

REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE
via Video Conference Call
On September 19, 2024

MINUTES

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

1. Roll Call

- 1.1. **Directors present:** Allan Smith (Chair), Jan TenBruggencate (Vice-Chair), Peter Yukimura (Treasurer), Calvin Murashige (Secretary), David Iha, Teofilo Tacbian, Michael Yamane; David Bissell (CEO)
- 1.2. **Others present:** Stacie Dellamano (CFO), Brad Rockwell (COO), Laurel Loo (General Counsel), Teresa Amoy (Executive Administrator), Beth Amaro (Member Services & Communications Mgr.), Cameron Kruse (Engineering & Technology Mgr.), Daurice Arruda (Accounting Mgr.), Erin Tsuda (Finance Mgr.), Corinne Cuaresma (Controller), Scott Sato (Energy Services Supervisor), Shelley Paik (PA Specialist), Allison Young (Communications & PR Specialist), Fred Pascual (Distribution Planning Coordinator); Members of the press (0) and Member of the public (1)
- 1.3. **Absent/Excused:** James Mayfield

2. Approval of the Agenda

- 2.1. The Board of Directors' agenda of September 19, 2024, was approved as circulated.

3. Approval of Minutes

- 3.1. The minutes of August 29, 2024, Regular Board meeting were approved as circulated.

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

- 4.1. CEO discussed September's President's Report as presented to the board (report attached).

5. Financial Report – Stacie Dellamano (CFO)

- 5.1. CFO provided an update on the August 2024 Financial Report (report attached).
 - Provided a snapshot of the co-op's performance, including growth in megawatt hours, revenue compared to budget targets, and meeting indenture minimums.
 - Detailed the co-op's assets, including plant and utility service assets, construction work in progress, and liabilities.
 - Income Statement: Highlighted high margin month in August, with \$2.3 million in margin, and discussed expenses and cash on hand.

- Financial Tools: Discussed tools available for board members to track financial information, including balance sheets, outstanding debt, and interest payments.
- Financial Supplement: Provided detailed information on accounts receivable, outstanding balances, and kilowatt hours sold, with comparisons to prior years.
- Treasury Management: Discussed ratings, money market funds, and compliance with policies to ensure financial stability.

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

6.1. The NRECA Director's report, presented by Director Iha, covered the following key points:

- NRECA Financial Metrics: Discussed equity as a percentage of operating expenses, cash on hand, and months of liquid unrestricted net assets available, showing the association's financial stability.
- Regional Meetings: Shared criteria for selecting regional meeting sites, including NRECA's preferred dates, cost of rooms, does it fit the budget, accessible to major highways, is it within 20 to 25 minutes to an airport, the property should have a full-service provision, a walkable location through a convention center, and space requirements for 450-800 attendees.
- Bylaws Amendment: Discussed changes in the process for selecting State directors, emphasizing the timeline for State director selection and orientation as a new director.
- Legislative and Political Outlook: Highlighted challenges in the legislative process due to political division and the impact on NRECA's ability to advance priorities.
- Legislative Priorities: Discussed priorities such as the Farm Bill reauthorization and protection of Co-Op programs and infrastructure funding to safeguard gains in the sector.

7. Public Testimony

7.1. No public testimony was received.

8. New Business

8.1. 2024 – 2026 Moss Adams Audit Proposal

- Director Yukimura introduced the three-year proposal from Moss Adams. The F&A committee discussed the slight increase and approved the request at its last meeting for full board approval.
- **MOTION:** to approve the three-year proposal from Moss Adams.
[Motion: Yukimura] [Second: TenBruggencate]

No discussion.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Murashige Tadbian, Iha, Yamane	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield	Total – 1

Motion carried

8.2. Board Approval Request – Delta V Controller & Graphics Upgrade

- Director Yukimura introduced the Board Approval Request for the Delta V Controller & Graphics Upgrade noting if purchased now, there will be a 15% discount and prices will be locked in. The F&A committee approved the request at its last meeting for full board approval.
- **MOTION:** to approve the BAR for the Delta V Controller & Graphics Upgrade.
[Motion: Yukimura] [Second: Murashige]

No discussion.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Murashige Mayfield, Tacbian, Iha, Crowell, Yamane	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield	Total – 1

Motion carried

8.3. Policy 6 – Employment of Related Persons

- Director Yamane introduced Board Policy 6 with no changes made to the current policy. The policy committee reviewed and approved the policy at its last meeting for full board approval.
- **MOTION:** to approve Board Policy 6.
[Motion: Yamane] [Second: TenBruggencate]

No discussion.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Murashige Tacbian, Iha, Yamane	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield	Total – 1

Motion carried

8.4. Approval of Loan Review Committee Members

- On a motion by Director Tacbian and seconded by Director Murashige to approve members as presented, the motion passed. Loan Review Committee Members: Financial Background Clyde Nakaya & Sonia Topenio; Government Nalani Kaauwai Brun; Non-profit Sector Lori Almarza & Robin Pratt; Community Member Sara Miura; and Board Members Teofilo Tacbian & Peter Yukimura.

No discussion.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Murashige Tacbian, Iha, Yamane	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield	Total – 1

Motion carried

8.5. Board Member Replacement

- On a motion by Vice Chair TenBruggencate and seconded by Director Tacbian to appoint Director Calvin Murashige to the unexpired seat of late Board Member Dee Crowell, the motion passed.
 - Discussion.** Vice Chair TenBruggencate noted the purpose of this action is rather than having the board appoint someone from the outside, this action will allow the members to vote and select their Board Member at the next board election in March.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Murashige Tacbian, Iha, Yamane	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield	Total – 1

Motion carried

8.6. Selection of the KIUC Nominating Committee Chair for the 2025 Board Elections

- On a motion by Vice Chair TenBruggencate and seconded by Director Tacbian to appoint Director Murashige, who is not running in the next election, to replace the late Board Member Dee Crowell, as the Chair to the KIUC Nominating Committee.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Murashige Tacbian, Iha, Yamane	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield	Total – 1

Motion carried

9. Calendar

- 9.1. **October 14, 2024** – HOLIDAY – Discoverers’ Day (KIUC Offices Closed)
- 9.2. **October 16, 2024** – HCP Workshop (2:00pm, MCR)
- 9.3. **October 22, 2024** – Board Committee Meetings (9:00am, MCR)
- 9.4. **October 24, 2024** – LBA Meeting (7:30am, Duke’s Kauai)
- 9.5. **October 31, 2024** – Regular Board Meeting (1:00pm, Zoom)

10. Executive Session

At 1:28 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.

- 10.1. The open session of the Regular meeting was reconvened at 1:34 p.m.
- A motion to ratify actions taken in Executive Session by Director TenBruggencate and seconded by Director Yukimura was approved unanimously.
 - The Executive Session minutes of August 29, 2024, were approved as circulated in executive session.
 - A KIUC Real Estate Matter

11. Adjournment

- 11.1. The meeting was adjourned at 1:35 p.m.

Calvin Murashige
Calvin Murashige (Oct 31, 2024 16:35 HST)

Calvin Murashige
Board Secretary

September 19, 2024

David Bissell, CEO

PRESIDENT'S REPORT

PRESIDENT'S REPORT

Safety (August)	Month	2024 YTD	2023 YTD
Recordable Incidents	0	2	3
Availability and Reliability	Month	2024 YTD	2023 YTD
Reportable Outages	5	27	27
Average Outage Hours Per Customer	0.50	5.43	2.79
Efficiency	Month	2024 YTD	
Net Plant Heat Rate	9,374	9,120	
Peak Demand (MW)	82.21	82.21	
Residential Rates			
September 2024	\$0.398/kwh decrease \$0.05 from August		

UPDATE ITEMS

- New record for peak demand of 82.1 MW set on Saturday, August 31
- Vegetation Management RFP issued
- Mahipapa remains offline. Estimated to resume operations in late September
- HCP and Draft EIS still on schedule for May 2025 federal publication with permit issuance target of Q1 2026
- Board workshops on HCP scheduled for October 16 and Regulatory Items on November 18
- Seabird “fallout” season begins September 15 ending December 15

UPDATE ITEMS - CONTINUED

- RUS loan closed for approved amount of up to \$153 million
 - PUC has previously approved loan
- Renewable RFP ongoing with target for completion of PPA by year end (if applicable)
- NRECA Region 7 and 9 meetings to be held in Sacramento in late September

MAHALO!



Kaua'i Island Utility Cooperative

Your Touchstone Energy[®] Cooperative



Board Meeting Financial Report

September 2024

Finance, Accounting, Regulatory and Warehouse Monthly Summary

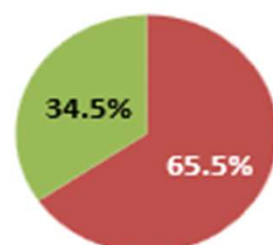
Finance and Accounting Update

- Financial Results
 - Key Year to Date Trend Snapshot
 - Balance Sheet
 - Income Statement
 - Results of Operations Summary Page
- Outstanding Loan Detail Report
- A/R Reports
- Sales Reports – Annual kWh Sales Comparison
- Treasury Management Monthly Discussion
- Monthly Updates

MWh Sales

Class	YTD Prior Year	YTD Actual		Percent Change
Residential (D)	126,873	126,897	↔	0.0%
Small Comm (G)	43,061	43,231	↑	0.4%
Large Comm (J)	34,200	33,669	↓	-1.6%
Lrg Pwr Primary (L)	31,753	33,466	↑	5.4%
Lrg Pwr Secondary (P)	68,073	70,813	↑	4.0%
Street Lighting (SL)	463	464	↑	0.3%
Irrigation	728	437	↓	-40.0%
Total	305,152	308,975	↑	1.3%

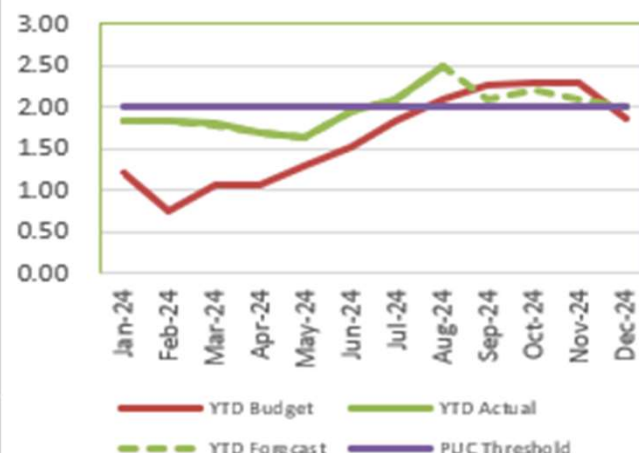
Equity Ratio



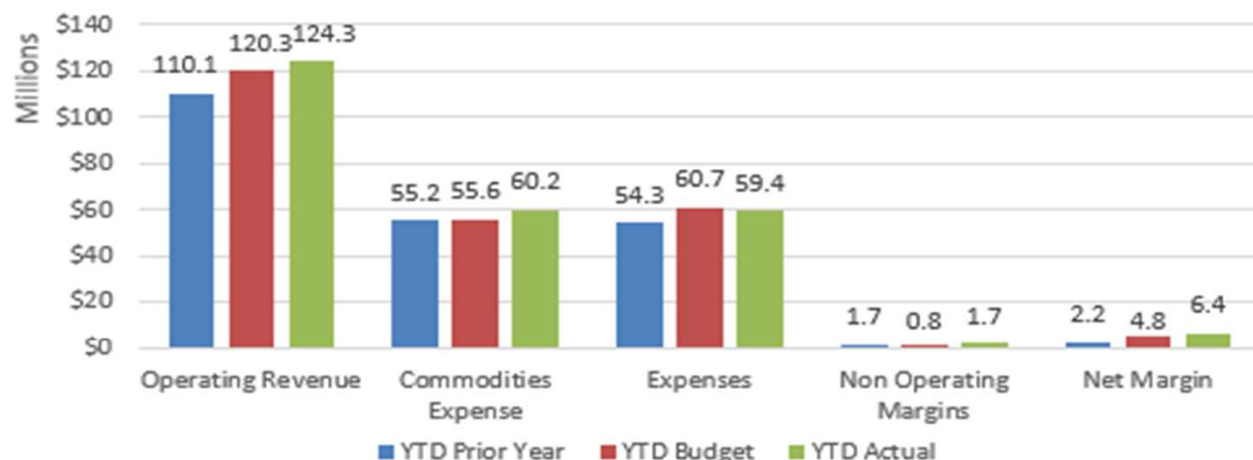
■ Liabilities as a % of Assets

■ Equity as a % of Assets

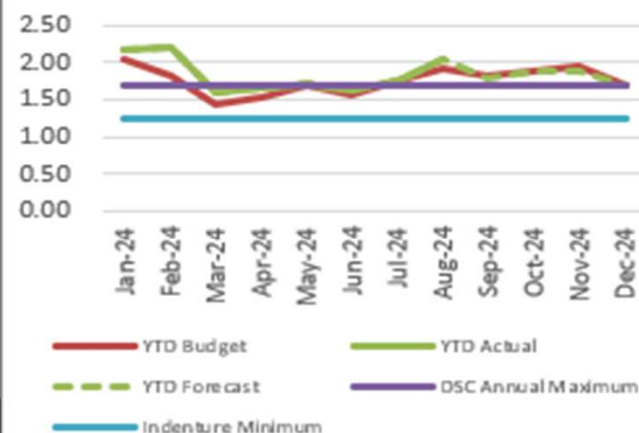
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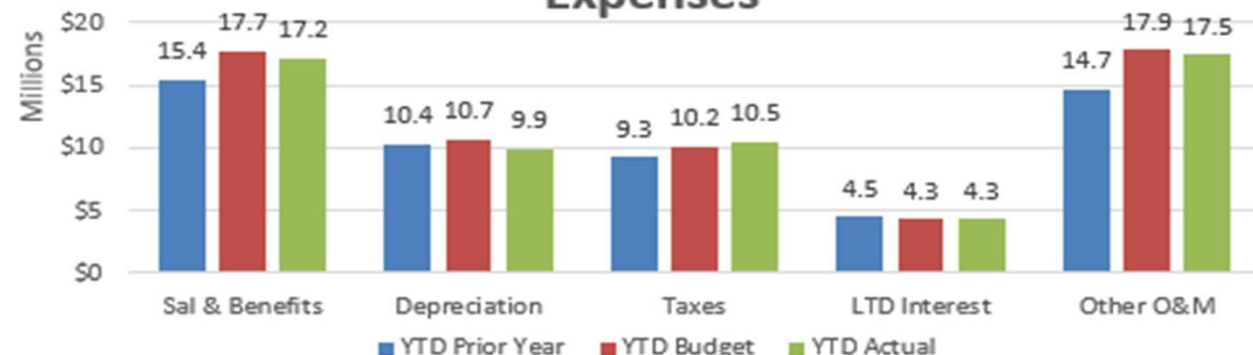
Key Results



DSC



Expenses



(In Millions)	YTD Actual
Cash	\$0.4
Short-Term Investments	\$34.0
Cushion of Credit	\$0.0
Total Cash & Investments	\$34.4
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 2024

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	606,122,592.42	601,559,650.50	-4,562,941.92
2. Construction Work in Progress	9,694,629.15	11,574,562.03	1,879,932.88
3. Total Utility Plant (1 + 2)	615,817,221.57	613,134,212.53	-2,683,009.04
4. Accum. Provision for Depreciation and Amort.	343,407,293.83	338,881,997.51	-4,525,296.32
5. Net Utility Plant (3 - 4)	272,409,927.74	274,252,215.02	1,842,287.28
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	22,958,828.01	21,283,801.89	-1,675,026.12
8. Invest. in Assoc. Org. - Patronage Capital	1,349,495.59	1,264,502.44	-84,993.15
9. Invest. in Assoc. Org. - Other - General Funds	831,300.00	666,500.00	-164,800.00
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	0.00	0.00
11. Invest. in Economic Development Projects	1,018,822.03	2,050,327.99	1,031,505.96
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)	26,158,445.63	25,265,132.32	-893,313.31
15. Cash - General Funds	1,292,399.56	402,340.55	-890,059.01
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	-5,509.76	-33,283.52	-27,773.76
18. Temporary Investments	42,592,922.23	34,066,099.60	-8,526,822.63
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	9,742,567.85	15,531,426.70	5,788,858.85
21. Accounts Receivable - Other (Net)	629,330.70	347,676.13	-281,654.57
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	21,992,284.42	20,805,667.21	-1,186,617.21
24. Prepayments	2,388,941.10	2,798,387.43	409,446.33
25. Other Current and Accrued Assets	9,069,657.45	11,090,055.21	2,020,397.76
26. Total Current and Accrued Assets (15 thru 25)	87,702,593.55	85,008,369.31	-2,694,224.24
27. Regulatory Assets	34,708,670.37	36,156,103.47	1,447,433.10
28. Other Deferred Debits	127,830.09	200,822.07	72,991.98
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	421,107,467.38	420,882,642.19	-224,825.19

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General Ledger

Financial And Operating Report Electric Distribution

BALANCE SHEET FOR AUG 2024

	Last Year	This Year	Variance
LIABILITIES AND OTHER CREDITS			
30. Memberships	606.06	618.98	12.92
31. Patronage Capital	134,494,840.78	138,470,387.90	3,975,547.12
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	2,204,783.73	6,435,025.27	4,230,241.54
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	132,734.28	353,456.30	220,722.02
36. Total Margins & Equities (30 thru 35)	136,832,964.85	145,259,488.45	8,426,523.60
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	120,289,229.62	115,274,799.96	-5,014,429.66
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	121,133,176.65	114,241,139.53	-6,892,037.12
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	-1,557,580.18	0.00	1,557,580.18
43. Total Long-Term Debt (37 thru 41 - 42)	239,864,826.09	229,515,939.49	-10,348,886.60
44. Obligations Under Capital Leases - Noncurrent	13,583,205.15	13,003,196.24	-580,008.91
45. Accumulated Operating Provisions	83,514.29	1,203.93	-82,310.36
46. Total Other Noncurrent Liabilities (44 + 45)	13,666,719.44	13,004,400.17	-662,319.27
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	5,819,079.54	6,857,078.26	1,037,998.72
49. Consumers Deposits	1,503,358.59	1,620,571.43	117,212.84
50. Current Maturities Long-Term Debt	0.00	0.00	0.00
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	10,893,872.28	10,921,038.05	27,165.77
54. Total Current & Accrued Liabilities (47 thru 53)	18,216,310.41	19,398,687.74	1,182,377.33
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	12,526,646.59	13,704,126.34	1,177,479.75
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	421,107,467.38	420,882,642.19	-224,825.19
Current Assets To Current Liabilities	4.81 to 1	4.38 to 1	
Margins and Equities To Total Assets	32.49 %	34.51 %	
Long-Term Debt To Total Utility Plant	38.95 %	37.43 %	

KAUAI ISLAND UTILITY COOPERATIVE
NOTES, BONDS, AND OTHER INDEBTEDNESS
YEARS ENDED DECEMBER 31, 2023 AND 2024

LINE NO.	LENDER	DATE OF NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	LOAN #	ORIGINAL AMOUNT	BALANCE AT 12/31/2023	2023 INTEREST EXPENSE	PROJECTED BALANCE AT 12/31/2024	PROJECTED 2024 INTEREST EXPENSE
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
1	CFC	12/17/03	12/18/03	09/30/23	3.690%	HI001-9005	\$ 8,240,000	\$ -	\$ 7,612	\$ -	\$ -
2	CFC	04/30/19	04/30/19	03/31/35	2.550%	HI001-9014-001	103,133,717	72,704,840	1,930,366	67,052,336	1,788,214
3	CFC	02/06/20	02/25/20	12/31/49	2.760%	HI001-9019B	26,500,000	24,226,770	679,552	23,579,920	662,002
4							<u>137,873,717</u>	<u>96,931,610</u>	<u>2,617,529</u>	<u>90,632,257</u>	<u>2,450,216</u>
5	FFB	06/01/04	10/19/04	12/31/23	2.837%	B8 - 1-1	8,240,000	-	10,185	-	-
6	FFB	06/01/04	10/19/04	12/31/23	2.574%	B8 - 1-2	8,240,000	-	9,234	-	-
7	FFB	06/01/04	10/19/04	12/31/23	4.430%	B8 - 1-3	16,480,000	-	35,673	-	-
8							<u>32,960,000</u>	<u>-</u>	<u>55,092</u>	<u>-</u>	<u>-</u>
9	FFB	07/01/11	06/07/12	12/31/42	2.424%	C8#1 - 2-1	8,716,000	6,262,788	155,277	5,995,975	148,560
10	FFB	07/01/11	10/23/12	12/31/42	2.604%	C8#1 - 2-2	1,606,000	1,162,799	30,956	1,114,101	29,639
11	FFB	07/01/11	06/24/13	12/31/42	3.259%	C8#1 - 2-3	9,100,000	6,770,327	225,194	6,504,071	216,192
12	FFB	07/01/11	11/25/13	12/31/42	2.662%	C8#1 - 2-4	2,689,000	1,928,409	52,473	1,848,092	50,254
13	FFB	07/01/11	03/18/14	12/31/42	3.334%	C8#1 - 2-6	5,198,000	3,941,994	134,111	3,788,091	128,788
14	FFB	07/01/11	08/07/14	12/31/42	3.023%	C8#1 - 2-7	5,731,000	4,340,285	133,992	4,165,662	128,514
15	FFB	07/01/11	05/08/15	12/31/42	2.665%	C8#1 - 2-8	4,213,000	3,208,446	87,402	3,074,855	83,705
16	FFB	07/01/11	09/18/15	12/31/42	2.715%	C8#1 - 2-9	748,000	574,669	15,946	550,855	15,275
17	FFB	01/15/15	10/29/15	12/31/42	2.558%	C8#2 - 3-1	6,000,000	4,611,482	120,612	4,417,504	115,460
18	FFB	01/15/15	01/12/16	12/31/42	2.636%	C8#2 - 3-2	<u>35,586,552</u>	<u>27,600,650</u>	<u>743,748</u>	<u>26,448,249</u>	<u>712,208</u>
19							<u>79,587,552</u>	<u>60,401,849</u>	<u>1,699,711</u>	<u>57,907,457</u>	<u>1,628,596</u>
20	FFB	12/01/17	04/24/18	12/31/51	3.199%	D8 - 4-1	22,192,000	20,365,770	658,583	19,895,814	642,298
21	FFB	12/01/17	10/22/18	12/31/51	3.437%	D8 - 4-2	5,707,000	5,255,619	182,503	5,138,616	178,139
22	FFB	12/01/17	06/06/19	12/31/51	2.578%	D8 - 4-3	4,776,000	4,341,053	113,293	4,231,193	110,239
23	FFB	12/01/17	06/22/20	12/31/51	1.326%	D8 - 4-4	3,992,000	3,620,494	48,759	3,510,802	47,200
24	FFB	12/01/17	10/08/21	12/31/51	2.087%	D8 - 4-5	7,889,000	7,494,384	158,532	7,290,648	153,959
25	FFB	12/01/17	05/19/22	12/31/51	3.236%	D8 - 4-6	3,450,000	3,341,179	109,287	3,264,506	106,598
26	FFB	12/01/17	08/29/22	12/31/51	3.422%	D8 - 4-7	<u>12,706,000</u>	<u>12,379,027</u>	<u>428,003</u>	<u>12,102,814</u>	<u>417,747</u>
27							<u>60,712,000</u>	<u>56,797,525</u>	<u>1,698,961</u>	<u>55,434,394</u>	<u>1,656,180</u>
28	COBANK	02/06/20	02/22/21	02/20/51	2.900%	00102606 T01	18,119,000	17,004,406	506,035	16,590,382	495,406
29	COBANK	02/06/20	02/10/22	02/10/52	3.330%	3455702 T01-DS	<u>4,900,000</u>	<u>4,720,774</u>	<u>161,090</u>	<u>4,618,994</u>	<u>158,147</u>
30							<u>23,019,000</u>	<u>21,725,180</u>	<u>667,125</u>	<u>21,209,376</u>	<u>653,553</u>
31	Total Long Term Debt						<u>\$ 334,152,269</u>	<u>\$ 235,856,165</u>	<u>\$ 6,738,418</u>	<u>\$ 225,183,483</u>	<u>\$ 6,388,545</u>

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General Ledger Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR AUG 2024

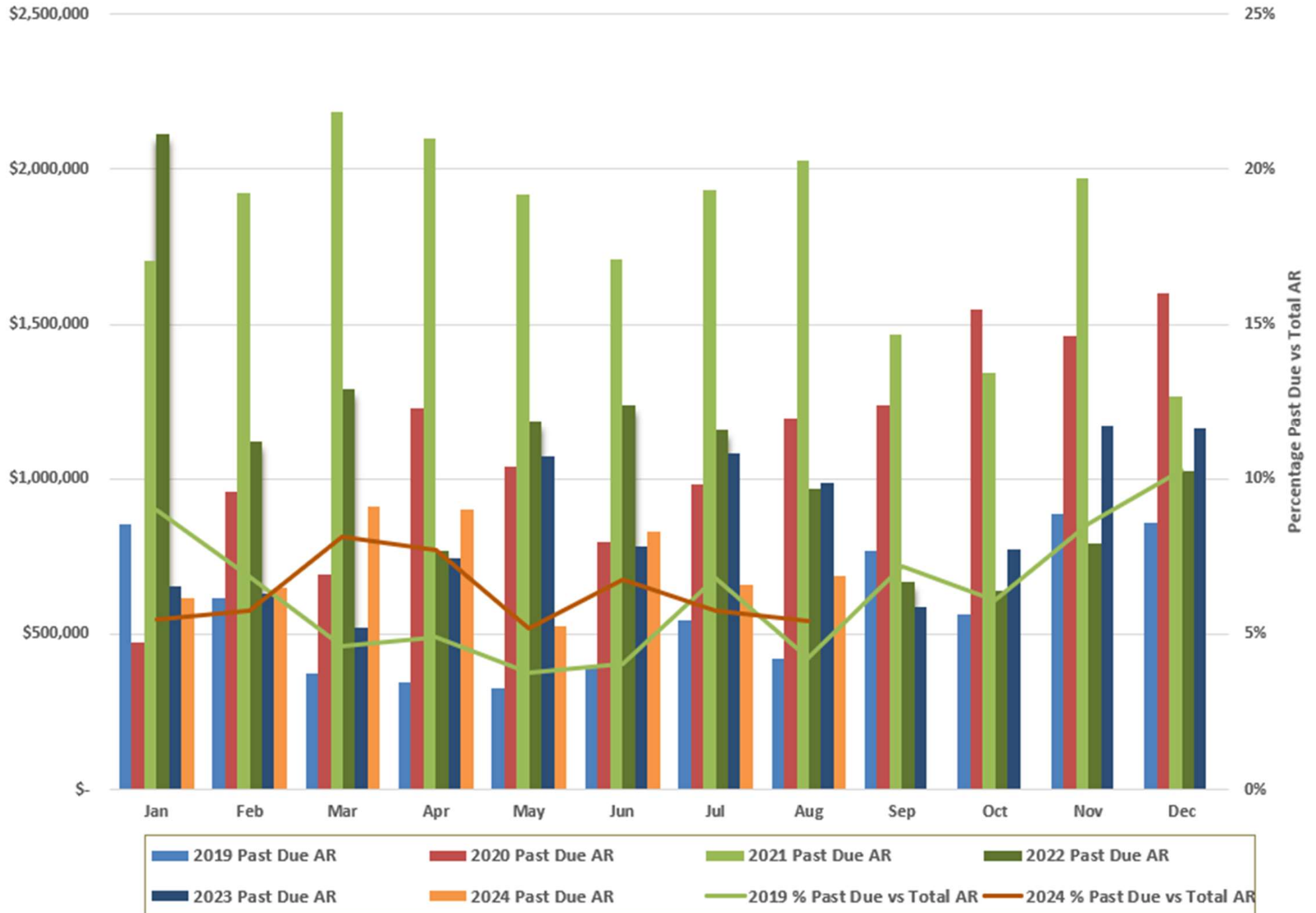
Item	-----Year - To - Date-----			-----Period - To - Date-----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	110,074,614.01	124,335,506.99	120,286,525.00	18,413,543.84	16,406,850.00
2. Power Production Expense	33,171,894.82	43,148,935.69	33,392,053.00	6,814,377.93	4,589,094.00
3. Cost of Purchased Power	30,657,332.02	27,280,376.60	32,030,782.00	3,180,997.43	4,010,683.00
4. Transmission Expense	782,089.52	1,029,980.79	1,007,159.00	118,127.84	119,856.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	1,118,624.90	1,129,348.38	1,108,686.00	110,040.73	136,711.00
7. Distribution Expense - Maintenance	3,262,152.63	3,693,512.73	3,601,968.00	442,726.20	453,286.00
8. Customer Accounts Expense	1,509,074.96	1,586,103.77	2,002,584.00	204,082.22	251,961.00
9. Customer Service and Informational Expense	215,231.04	184,786.40	370,542.00	21,978.77	37,849.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	14,627,099.83	16,832,513.33	17,687,432.00	2,143,933.67	2,097,399.00
12. Total Operation & Maintenance Expense (2 thru 11)	85,343,499.72	94,885,557.69	91,201,206.00	13,036,264.79	11,696,839.00
13. Depreciation & Amortization Expense	10,364,159.99	9,941,611.99	10,697,772.00	1,252,386.39	1,337,222.00
14. Tax Expense - Property & Gross Receipts	2,749,791.22	3,106,129.02	3,007,165.00	459,923.62	410,171.00
15. Tax Expense - Other	6,563,778.38	7,389,506.42	7,148,062.00	1,090,741.27	969,443.00
16. Interest on Long-Term Debt	4,513,870.36	4,280,849.26	4,303,000.00	530,335.61	535,000.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	0.00	0.00	0.00
19. Other Deductions	15,202.27	47,170.63	78,540.00	2,940.98	2,830.00
20. Total Cost of Electric Service (12 thru 19)	109,550,301.94	119,650,825.01	116,435,745.00	16,372,592.66	14,951,505.00
21. Patronage Capital & Operating Margins (1 minus 20)	524,312.07	4,684,681.98	3,850,780.00	2,040,951.18	1,455,345.00
22. Non Operating Margins - Interest	1,944,253.70	1,815,713.60	1,316,694.00	210,484.72	126,430.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	-628,219.97	-278,463.88	-504,785.00	26,444.42	42,022.00
25. Non Operating Margins - Other	181,938.30	213,093.57	96,960.00	18,085.69	12,120.00
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	182,499.63	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)	2,204,783.73	6,435,025.27	4,759,649.00	2,295,966.01	1,635,917.00
Operating - Margin	2,204,783.73	6,435,025.27	4,759,649.00	2,295,966.01	1,635,917.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	1.12	2.09			
Times Interest Earned Ratio - Net	1.49	2.50			
Times Interest Earned Ratio - Modified	1.45	2.50			

Kauai Island Utility Cooperative Results of Operations (ROO)

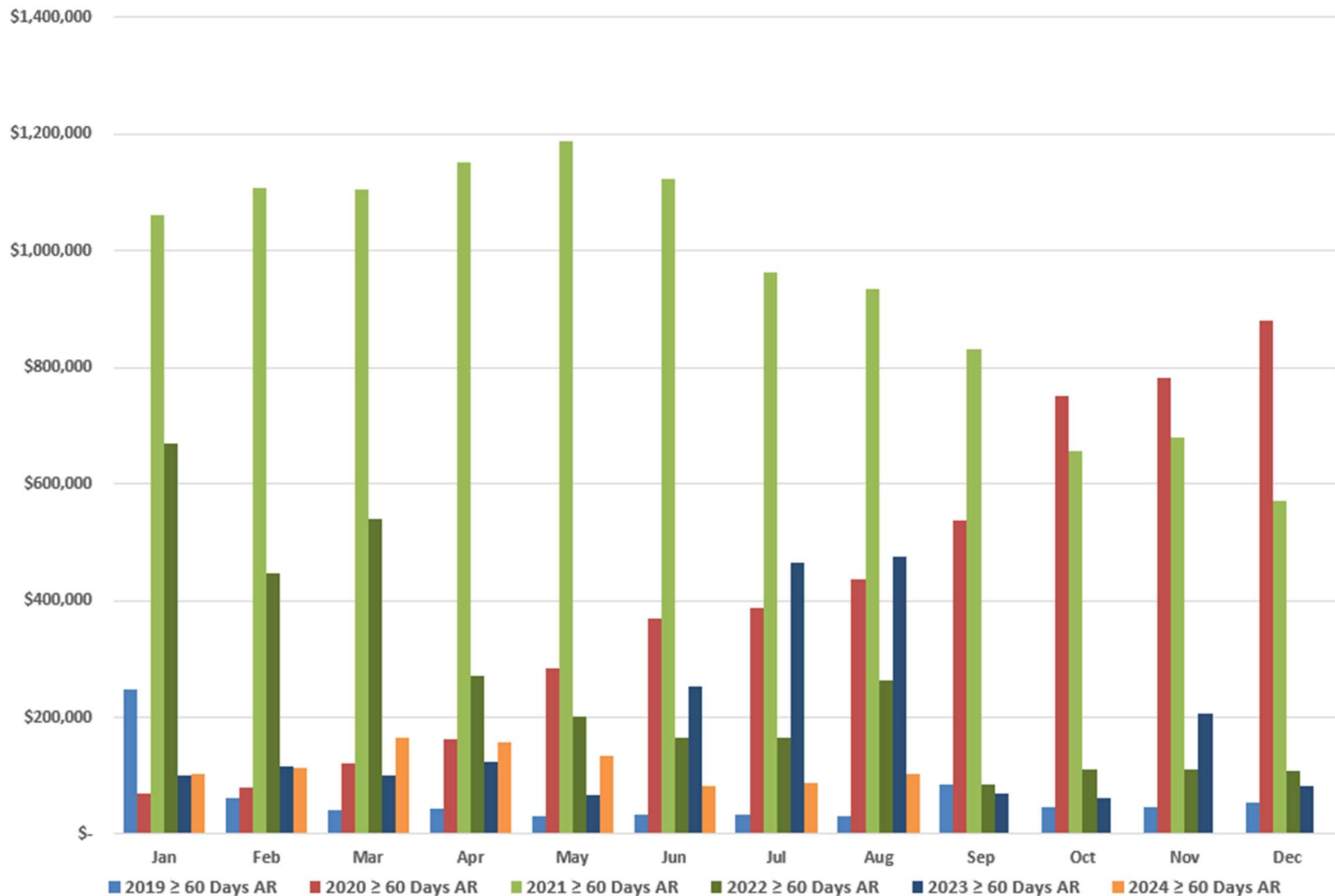
August-24

	Month				Year-To-Date				Budget (+/-) YTD Variance	2024 Annual Budget	YTD Forecast
	August-24	Budget	Variance	Variance	This Year	Budget	Variance	Variance			
Irrigation Revenue Total	45,689	47,020	(1,331)	-3%	108,013	175,828	(67,815)	-39%	223,908	291,723	223,908
Residential Revenue Total	7,851,563	7,170,229	681,334	10%	52,876,681	51,596,337	1,280,344	2%	79,572,430	78,292,086	79,572,430
Commercial Revenue Total	10,477,343	9,159,765	1,317,578	14%	71,068,654	68,276,145	2,792,509	4%	105,614,169	102,821,660	105,614,169
Street Light Revenue Total	68,059	62,245	5,814	9%	537,527	497,487	40,040	8%	787,714	747,674	787,714
Other/Rental Revenue Total	(29,111)	(32,409)	3,298	-10%	(255,368)	(259,272)	3,904	-2%	(3,191,254)	(3,195,158)	(3,760,074)
Total Revenues	18,413,544	16,406,850	2,006,694	12%	124,335,507	120,286,525	4,048,982	3%	183,006,967	178,957,985	182,438,148
Commodities Total	8,719,560	7,402,594	1,316,966	18%	60,155,628	55,613,266	4,542,362	8%	88,582,656	84,040,294	88,582,656
Gross Margin	9,693,983	9,004,256	689,727	8%	64,179,879	64,673,259	(493,380)	-1%	94,424,311	94,917,691	93,855,492
Power Supply Total	1,349,258	1,256,791	92,468	7%	10,807,166	10,277,647	529,520	5%	15,795,147	15,265,628	15,795,147
Transmission Expense Total	803,280	806,784	(3,504)	0%	6,609,217	6,486,854	122,363	2%	9,833,933	9,711,570	9,913,825
Member Services Total	272,365	304,972	(32,607)	-11%	2,120,492	2,452,081	(331,589)	-14%	3,315,670	3,647,259	3,191,971
Communications Total	68,137	56,370	11,767	21%	543,603	670,796	(127,193)	-19%	868,352	995,545	868,352
Energy Services Total	71,215	69,496	1,719	2%	554,941	607,474	(52,533)	-9%	845,577	898,110	877,166
Human Resources Total	103,383	103,909	(526)	-1%	754,791	808,298	(53,507)	-7%	1,158,298	1,211,805	1,123,225
Executive Total	95,008	104,756	(9,748)	-9%	840,597	879,457	(38,860)	-4%	1,247,819	1,286,679	1,255,842
Board of Directors Total	36,837	34,253	2,584	8%	477,755	565,345	(87,590)	-15%	639,470	727,060	639,470
Safety & Facilities Total	269,408	312,693	(43,285)	-14%	2,387,486	2,468,260	(80,774)	-3%	3,642,845	3,723,619	3,581,229
SOS Shearwater Program Total	27,500	39,000	(11,500)	-29%	230,372	232,500	(2,128)	-1%	345,672	347,800	340,372
Regulatory Total	102,831	130,017	(27,186)	-21%	920,489	1,046,332	(125,843)	-12%	1,446,052	1,571,895	1,424,355
Engineering Total	84,850	124,710	(39,860)	-32%	698,054	1,035,460	(337,406)	-33%	1,193,926	1,531,332	1,148,002
Habitat Conservation Program Total	392,819	420,000	(27,181)	-6%	3,400,798	3,471,632	(70,834)	-2%	5,173,566	5,244,400	5,173,566
Financial & Corporate Services Total	327,317	284,929	42,388	15%	2,323,222	2,271,586	51,636	2%	3,420,794	3,369,158	3,444,286
Information Technology Total	312,496	245,565	66,931	27%	2,060,946	2,314,218	(253,272)	-11%	3,089,048	3,342,320	3,377,265
Total O&M Less Commodities	4,316,704	4,294,245	22,459	1%	34,729,930	35,587,940	(858,010)	-2%	52,016,170	52,874,180	52,154,074
Total O&M Including Commodities	13,036,265	11,696,839	1,339,426	11%	94,885,558	91,201,206	3,684,352	4%	140,598,826	136,914,474	140,736,730
Depreciation & Amortization Total	1,252,386	1,337,222	(84,836)	-6%	9,941,612	10,697,772	(756,160)	-7%	15,290,498	16,046,658	15,290,498
Taxes Other Than Income Total	1,550,665	1,379,614	171,051	12%	10,495,635	10,155,227	340,408	3%	15,440,737	15,100,329	15,440,737
Total Expenses	15,839,316	14,413,675	1,425,641	10%	115,322,805	112,054,205	3,268,600	3%	171,330,061	168,061,461	171,467,965
Operating Income	2,574,228	1,993,175	581,053	29%	9,012,702	8,232,320	780,382	9%	11,676,906	10,896,524	10,970,183
Interest & Dividend Income Total	210,485	126,430	84,055	66%	1,815,714	1,316,694	499,020	38%	2,277,419	1,778,399	2,277,419
Other Income (Jobbing) Total	(5,074)	4,000	(9,074)	-227%	129,789	32,000	97,789	306%	145,789	48,000	145,789
Income (Loss) from KRS1/KRS2H Total	26,444	42,022	(15,578)	-37%	(278,464)	(504,785)	226,321	-45%	(738,000)	(964,321)	(738,000)
Non-Operating Income Total	18,160	8,120	10,040	124%	78,305	64,960	13,345	21%	110,785	97,440	110,785
Liquidated Damages Total	-	-	-	0%	-	-	-	0%	-	-	-
Gain on Disposition of Property Total	5,000	-	5,000	0%	5,000	-	5,000	0%	5,000	-	5,000
Capital Credits & Patronage Allocation Total	-	-	-	0%	-	-	-	0%	-	-	-
Sponsorships & Contributions Total	(2,941)	(2,830)	(111)	4%	(47,171)	(78,540)	31,369	-40%	(59,031)	(90,400)	(59,031)
Other Deductions-Abandoned PSI Total	-	-	-	0%	-	-	-	0%	-	-	-
Interest Expense - LTD Total	(530,336)	(535,000)	4,664	-1%	(4,280,849)	(4,303,000)	22,151	-1%	(6,403,849)	(6,426,000)	(6,403,849)
Interest Expense - STD Total	-	-	-	0%	-	-	-	0%	-	-	-
Net Margins	2,295,966	1,635,917	660,049	40%	6,435,025	4,759,649	1,675,376	35%	7,220,018	5,544,642	6,513,295
Times Interest Earned Ratio (TIER)	5.33	4.06	1.27	31%	2.50	2.11	0.40	19%	2.13	1.86	2.02
Indenture DSC					1.400	1.353	0.047	3%	1.742	1.695	1.695
EQUITY RATIO						34.51%					

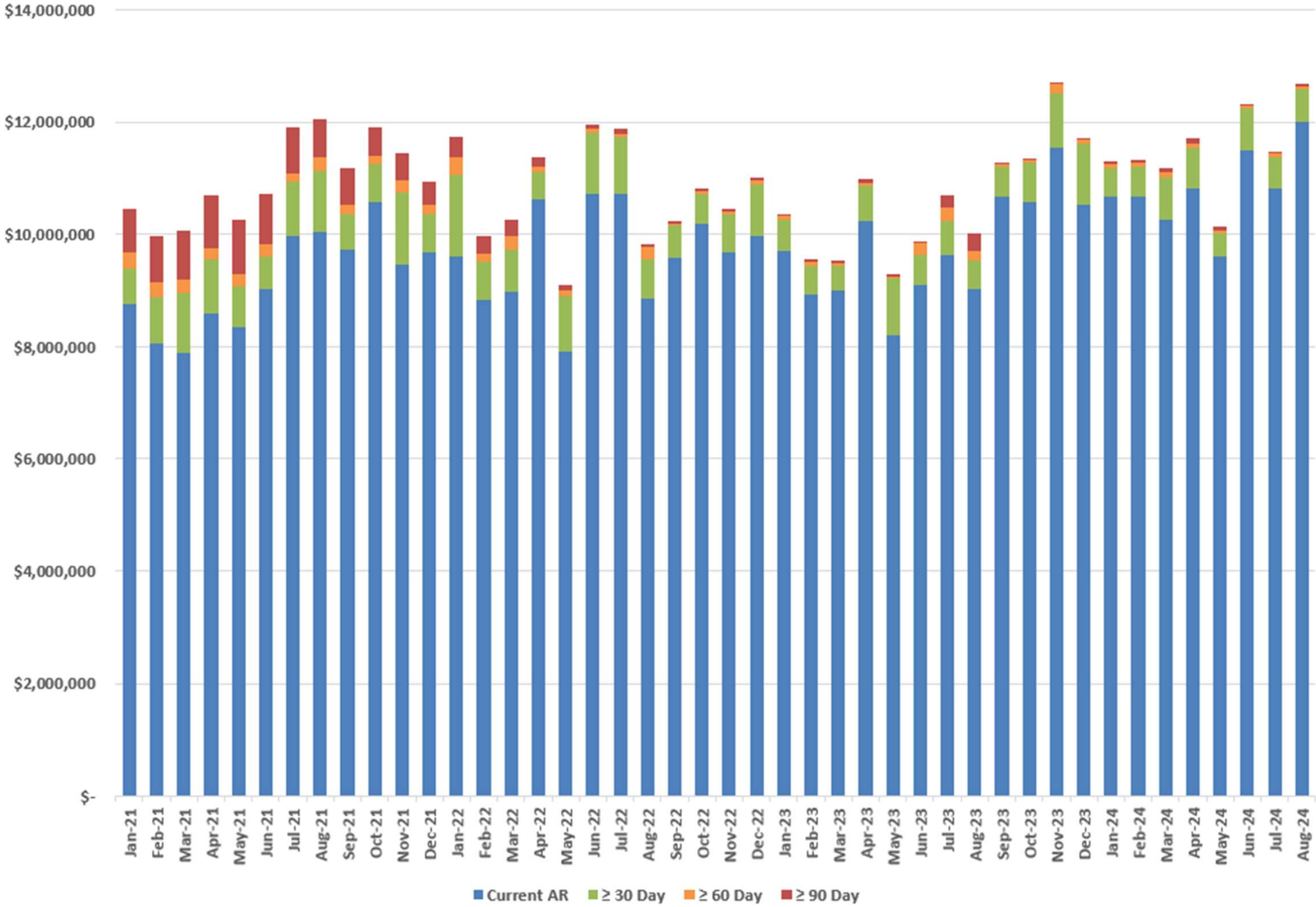
YOY > 30 days vs Total AR

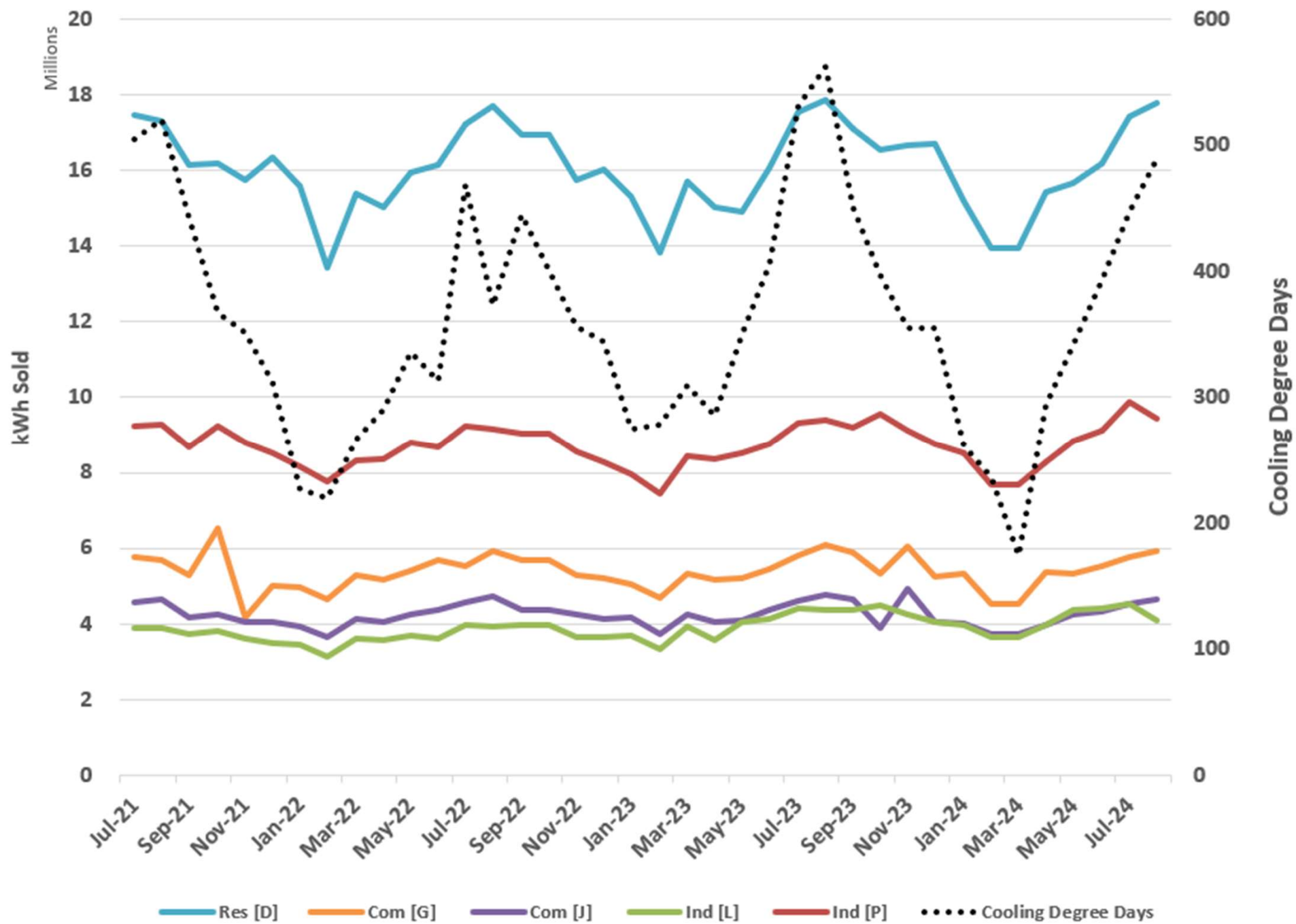


YOY ≥ 60 Days

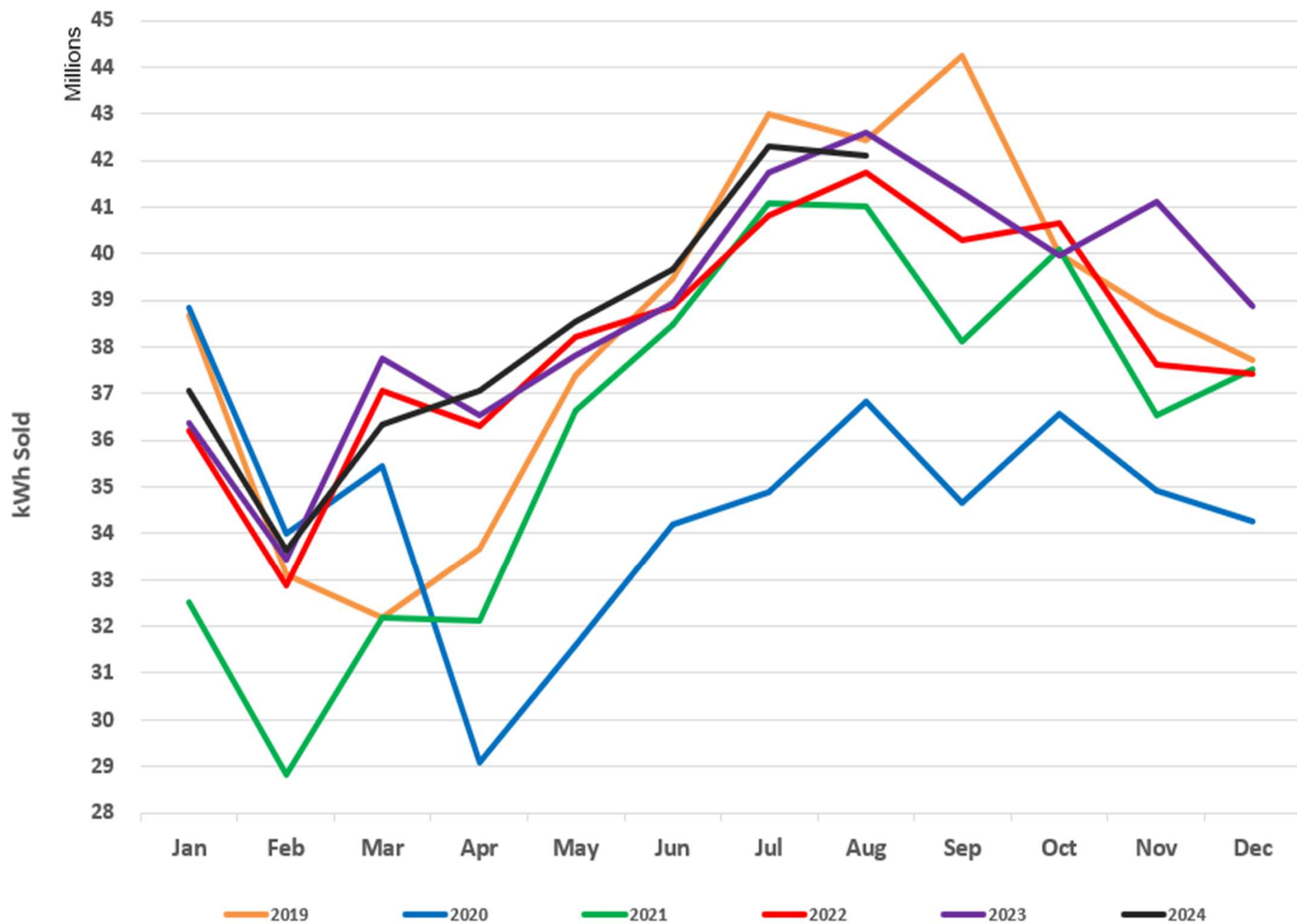


Total AR Balances

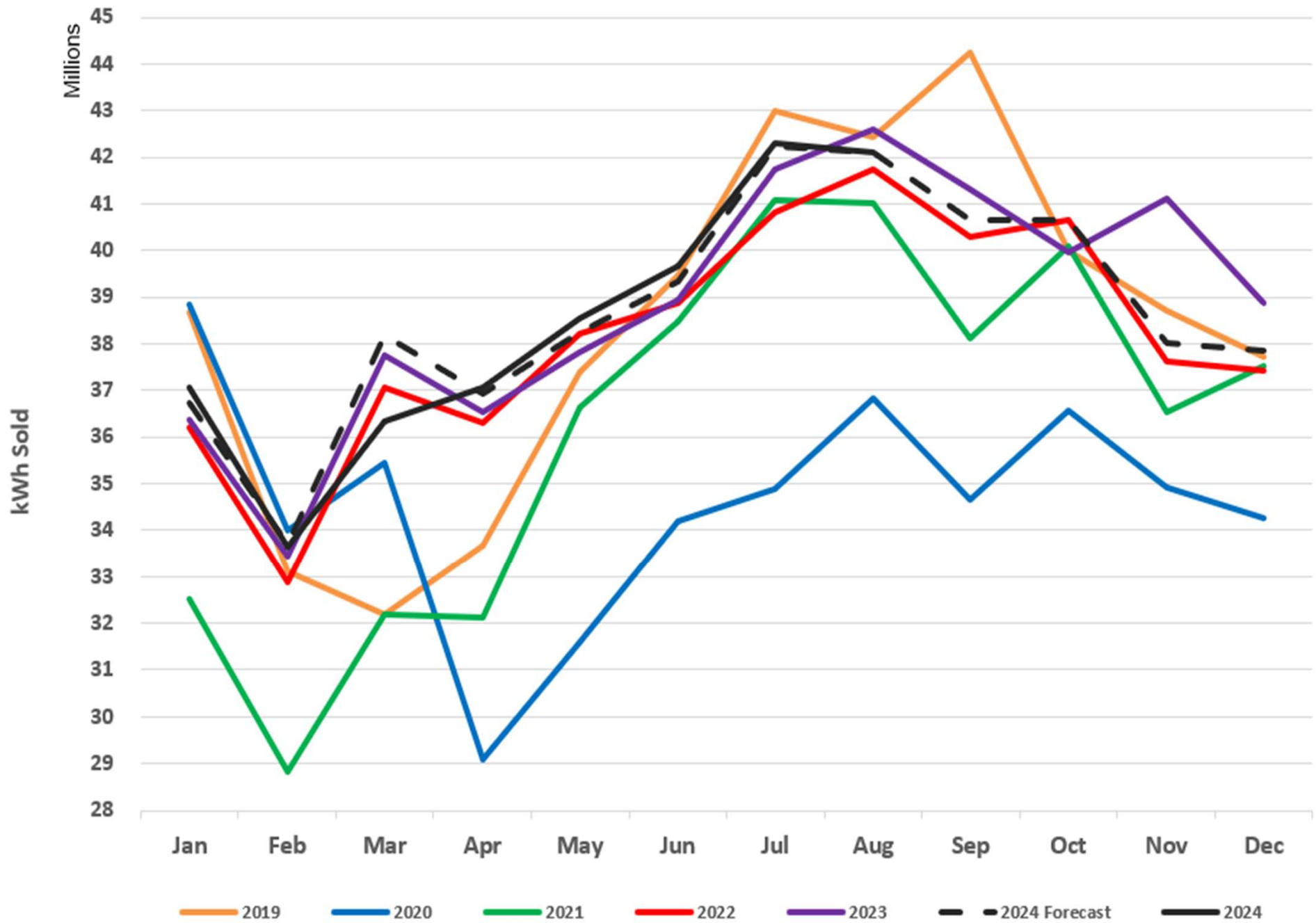




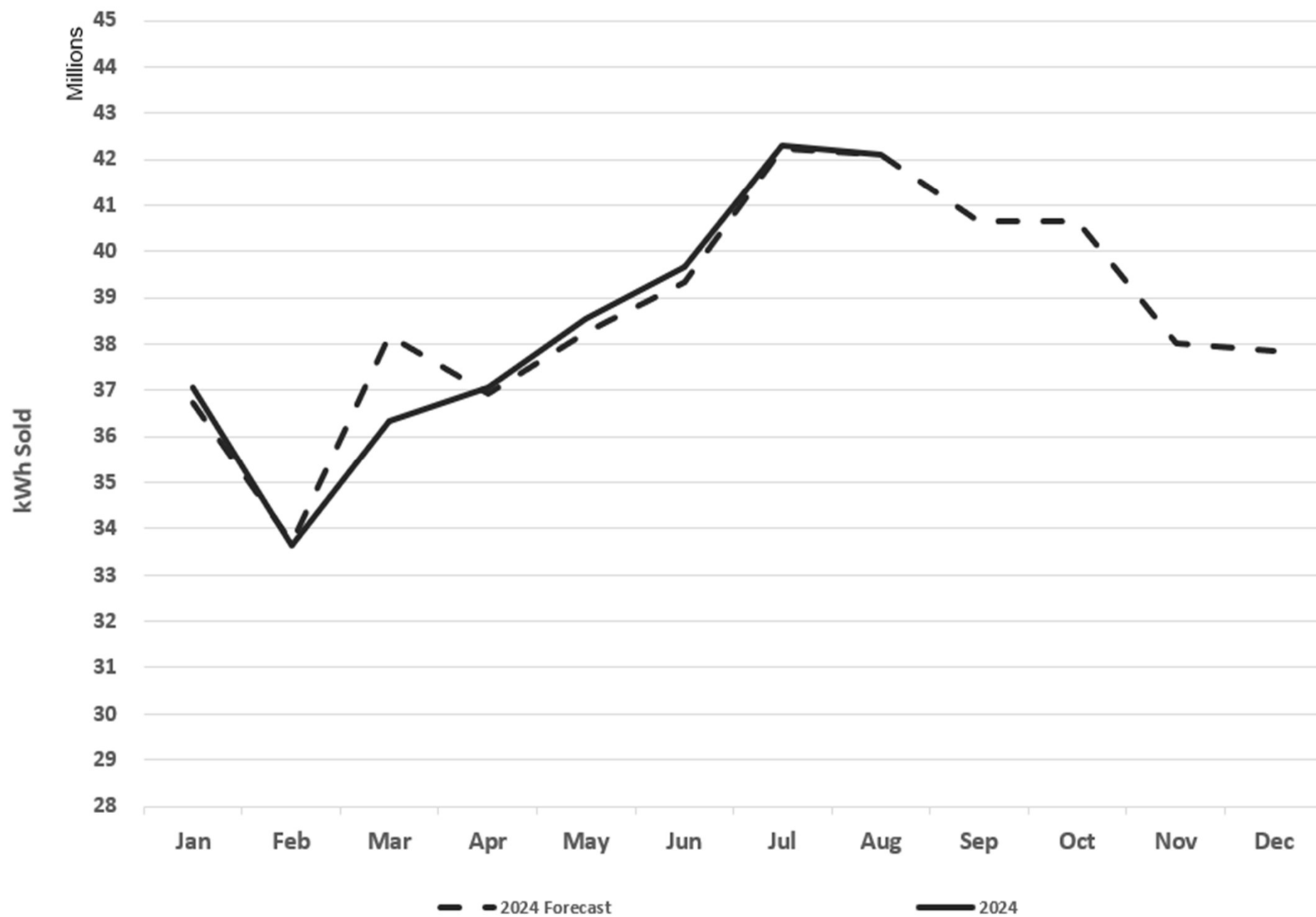
Total kWh Sold



Total kWh Sold



Total kWh Sold



Treasury Management – Monthly Discussion

- Ratings:
 - 7/15 BOH confirmed no changes in Money Market Fund Rating - AAA
- Current Summary Of Investments:
- **\$24.5M** 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)
 - 4.95% Interest Rate
- \$4.86M CFC Daily and Monthly Commercial Paper – ST to Medium Term Investment – Daily to Monthly A2 Moody and S&P A-
 - Daily Fund 4.60%
- \$4.81M CoBank Commercial Paper Investment – AA- Moody and S&P
 - 60-day Investment – 4.27%
- \$262,953 Central Pacific Bank – Backup Checking in NISC if needed
 - Backup for Checking in Money Market (unlimited) account
 - 4.08%

Questions?



MOSSADAMS

August 30, 2024

Board of Directors

Kaua'i Island Utility Cooperative

4463 Pahe'e Street, Suite 1
Lihue, HI 96766

Dear Board of Directors:

It's been our pleasure to work with Kaua'i Island Utility Cooperative (KIUC). We're excited about the opportunity to continue to demonstrate how our firm's rare blend of inspiration and technical excellence helps clients like you to discover and claim the future.

At Moss Adams, we elevate business performance upward. Rather than resist and fear uncertainty, we're moved by the possibility disruption can bring. It's what drives us to be difference-makers for our clients as we help them plan for what's next.

ABOUT MOSS ADAMS

At Moss Adams, we believe in the power of possible. As a business and personal advisory firm with over 100 years of experience and 4,400 professionals across more than 30 locations, we work with clients to meet the rising challenges and opportunities of tomorrow. We work with the world's most innovative, dynamic, and promising clients and markets. Through a full spectrum of accounting, consulting, and wealth management services, we bring the deep industry specialization and unconventional thinking our clients seek.

Moss Adams is one of the 15 largest US accounting and consulting firms and a founding member of Praxity, a global alliance of independent accounting firms providing clients with local expertise in the major markets of North America, South America, Europe, and Asia.

POWER & UTILITIES PRACTICE

Our professionals provide accounting, tax, and consulting services to more than 200 public power generation, transmission, and distribution markets; water; wastewater; and solid waste utilities. We provide ongoing general audit services in Oregon, Washington, California, Alaska, Arizona, Colorado, Hawaii, Idaho, Kansas, Montana, and New Mexico—including cooperative organizations, municipal entities, public utility districts, mutual corporations, joint powers entities, and independent power producers. Our clients deal with many of the same issues, risks, opportunities, and constraints you do. We're experienced and familiar with the terrain you face, and this makes us more effective accountants and business advisors.

Our Power & Utilities Practice professionals are well versed in the issues pertaining to utilities such as: regulatory accounting; environmental considerations; large construction projects of infrastructure and related issues, such as construction-in-progress accounting, classification and tracking, capitalized interest, application of overhead, and depreciation; and rate making.

Kaua'i Island Utility Cooperative
August 30, 2024

Virtually all of our utilities face similar issues. We'll provide KIUC with a dedicated team of utility-specialized professionals on your engagement who are up to speed on all the latest trends and occurrences in your industry.

In addition to our core audit and tax services, our consulting practice offers IT, business feasibility, rate work, restructuring and workflow design, performance audits, and strategic planning. Our clients include public utility districts, regional utility planning associations, and cooperatives.

AUDIT AND TAX SERVICES

KIUC will benefit from our customized, risk-based audit approach as well as the timely and effective communication and coordination of our audit activities. With dedicated and ongoing involvement from our partners and senior-level professionals, the audit will be planned and executed by an experienced team that understands your industry. During the audit, your Moss Adams engagement leader, Julie Desimone, will review the work in progress and address any issues with management. This reduces time spent on post-audit procedures and wrap-up.

Our emphasis on tailoring an audit to focus on the areas of significant risks allows us to complete the audit in an efficient and effective manner. Our audit will include the following:

- Plan the engagement based on a thorough understanding of your business risks and transactions
- Communicate and coordinate activities with management and the audit committee based on an agreed-upon timeline
- Conduct continuous audit procedures to increase efficiency and reduce the burden on your personnel at year-end
- Work with management to resolve any complex accounting or reporting issues as early as possible in the audit process
- Provide recommendations to management for areas of improvement

YOUR SERVICE TEAM

Working with the right team of professionals makes all the difference to your engagement. The team members we've thoughtfully selected to meet your specific needs have years of relevant experience. But more than that, you'll find they bring an optimistic perspective focused on helping KIUC explore and embrace emerging opportunity. Your Moss Adams team will personally engage with your team and bring a new level of energy and enterprise to your engagement.

Keeping your service team consistent from year to year saves you the time required to train a new team during an engagement and allows you to focus on what you do best—managing your day-to-day business. It also helps us complete the engagement in a more efficient and timely manner because the team is already familiar with your operations.

Kaua'i Island Utility Cooperative
August 30, 2024

Team continuity is the hallmark of a stable and efficient firm and, with an overall retention rate averaging over 80% firmwide over the past three years, we're in a strong position to maintain your engagement team continuity.

- Julie Desimone, Engagement Partner
- Wendy Campos, Tax Partner
- Ayde Alvarado, Audit Manager
- Emina Cresswell, Tax Senior Manager
- Justin Eckley, Tax Partner
- Jarett Jernigan, Tax Senior Manager

FEES

For our clients, it's about more than the dollars you pay at the end of the day; it's about value. Consider both the tangible and intangible benefits of working with us. You'll get solid and timely deliverables. But more than that, the experience you'll have working with forward-thinking, industry-specialized professionals who work side by side with you to explore new possibilities is where you'll see the value. Invest in your future prosperity and experience a different style of service with us.

Due to changes in tax laws and the ever-evolving complexities of the current tax landscape, we are in need for increasing our tax fees. In recent years there's been a steady stream of new laws, updates to the form instructions and other guidance that require a constant reassessment of general reporting methods and filing positions. That pressure is expected to continue as federal and state legislatures (and ultimately the IRS and state DOR's) seek more transparent reporting and additional funding. Tax reform and COVID relief provision changes have increased some taxpayers work up to 40% due to the complexity and activity involved. Finally, for KIUC specifically, while you are filing exempt organization Forms 990 & 990-T, the state of HI does not allow filing as an exempt, therefore, a corporate return is required to be prepared as a "pro forma" attachment to the HI corporate return. This includes calculating patronage and non-patronage, book/tax differences, and following all federal tax reform and COVID relief provisions applicable to C corporations even though you file as an exempt organization for federal income tax purposes.

However, to offset this increase, we have kept our audit fees consistent with 2020 and flat for the three-year quote. We have also kept our tax fees flat for the three-year quote.

Service Description	2024	2025	2026
Audit of the consolidated financial statements of KIUC for the year ending December 31	\$59,000	\$61,000	\$63,000
Preparation of reports as required by Part 1773 – Policy on Audits of RUS Borrowers, Subparts C & D – RUS reporting requirements	\$500	\$500	\$500

Kaua'i Island Utility Cooperative
August 30, 2024

Service Description	2024	2025	2026
Preparation of federal and state tax returns for KIUC—Forms 990, 990-T, and Hawaii Form N-30 (including preparation of federal Form 1120)	\$20,000	\$21,000	\$22,000
Preparation of federal and state income tax returns for KRS One—Form 1120 and Hawaii Form N-30	\$6,600	\$6,800	\$7,000
Preparation of federal and state income tax returns for KRS Two Holdings—Form 1120 and Hawaii Form N-30	\$4,500	\$4,650	\$4,800
Preparation of federal and state income tax returns for KRS Two—Form 1065 and Hawaii Form N-20	\$8,500	\$8,800	\$9,100
Seminars, and webinars Retention of working papers Attendance at audit committee meetings Management letter Communication of internal control matters	Included		
Administrative and technology fee	5% of costs		
Hawaii general excise tax estimate	4.5% of costs		
Expenses (including airfare, lodging, meals, car rental, and communication fees)*	Actual Cost*		

**Expenses will be billed on actual costs incurred. We will work with management to minimize these costs.*

THE BEST CHOICE FOR KIUC

Selecting an accounting firm is a difficult decision. Differences between firms can be hard to discern. We commit to making KIUC a long-term and extremely satisfied client of Moss Adams. Our personal promise to you is to be sure you receive the best service Moss Adams is capable of providing.

Sincerely,


Julie Desimone
 Partner
 (503) 478-2101
julie.desimone@mossadams.com


Emina Cresswell
 Senior Manager
 (509) 777-0218
emina.cresswell@mossadams.com

Assurance, tax, and consulting offered through Moss Adams LLP. ISO/IEC 27001 services offered through Cadence Assurance LLC, a Moss Adams company. Investment advisory services offered through Moss Adams Wealth Advisors LLC.

Kauai Island Utility Cooperative
Moss Adams Services
Proposed Fees

<u>Description of Services</u>	Proposed Fees for Year Ending			% change fr 2023	Proposed Fees
	<u>2024</u>	<u>2025</u>	<u>2026</u>		<u>2023</u>
KIUC Annual Financial Statement Audit	\$ 59,000	\$ 61,000	\$ 63,000	29%	\$ 49,000
RUS Reporting Requirements	\$ 500	\$ 500	\$ 500		\$ -
Travel Expenses (To Billed at Actual, if any)*	-	-	-		-
KRS2 Annual Financial Statement Audit	-	-	-	-100%	13,000
Subtotal Audit	\$ 59,500	\$ 61,500	\$ 63,500	2%	\$ 62,000
Admin & Tech Fee @ 5%	2,975	3,075	3,175		3,100
GET @ 4.5%	2,678	2,768	2,858		2,790
Total Audit	\$ 65,153	\$ 67,343	\$ 69,533	2%	\$ 67,890
<u>Preparation of Federal & State Tax Returns</u>					
KIUC - Fed 990 & 990-T & Hawaii N-30 (+ Fed 1120)	\$ 20,000	\$ 21,000	\$ 22,000	22%	\$ 18,000
KRS1 - Fed 1120 & Hawaii N-30	6,600	6,800	7,000	17%	6,000
KRS2 Holdings - Fed 1120 & Hawaii N-30	4,500	4,650	4,800	20%	4,000
KRS2 - Fed 1065 & Hawaii N-20	8,500	8,800	9,100	52%	6,000
Subtotal Tax Returns	\$ 39,600	\$ 41,250	\$ 42,900	26%	\$ 34,000
Admin & Tech Fee @ 5%	1,980	2,063	2,145		1,700
GET @ 4.5%	1,782	1,856	1,931		1,530
Total Tax Returns	\$ 43,362	\$ 45,169	\$ 46,976	26%	\$ 37,230
Grand Total	\$ 108,515	\$ 112,511	\$ 116,508	11%	\$ 105,120

BOARD APPROVAL REQUEST FORM

Requestor

Department **Accounting**

Date **9/6/2024**

Name Richard Vetter

Title: Port Allen Station Mgr

Program/Project Name **Delta V Controller & Graphics Upgrade (241202TU)**

Project Dates (if any) 10/1/2024 - 12/31/2024

Deadline(s) 12/31/2024

Description of Request (attach documentation if needed)

DeltaV is moving to a new graphics software which requires newer controllers. These controllers will also be required for the next Delta-V system upgrade. We were budgeted to make these controller/graphics upgrades next year. The vendor just informed us that if we buy the graphics licenses and controllers together, before 10/01/2024, we will get a 15% discount on each as well as avoiding a 5% price increase. This will result in a savings of around \$48,000.

Financial Impact

Fiscal Year: 2024

Budgeted? _____ Unbudgeted? X

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

Original Budget Amt \$ _____ -

Additional/Change **\$ 205,000**

Revised Budget Amt \$ 205,000

Required (Initials)

CEO Review: DB

Committee Referral/Action

Committee _____

Meeting Date: **9/12/2024**

Committee Recommendations: _____

Cmte Chairperson Presiding: Calvin K. Murashige

Board Action

Board Workshop _____

Wrkshp Date: _____

Board Meeting Date 9/19/2024

Action Taken: _____

1st/2nd: _____

Other Info: _____

Res No. _____

File Date & Location _____

KIUC POLICY NO. 6
EMPLOYMENT OF RELATED PERSONS

PURPOSE OF POLICY:

This policy describes the circumstances and conditions under which related persons may or may not be concurrently employed by KIUC.

POLICY CONTENT:

The Board recognizes that under certain circumstances and conditions, related persons may work for KIUC in order to obtain and retain a qualified local workforce. The Board also recognizes the sensitivity of such employment and has determined the following rules shall apply:

1. For purposes of this policy, related persons include spouses, partners in a civil union, domestic partners, or reciprocal beneficiaries, children, siblings (whether of the whole or half-blood), grandparents, grandchildren, great grandchildren, and the spouses of same. Adopted children shall be considered the same as children by blood.
2. Related persons with the requisite qualifications may be employed concurrently, provided there is no direct reporting relationship between such employees.

Adopted on this xxth day of xxxx, 20xx.

Calvin Murashige
Secretary

Reviewed: xx/xx/xxxx
Revised: 07/27/2021
Reviewed: 09/27/2016
Reviewed: 10/28/2014
Revised: 01/25/2011
Original Adoption: 04/12/2000

Exhibit 1

Loan Review Committee Members

Representation	Name	Company	Term Expires
Financial Background	Clyde Nakaya	First Hawaiian Bank	April 24, 2026
Financial Background	Sonia Topenio	Bank of Hawaii	April 24, 2025
Government	Nalani Kaauwai Brun	County of Kauai, Office of Economic Development	March 27, 2026
Non-Profit Sector	Lori Almarza	Kauai United Way	March 27, 2026
Non-Profit Sector	Robin Pratt	Hawaii Community Foundation	June 25, 2026
Community Member	Sara Miura	Déjà vu Surf	June 25, 2026
Board Member	Teofilo "Phil" Tacbian	Board of Directors	Board Representative
Board Member	Peter Yukimura	Board of Directors	Board Representative