeting, shortly after the tragic wildfire on Maui Island, CEO David Bissell reported that short and long term Wildfire Mitigation efforts are under review with much to consider. It was his opinion that professional help would be required, patterning with KEMA , and requiring a request to the Board to allow payment for those services.

I assumed that this issue would have been discussed at the Executive Session on that date, but I see no written record of that action.

Going forward to the September 21, 2023 Board Meeting, Mr. Bissell's report had no mention of action being taken on establishing Wildfire Mitigation. However he did report, that after a lot of work, a Red Flag Warning was sent out to KIUC members on August 30, by email, stating that electric power would be shut down in various locations on Kauai, including Kokee, starting at 6:00 p.m. as a precautionary measure should any fire get out of control in those areas.

I received that email, and realized that some personal friends were anticipating spending time in their Kokee cabin that evening and would perhaps not have gotten this message until they actually arrived there, finding the power turned off. Fortunately I was able to reach them by phone. They had much gratitude as they had no awareness of this situation.

Mr. Bissell reported at the September 21 Board Meeting that the August 30 Red Flag warning was successful with no impacts. I disagree and recommend that our CEO and the Board diligently address this important issue. I realize that it is currently the Winter rainy season, so not as critical as the August very dry season. However with the ever changing weather patterns, the 2024 Spring, Summer and Fall conditions may be very dangerous.

Thank you for your consideration and attention to this issue with anticipation of hearing an update report at the October 26 Board Meeting and receiving an email soon that progress is being made.

Sincerely, Marj Dente