

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

MINUTES

Meeting called to order by Chair Smith at 1:03 p.m.

1. Roll Call

- 1.1. **Directors present:** Allan Smith (Chair), Jan TenBruggencate (Vice-Chair), Peter Yukimura (Treasurer), Calvin Murashige (Secretary), David Iha, James Mayfield, Teofilo Tacbian, Michael Yamane; David Bissell (CEO)
- 1.2. **Others present:** Stacie Dellamano (CFO), Brad Rockwell (COO), Laurel Loo (Co-General Counsel) Mike Scarbo (Co-General Counsel), Teresa Amoy (Executive Administrator), Cameron Kruse (Engineering & Technology Mgr.), Daurice Arruda (Accounting Mgr.), Erin Tsuda (Finance Mgr.), Corinne Cuaresma (Controller), Scott Sato (Energy Services Supervisor), Allison Young (Communications & PR Specialist); Members of the press (0) and Member of the public (0)
- 1.3. **Absent/Excused:** None

2. Approval of the Agenda

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

3. Approval of Minutes

- 3.1. The minutes of November 21, 2024, Regular Board meeting were approved as circulated.

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

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

5. Financial Report – Stacie Dellamano (CFO)

- 5.1. The CFO provided an update on the November 2024 Financial Report (report attached). Key financial metrics reviewed:
 - Megawatt-hour sales for November showed a slight dip but overall were up 1.1% year-to-date compared to the previous year.
 - Operating revenue and commodity expenses can vary based on fuel prices. The operating revenue for the year was \$83.2 million, close to the budgeted \$82.5 million.

- The net margin for November was \$9.8 million, with a forecasted year-end margin of around \$7 million.
- There was a slight uptick in AR over 30 days, but over 60 days remained normal.
- Total AR balances showed larger outstanding amounts in recent months.
- Residential kilowatt-hour sales showed a drop in November but were overall above prior years, indicating a 1% annual growth.
- There was a correlation between higher cooling degree days and increased residential energy usage.
- The cooperative had \$40 million in the bank, with funds distributed across various accounts and interest rates.
- The most recent loan approved in 2024 had not yet been drawn upon, and the cooperative continued to pay down its debt.
- The cooperative was on track to end the year with a net margin of around \$7 million, with detailed graphs showing key financial metrics.
- Adjustments were made to the budget for 2025 to account for increased scope of work and expenses.

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 Winter Board Meeting is coming up. The NRECA is preparing for the new administration and focusing on regulatory issues, aiming to overturn some regulations and preserve infrastructure funding.
- International Committee: Dan Waddell, Senior Vice President for International, will retire in 2025, and a search for his replacement will begin. NRECA is involved in projects in 14 countries, including significant projects in Zambia and Africa.
- Contributions to the International Fund will be made after finalizing bills for sending books and computers to the Philippines.
- Due to high demand, the management internship program will increase from four to six cohorts per year, with slots filling up quickly.
- An executive leadership program with Northwestern University's Kellogg School of Management is also highly recommended.
- Upcoming Events:
 - The 2026 Power Exchange will be held in Nashville.
 - Youth programs have been moved from the Government Relations Committee to the Education, Communications, and Marketing Committee, with efforts to revive the Youth Leadership Council.
- The government relations team is working with about 100 newly elected Congressional members to explain the cooperatives' role. The Political Action Committee (PAC) reported contributions and distributions, with Hawaii having seven contributors who donated \$3,383, and the PAC distributing \$11,500 during the last election cycle.

- The NRECA is monitoring the lame-duck session, with potential actions on the National Defense Authorization Bill and disaster funding.
- Jim Matheson will conduct a town hall in January to provide further updates.

7. Charitable Foundation Board Report – Director Phil Tacbian

- 7.1. Director Tacbian provided the Charitable Foundation Board report as presented to the Board of Directors (report attached).
- The Charitable Foundation ended the year in a strong financial position, successfully increased member participation in the Makana Program, and achieved significant fundraising success through the golf tournament. The foundation also continued to support community programs and manage grant distributions effectively.

8. Loan Review Committee Annual Report – Director Phil Tacbian

- 8.1. Director Tacbian provided the Loan Review Committee annual report as distributed to the Board of Directors (report attached).

9. Public Testimony

- 9.1. No public testimony was received.

10. New Business

10.1. Resolution 06-24 Equity Management Plan

- Director Yukimura introduced Resolution 06-24 Equity Management Plan as presented to the Board. The resolution clarifies the Board's oversight and guidelines for handling the Equity Management Plan, including the distribution and collection methods (LIFO or FIFO). The F&A Committee approved the resolution for full board approval.
- **MOTION:** to accept Resolution 06-24.
[Motion: Yukimura] [Second: Mayfield]
No discussion.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Mayfield, Murashige, Tacbian, Iha, Yamane	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

Motion carried

10.2. BAR Form – PSA P016 North Shore Transmission Line

- Director Yukimura introduced the Board Approval Request regarding the PSA P016 North Shore Transmission Line as presented to the Board. BAR Form PSA P016 pertains to the funds initially allocated for the North Shore transmission line project, which has not been used for a while. The proposal involves writing off the old amount allocated for the North Shore transmission line and reallocating these funds to a new line or project.

- **MOTION:** to accept the request to reallocate the funds.
[Motion: Yukimura] [Second: Mayfield]
Discussion:
 - CEO clarified that the costs in question were for preliminary engineering work for a potential transmission line extension from Kilauea to Princeville. However, there is no current movement on that project, and the focus has shifted to improving reliability through other means, such as the powerline trail circuits and the Kilohana switchyard.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Mayfield, Murashige, Tachian, Iha, Yamane	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

Motion carried

10.3. **BAR Form – T&D Vegetation Management**

- Director Yukimura introduced BAR Form regarding T&D Vegetation Management as presented to the Board. T&D Vegetation Management pertains to an additional budget allocation for 2024 due to increased wildfire mitigation efforts.
- **MOTION:** to approve the additional budget allocation.
[Motion: Yukimura] [Second: Mayfield]
No discussion.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Mayfield, Murashige, Tachian, Iha, Yamane	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

Motion carried

10.4. **BAR Form – 2025 HCP O&M**

- Director Yukimura introduced BAR Form 2025 HCP O&M as presented to the Board. The 2025 HCP O&M involves minor corrections to the budget for 2025. These corrections are due to an increase in the scope of work. The adjustments amount to \$242,000, which is a relatively small change to the budget.
- **MOTION:** to approve the budget corrections.
[Motion: Yukimura] [Second: TenBruggencate]
No discussion.

IN FAVOR:	Smith, TenBruggencate, Yukimura, Mayfield, Murashige, Tachian, Iha, Yamane	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

Motion carried

11. Calendar

- 11.1. **January 1, 2025** – HOLIDAY – New Year’s Day (KIUC Offices Closed)
- 11.2. **January 21, 2025** – Board Committee Meetings (9:00am, MCR)
- 11.3. **January 23, 2025** – Lihue Business Association Meeting (7:30am, Duke’s Kauai)
- 11.4. **January 26-28, 2025** – 2025 NRECA Director’s Conference (Ponte Vedra Beach, FL)
- 11.5. **January 30, 2025** – Regular Board Meeting (1:00pm, Zoom)

12. Executive Session

At 1:37 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.

- 12.1. The open session of the Regular meeting was reconvened at 1:50 p.m.
 - A motion to ratify actions taken in Executive Session by Director TenBruggencate and seconded by Director Murashige was approved unanimously.
 - The Executive Session minutes of November 21, 2024, were approved as circulated in executive session.

13. Adjournment

- 13.1. The meeting was adjourned at 1:50 p.m.

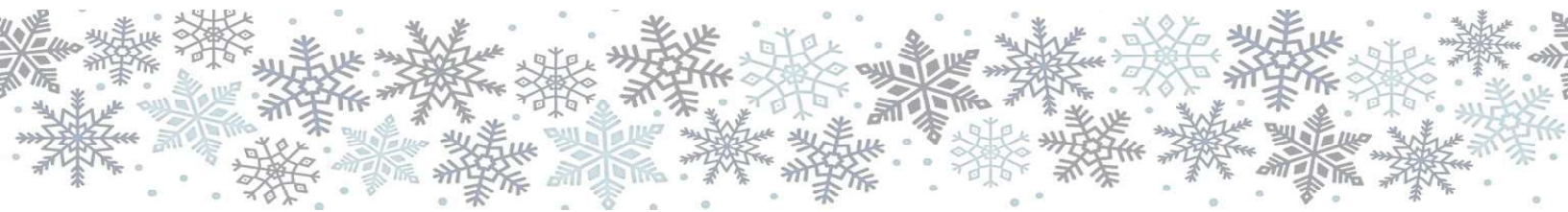

Calvin Murashige (Jan 31, 2025 11:08 HST)

Calvin Murashige
Board Secretary



PRESIDENT'S
REPORT

December 19, 2024
David Bissell, CEO



President's Report

Safety (November)	Month	2024 YTD	2023 YTD
Recordable Incidents	1	3	3
Availability and Reliability	Month	2024 YTD	2023 YTD
Reportable Outages	1	37	37
Average Outage Hours Per Customer	0.28	6.20	3.92
Efficiency	Month	2024 YTD	
Net Plant Heat Rate	8,881	9,065	
Peak Demand (MW)	81.04	82.37	
Residential Rates			
December 2024	\$0.405/kwh decrease \$0.005 from November		

Update Items

- Renewable Energy Projects – Two Solar/Battery
 - Working on Purchase Power Agreements
 - Targeting executing agreements by end of year
- Wildfire Mitigation
 - Red Flag Warning was issued for December 11-12; no power shutoffs required for KIUC
 - Over 9,500 wooden poles have been inspected with 3.4% failure rate
 - 231 poles have been replaced
 - Wildfire mitigation plan update efforts in response to PUC order is ongoing



Update Items Continued



- Kapaa baseyard demolition – in progress
- Mahipapa biomass plant back in service



Mahalo!
Happy Holidays!



Kaua'i Island Utility Cooperative

Your Touchstone Energy® Cooperative



Board Meeting Financial Report

December 2024

Finance, Accounting, Regulatory and Warehouse Monthly Summary

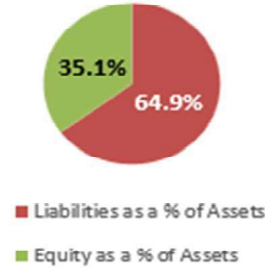
Finance and Accounting Update

- Summary Financial Graphs of Key Trends
- Financial Results
 - 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

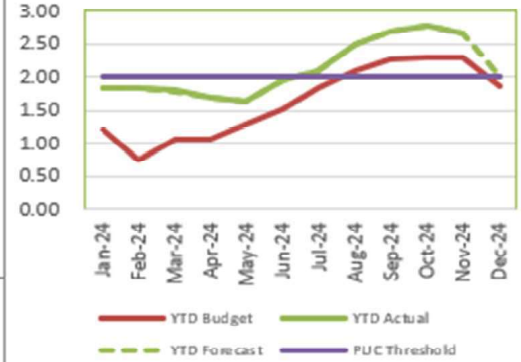
MWh Sales

Class	YTD		Percent Change
	Prior Year	Actual	
Residential (D)	177,243	177,129	-0.1%
Small Comm (G)	60,271	60,816	0.9%
Large Comm (J)	47,638	46,952	-1.4%
Lrg Pwr Primary (LP)	140,807	146,039	3.7%
Street Lighting (SL)	636	638	0.3%
Irrigation	946	882	-6.7%
Total	427,541	432,457	1.1%

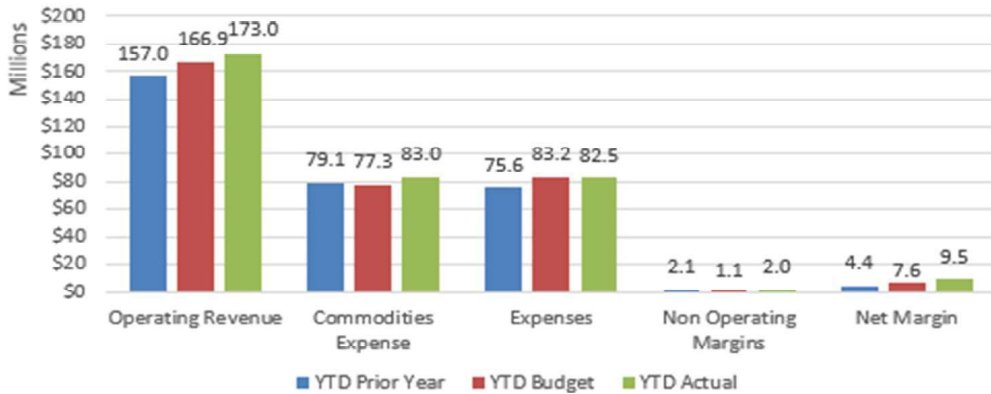
Equity Ratio



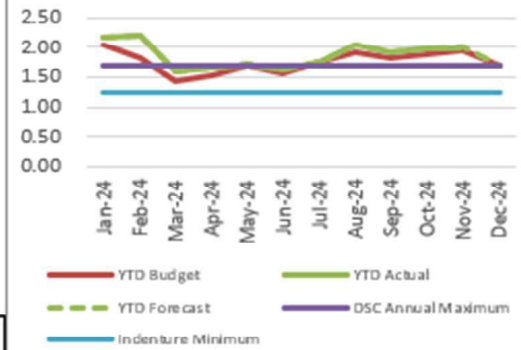
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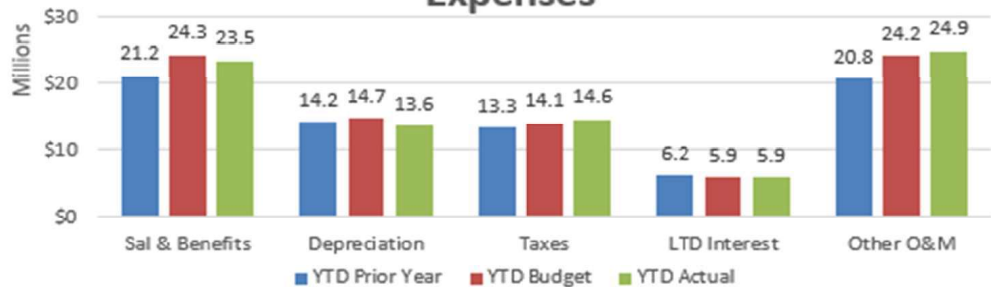
Key Results



DSC



Expenses



(In Millions)	YTD Actual
Cash	\$0.0
Short-Term Investments	\$40.4
Cushion of Credit	\$0.0
Total Cash & Investments	\$40.4
Line of Credit Available	\$100.0
Line of Credit Drawn	\$0.0

**General Ledger
Financial And Operating Report Electric Distribution**

BALANCE SHEET FOR NOV 2024

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	601,561,978.92	601,096,889.03	-465,089.89
2. Construction Work in Progress	11,065,272.05	12,399,923.64	1,334,651.59
3. Total Utility Plant (1 + 2)	612,627,250.97	613,496,812.67	869,561.70
4. Accum. Provision for Depreciation and Amort.	339,690,885.30	339,210,504.25	-480,381.05
5. Net Utility Plant (3 - 4)	272,936,365.67	274,286,308.42	1,349,942.75
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	22,245,352.14	20,910,769.37	-1,334,582.77
8. Invest. in Assoc. Org. - Patronage Capital	1,263,969.31	1,304,320.64	40,351.33
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	983,773.50	1,986,954.69	1,003,181.19
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)	25,324,394.95	24,868,544.70	-455,850.25
15. Cash - General Funds	1,565,475.10	545,394.69	-1,020,080.41
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	-15,137.37	-29,314.12	-14,176.75
18. Temporary Investments	41,691,479.58	40,397,548.77	-1,293,930.81
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	12,973,879.79	13,830,211.77	856,331.98
21. Accounts Receivable - Other (Net)	523,741.64	405,196.96	-118,544.68
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	22,500,656.50	22,401,495.52	-99,160.98
24. Prepayments	1,672,545.91	1,978,504.10	305,958.19
25. Other Current and Accrued Assets	8,690,028.89	10,078,736.60	1,388,707.71
26. Total Current and Accrued Assets (15 thru 25)	89,602,670.04	89,607,774.29	5,104.25
27. Regulatory Assets	35,851,654.53	34,747,851.84	-1,103,802.69
28. Other Deferred Debits	56,534.53	242,397.43	185,862.90
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	423,771,619.72	423,752,876.68	-18,743.04

General Ledger
Financial And Operating Report Electric Distribution

BALANCE SHEET FOR NOV 2024

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
LIABILITIES AND OTHER CREDITS			
30. Memberships	609.27	622.43	13.16
31. Patronage Capital	134,471,485.66	138,463,040.39	3,991,554.73
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	4,393,488.90	9,785,046.29	5,391,557.39
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	<u>139,807.28</u>	<u>355,717.02</u>	<u>215,909.74</u>
36. Total Margins & Equities (30 thru 35)	139,005,391.11	148,604,426.13	9,599,035.02
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	118,759,126.23	114,307,281.73	-4,451,844.50
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	119,323,502.70	112,526,043.07	-6,797,459.63
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
43. Total Long-Term Debt (37 thru 41 - 42)	238,082,628.93	226,833,324.80	-11,249,304.13
44. Obligations Under Capital Leases - Noncurrent	13,583,205.15	13,003,196.24	-580,008.91
45. Accumulated Operating Provisions	<u>27,830.49</u>	<u>-68,968.78</u>	<u>-96,799.27</u>
46. Total Other Noncurrent Liabilities (44 + 45)	13,611,035.64	12,934,227.46	-676,808.18
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	6,424,007.25	7,574,993.25	1,150,986.00
49. Consumers Deposits	1,507,801.36	1,644,358.90	136,557.54
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	<u>11,949,274.62</u>	<u>13,298,950.52</u>	<u>1,349,675.90</u>
54. Total Current & Accrued Liabilities (47 thru 53)	19,881,083.23	22,518,302.67	2,637,219.44
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	<u>13,191,480.81</u>	<u>12,862,595.62</u>	<u>-328,885.19</u>
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	<u>423,771,619.72</u>	<u>423,752,876.68</u>	<u>-18,743.04</u>
Current Assets To Current Liabilities	4.51 to 1	3.98 to 1	
Margins and Equities To Total Assets	32.80 %	35.07 %	
Long-Term Debt To Total Utility Plant	38.86 %	36.97 %	

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	07/01/01	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	35,586,552	27,600,650	743,748	26,448,249	712,208
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	12,706,000	12,379,027	428,003	12,102,814	417,747
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	4,900,000	4,720,774	161,090	4,618,994	158,147
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						\$ 334,152,269	\$ 235,856,165	\$ 6,738,418	\$ 225,183,483	\$ 6,388,545

General Ledger
Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR NOV 2024

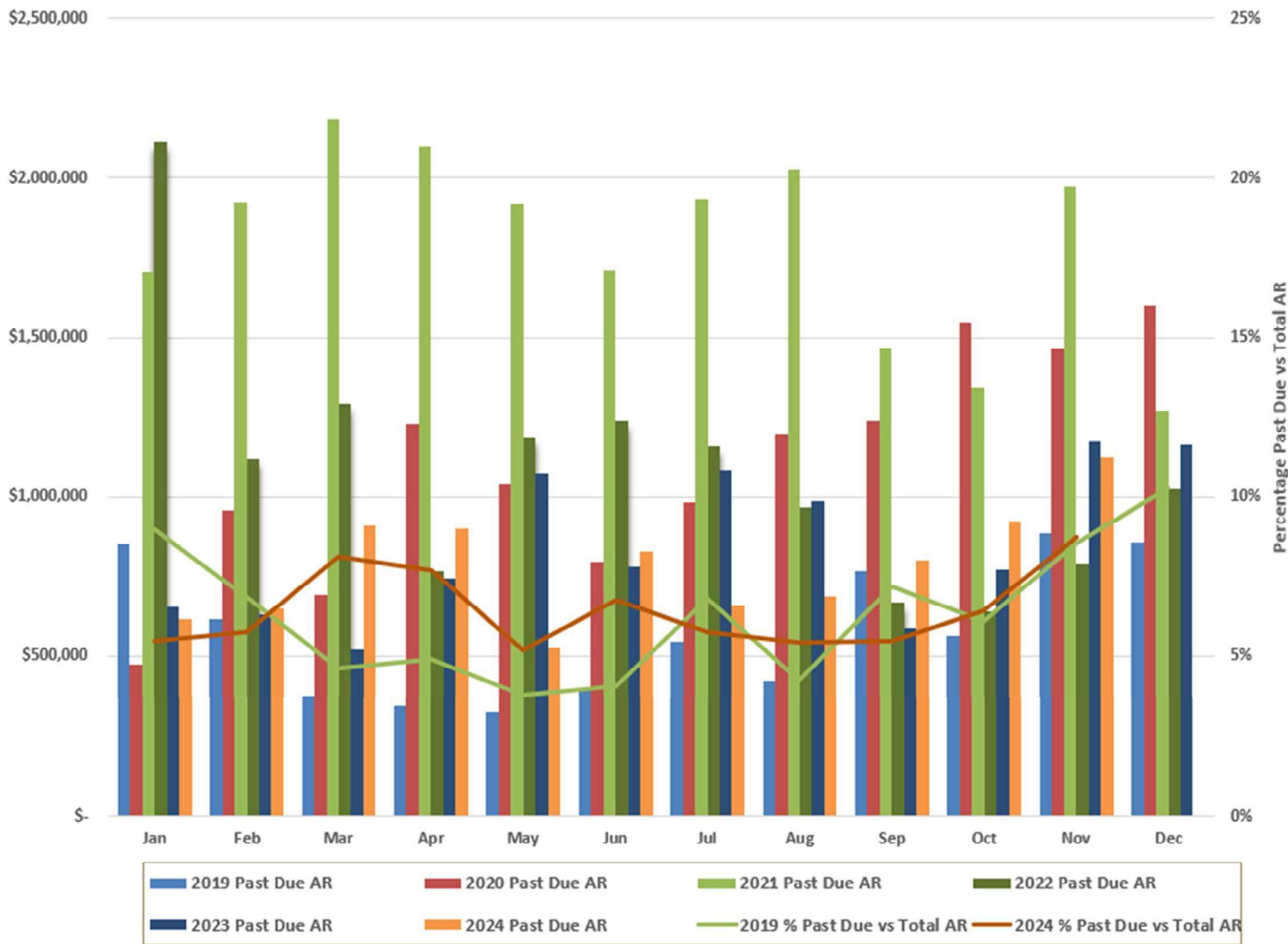
Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	157,004,040.70	172,997,865.87	166,932,666.00	15,728,401.33	14,908,974.00
2. Power Production Expense	50,396,314.16	61,499,221.70	47,708,402.00	6,414,081.21	4,628,463.00
3. Cost of Purchased Power	41,249,556.95	35,842,160.74	42,939,676.00	2,756,127.40	3,412,320.00
4. Transmission Expense	1,126,370.85	1,837,476.48	1,363,785.00	471,693.44	117,482.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	1,467,847.94	1,577,725.01	1,517,829.00	142,993.17	134,346.00
7. Distribution Expense - Maintenance	4,400,110.42	5,030,896.55	4,950,175.00	458,217.46	445,871.00
8. Customer Accounts Expense	2,052,071.53	2,197,729.14	2,747,427.00	194,552.23	247,140.00
9. Customer Service and Informational Expense	275,080.40	308,373.77	493,289.00	75,545.35	36,599.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	20,075,273.56	23,045,043.81	24,042,053.00	2,001,267.61	2,060,605.00
12. Total Operation & Maintenance Expense (2 thru 11)	121,042,625.81	131,338,627.20	125,762,636.00	12,514,477.87	11,082,826.00
13. Depreciation & Amortization Expense	14,169,104.64	13,648,612.07	14,709,436.00	1,234,050.92	1,337,221.00
14. Tax Expense - Property & Gross Receipts	3,921,869.65	4,321,411.69	4,173,319.00	392,815.36	372,724.00
15. Tax Expense - Other	9,382,479.61	10,308,487.56	9,912,487.00	931,055.96	880,593.00
16. Interest on Long-Term Debt	6,185,807.08	5,862,329.10	5,897,000.00	525,570.07	529,000.00
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	23,102.27	57,368.63	87,530.00	3,750.00	3,330.00
20. Total Cost of Electric Service (12 thru 19)	154,724,989.06	165,536,836.25	160,542,408.00	15,601,720.18	14,205,694.00
21. Patronage Capital & Operating Margins (1 minus 20)	2,279,051.64	7,461,029.62	6,390,258.00	126,681.15	703,280.00
22. Non Operating Margins - Interest	2,701,436.45	2,436,349.10	1,666,641.00	205,187.39	111,759.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	-994,030.73	-401,604.39	-822,129.00	-73,520.07	-158,979.00
25. Non Operating Margins - Other	224,531.91	209,635.56	133,320.00	9,808.41	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	79,636.40	195,000.00	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	4,393,488.90	9,785,046.29	7,563,090.00	268,156.88	668,180.00
Operating - Margin	4,393,488.90	9,785,046.29	7,563,090.00	268,156.88	668,180.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	1.37	2.27			
Times Interest Earned Ratio - Net	1.71	2.67			
Times Interest Earned Ratio - Modified	1.68	2.66			

Kauai Island Utility Cooperative Results of Operations (ROO)

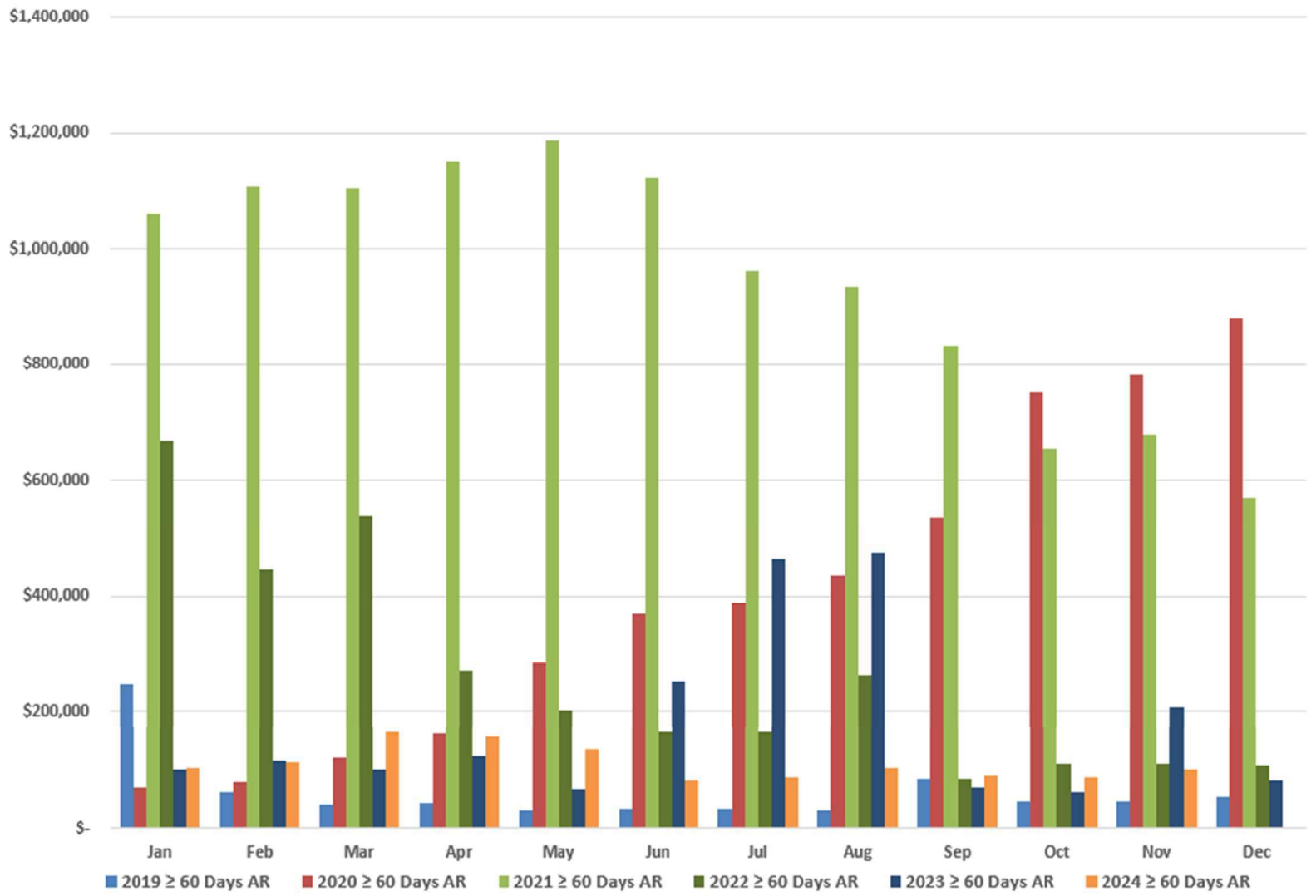
November-24

	Month				Year-To-Date				Budget (+/-) YTD Variance	2024 Annual Budget	YTD Forecast
	November-24	Budget	Variance	Variance	This Year	Budget	Variance	Variance			
Irrigation Revenue Total	24,717	18,212	6,505	36%	205,921	284,438	(78,517)	-28%	213,206	291,723	213,206
Residential Revenue Total	6,445,470	6,412,050	33,420	1%	73,361,034	71,767,790	1,593,244	2%	79,885,330	78,292,086	79,885,330
Commercial Revenue Total	9,221,242	8,448,818	772,424	9%	99,033,834	94,552,598	4,481,236	5%	107,302,896	102,821,660	107,302,896
Street Light Revenue Total	68,090	62,303	5,787	9%	739,252	684,339	54,913	8%	802,587	747,674	802,587
Other/Rental Revenue Total	(31,118)	(32,409)	1,291	-4%	(342,174)	(356,499)	14,325	-4%	(3,180,833)	(3,195,158)	(4,111,396)
Total Revenues	15,728,401	14,908,974	819,427	5%	172,997,866	166,932,666	6,065,200	4%	185,023,185	178,957,985	184,092,622
Commodities Total	7,306,663	6,867,282	439,381	6%	82,960,862	77,272,943	5,687,919	7%	89,728,213	84,040,294	89,728,213
Gross Margin	8,421,738	8,041,692	380,046	5%	90,037,004	89,659,723	377,281	0%	95,294,972	94,917,691	94,364,410
Power Supply Total	1,955,644	1,231,182	724,466	59%	15,138,791	14,017,972	1,120,823	8%	16,386,447	15,265,628	16,386,447
Transmission & Distribution Expense Total	1,166,879	792,678	374,201	47%	9,463,727	8,888,557	575,170	6%	10,286,740	9,711,570	10,324,066
Member Services Total	260,883	301,007	(40,124)	-13%	2,934,418	3,349,788	(415,370)	-12%	3,231,889	3,647,259	3,196,303
Communications Total	75,888	68,750	7,138	10%	768,691	874,180	(105,489)	-12%	890,056	995,545	890,056
Energy Services Total	111,807	67,246	44,561	66%	799,555	835,762	(36,207)	-4%	861,903	898,110	870,219
Human Resources Total	70,482	91,689	(21,207)	-23%	1,030,619	1,104,915	(74,296)	-7%	1,137,509	1,211,805	1,131,735
Executive Total	105,828	94,456	11,372	12%	1,133,103	1,166,120	(33,017)	-3%	1,253,662	1,286,679	1,253,662
Board of Directors Total	48,244	27,044	21,200	78%	590,518	680,681	(90,163)	-13%	636,897	727,060	636,897
Safety & Facilities Total	298,146	314,833	(16,687)	-5%	3,333,809	3,410,619	(76,810)	-2%	3,646,809	3,723,619	3,636,883
SOS Shearwater Program Total	30,700	28,600	2,100	7%	322,954	318,450	4,504	1%	352,304	347,800	351,463
Regulatory Total	92,833	130,017	(37,184)	-29%	1,307,743	1,436,383	(128,640)	-9%	1,443,255	1,571,895	1,429,493
Engineering Total	98,226	121,362	(23,136)	-19%	994,809	1,401,453	(406,644)	-29%	1,124,688	1,531,332	1,090,667
Habitat Conservation Program Total	390,100	428,335	(38,235)	-9%	4,620,130	4,786,900	(166,770)	-3%	5,077,630	5,244,400	5,077,630
Financial & Corporate Services Total	269,156	280,996	(11,840)	-4%	3,226,814	3,108,150	118,664	4%	3,487,822	3,369,158	3,489,881
Information Technology Total	233,000	237,349	(4,349)	-2%	2,712,084	3,109,763	(397,679)	-13%	2,944,641	3,342,320	2,944,641
Total O&M Less Commodities	5,207,815	4,215,544	992,271	24%	48,377,766	48,489,693	(111,927)	0%	52,762,253	52,874,180	52,710,043
Total O&M Including Commodities	12,514,478	11,082,826	1,431,652	13%	131,338,627	125,762,636	5,575,991	4%	142,490,465	136,914,474	142,438,256
Depreciation & Amortization Total	1,234,051	1,337,221	(103,170)	-8%	13,648,612	14,709,436	(1,060,824)	-7%	14,985,834	16,046,658	14,985,834
Taxes Other Than Income Total	1,323,871	1,253,317	70,554	6%	14,629,899	14,085,806	544,093	4%	15,644,422	15,100,329	15,644,422
Total Expenses	15,072,400	13,673,364	1,399,036	10%	159,617,139	154,557,878	5,059,261	3%	173,120,722	168,061,461	173,068,512
Operating Income	656,001	1,235,610	(579,609)	-47%	13,380,727	12,374,788	1,005,939	8%	11,902,463	10,896,524	11,024,110
Interest & Dividend Income Total	205,187	111,759	93,428	84%	2,436,349	1,666,641	769,708	46%	2,548,107	1,778,399	2,657,835
Other Income (Jobbing) Total	(2,255)	4,000	(6,255)	-156%	97,948	44,000	53,948	123%	101,948	48,000	106,852
Income (Loss) from KRS1/KRS2H Total	(73,520)	(158,979)	85,459	-54%	(401,604)	(822,129)	420,525	-51%	(543,796)	(964,321)	(543,796)
Non-Operating Income Total	12,063	8,120	3,943	49%	106,688	89,320	17,368	19%	114,808	97,440	114,808
Liquidated Damages Total	-	-	-	0%	-	-	-	0%	-	-	-
Gain on Disposition of Property Total	-	-	-	0%	5,000	-	5,000	0%	5,000	-	5,000
Capital Credits & Patronage Allocation Total	-	-	-	0%	79,636	195,000	(115,364)	-59%	89,636	205,000	89,636
Sponsorships & Contributions Total	(3,750)	(3,330)	(420)	13%	(57,369)	(87,530)	30,161	-34%	(60,239)	(90,400)	(60,239)
Other Deductions-Abandoned PSI Total	-	-	-	0%	-	-	-	0%	-	-	-
Interest Expense - LTD Total	(525,570)	(529,000)	3,430	-1%	(5,862,329)	(5,897,000)	34,671	-1%	(6,391,329)	(6,426,000)	(6,391,329)
Interest Expense - STD Total	-	-	-	0%	-	-	-	0%	-	-	-
Net Margins	268,157	668,180	(400,023)	-60%	9,785,046	7,563,090	2,221,956	29%	7,766,598	5,544,642	7,002,878
Times Interest Earned Ratio (TIER)	1.51	2.26	(0.75)	-33%	2.67	2.28	0.39	17%	2.22	1.86	2.10
Indenture DSC					1.995	1.750	0.245	14%	1.740	1.695	1.695
EQUITY RATIO					35.07%						

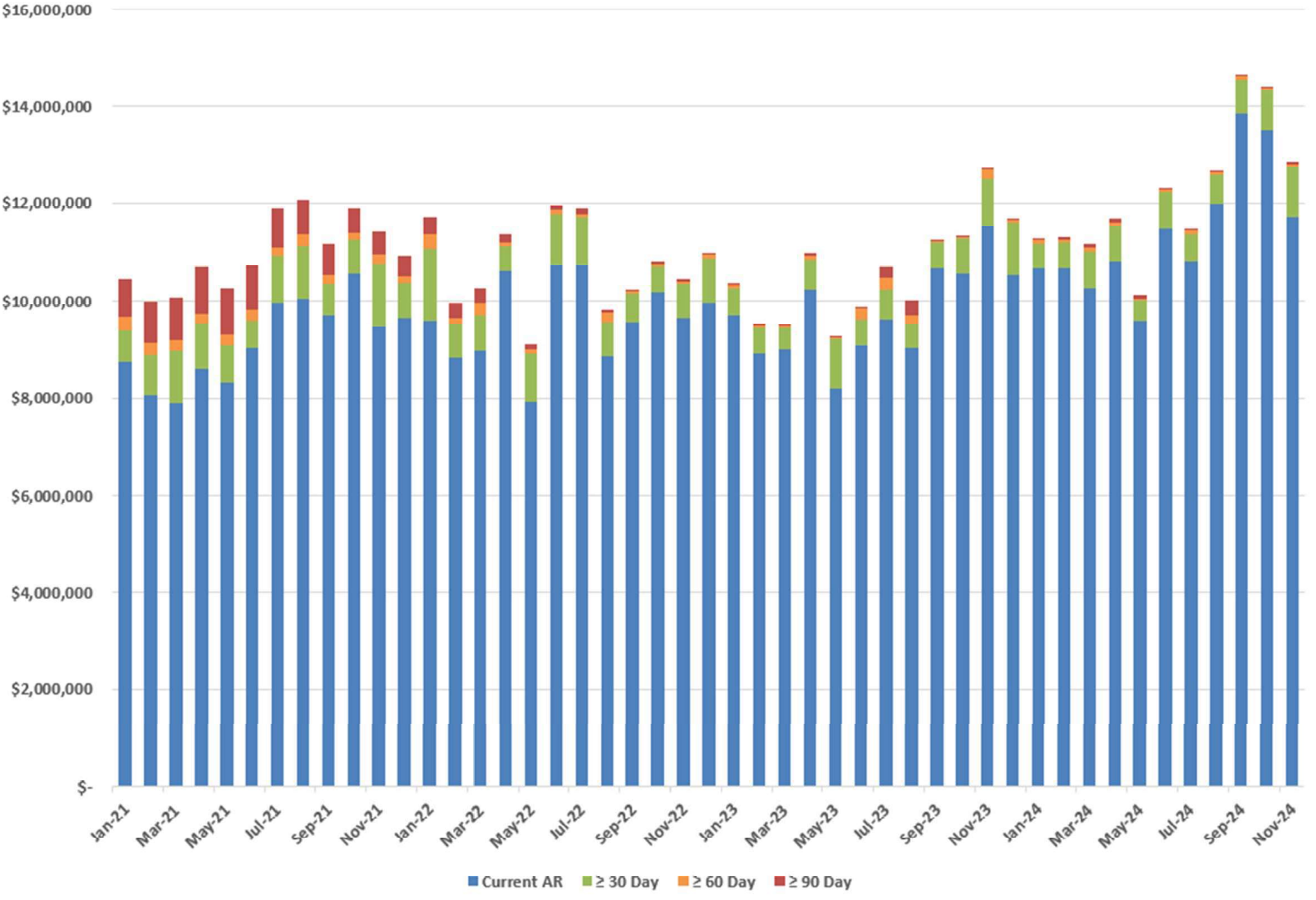
YOY > 30 days vs Total AR



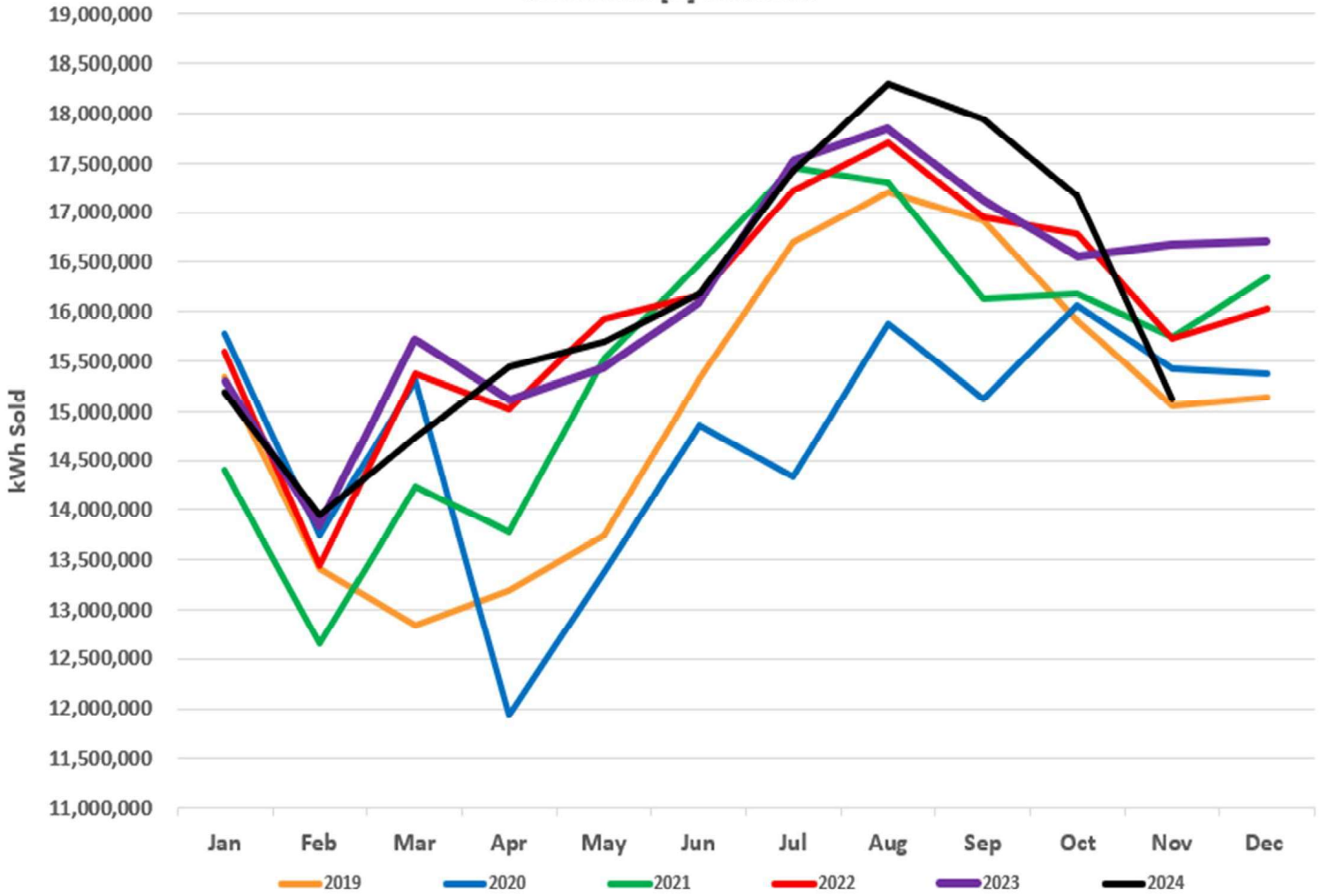
YOY ≥ 60 Days



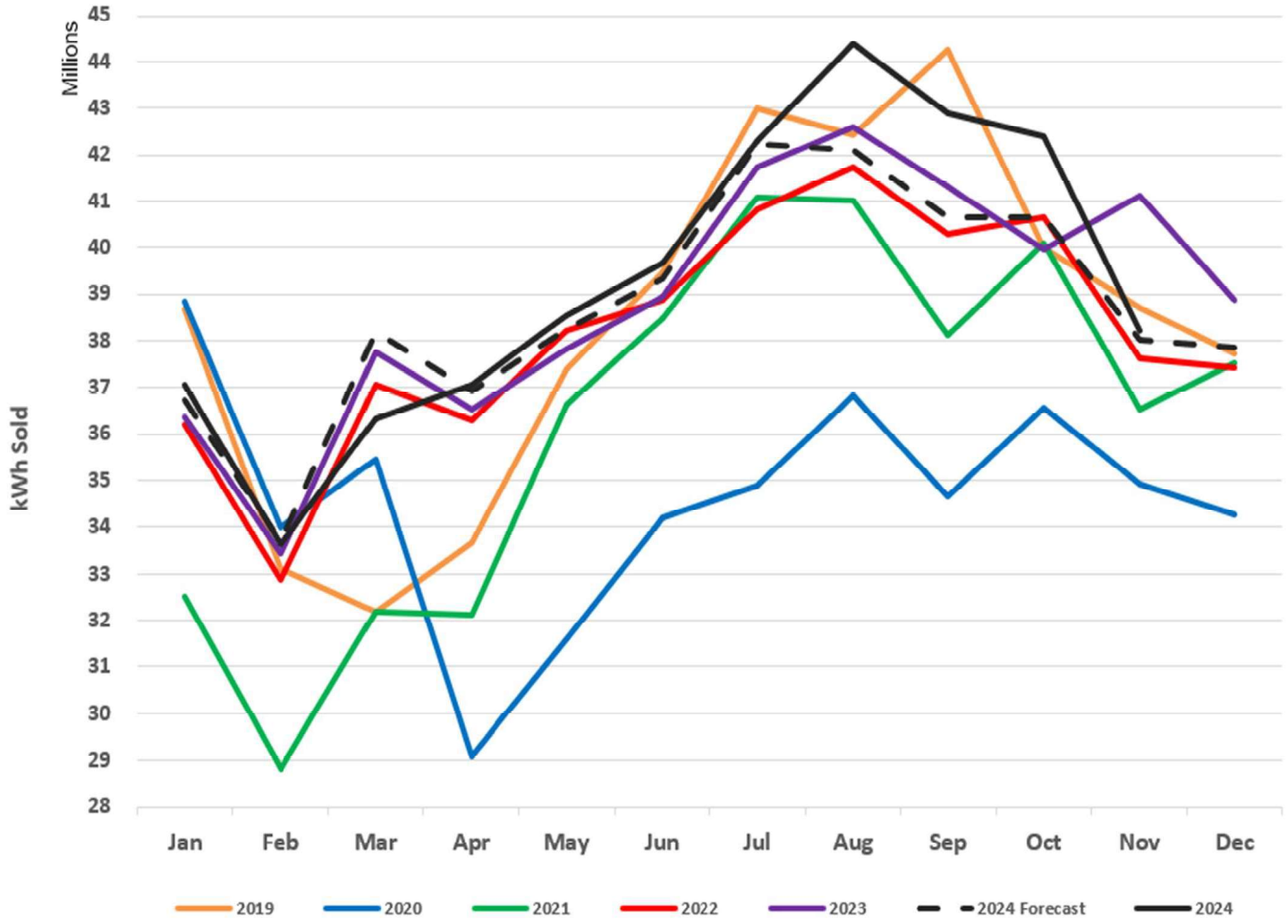
Total AR Balances



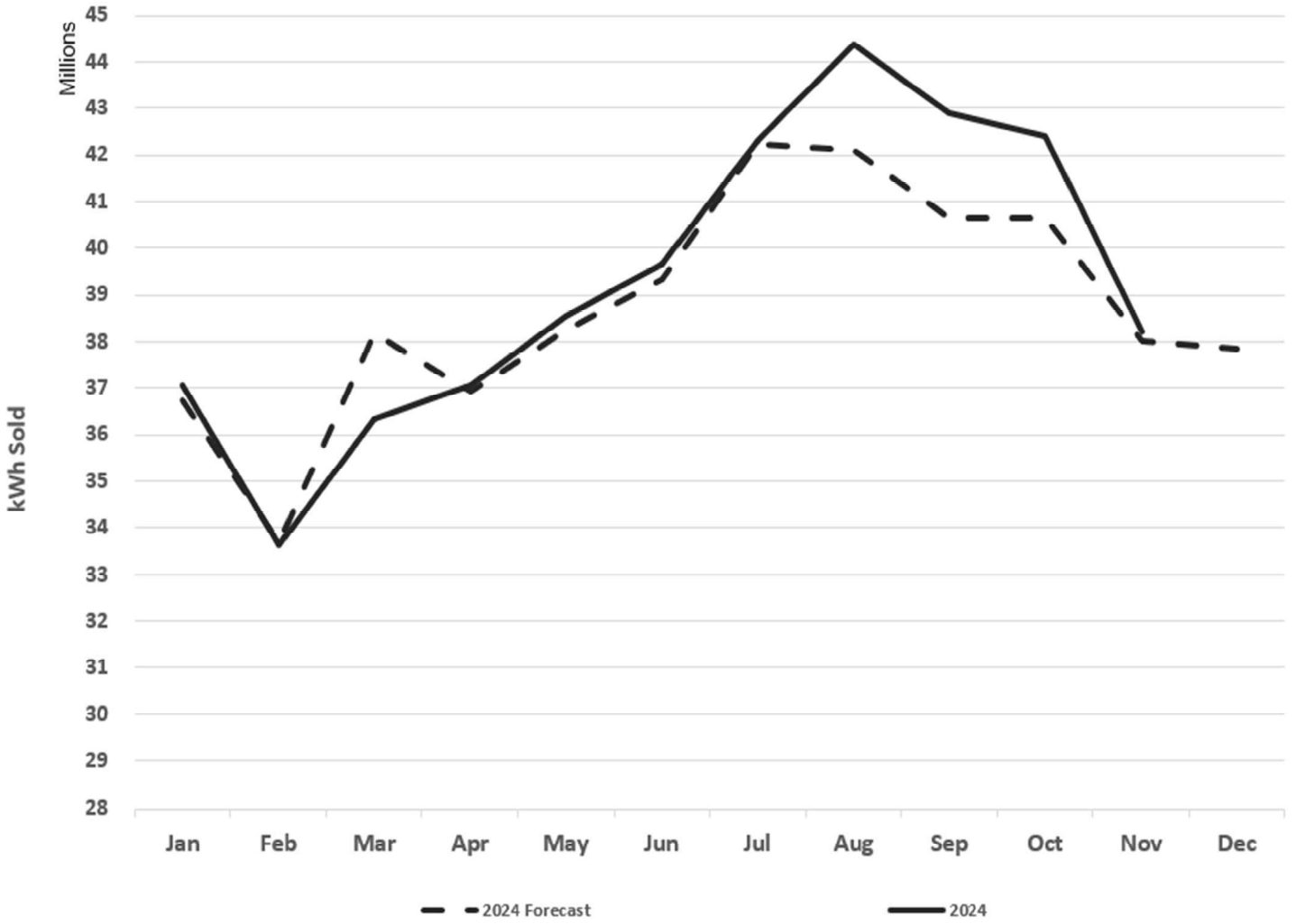
Residential [D] kWh Sold

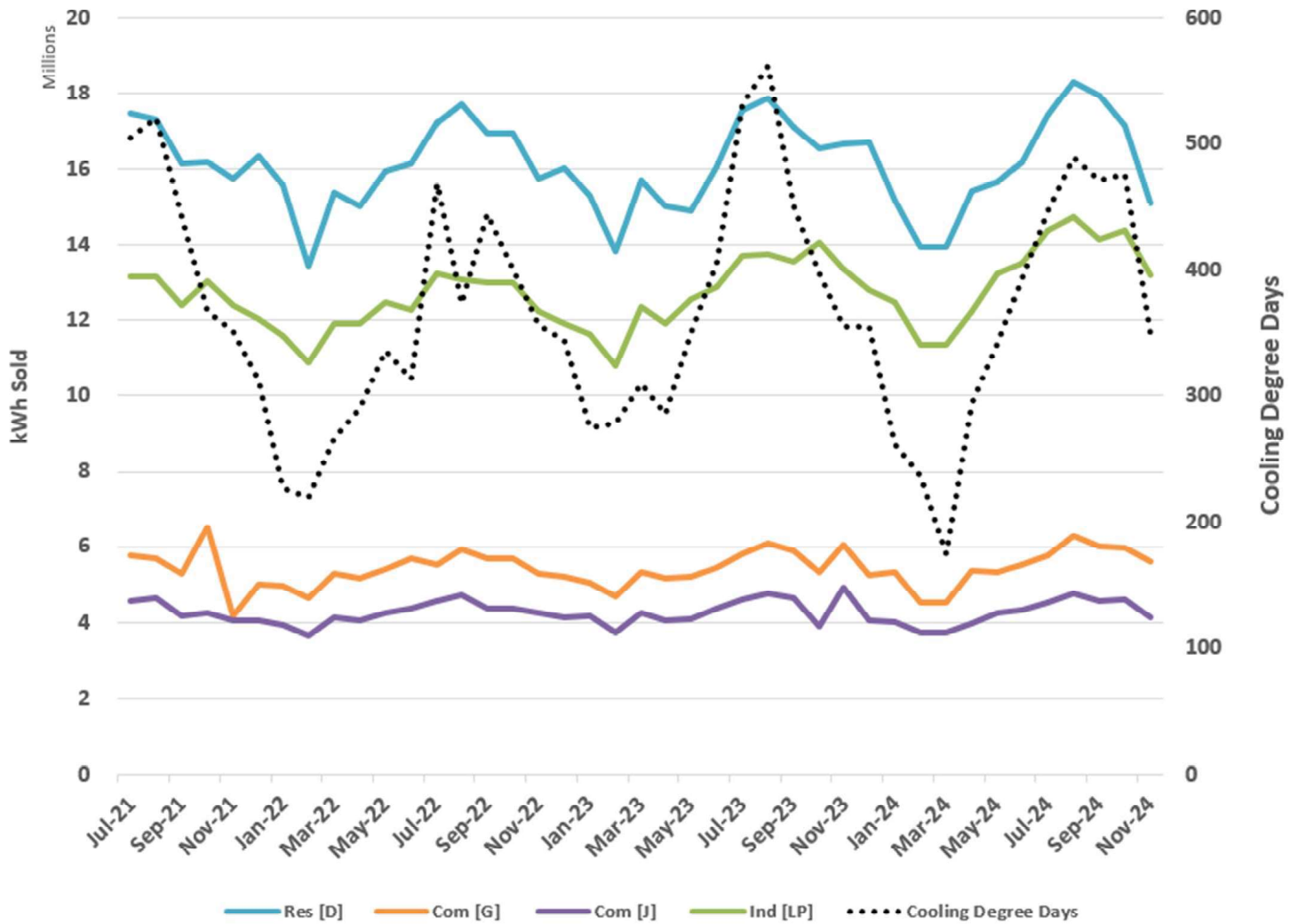


Total kWh Sold



Total kWh Sold

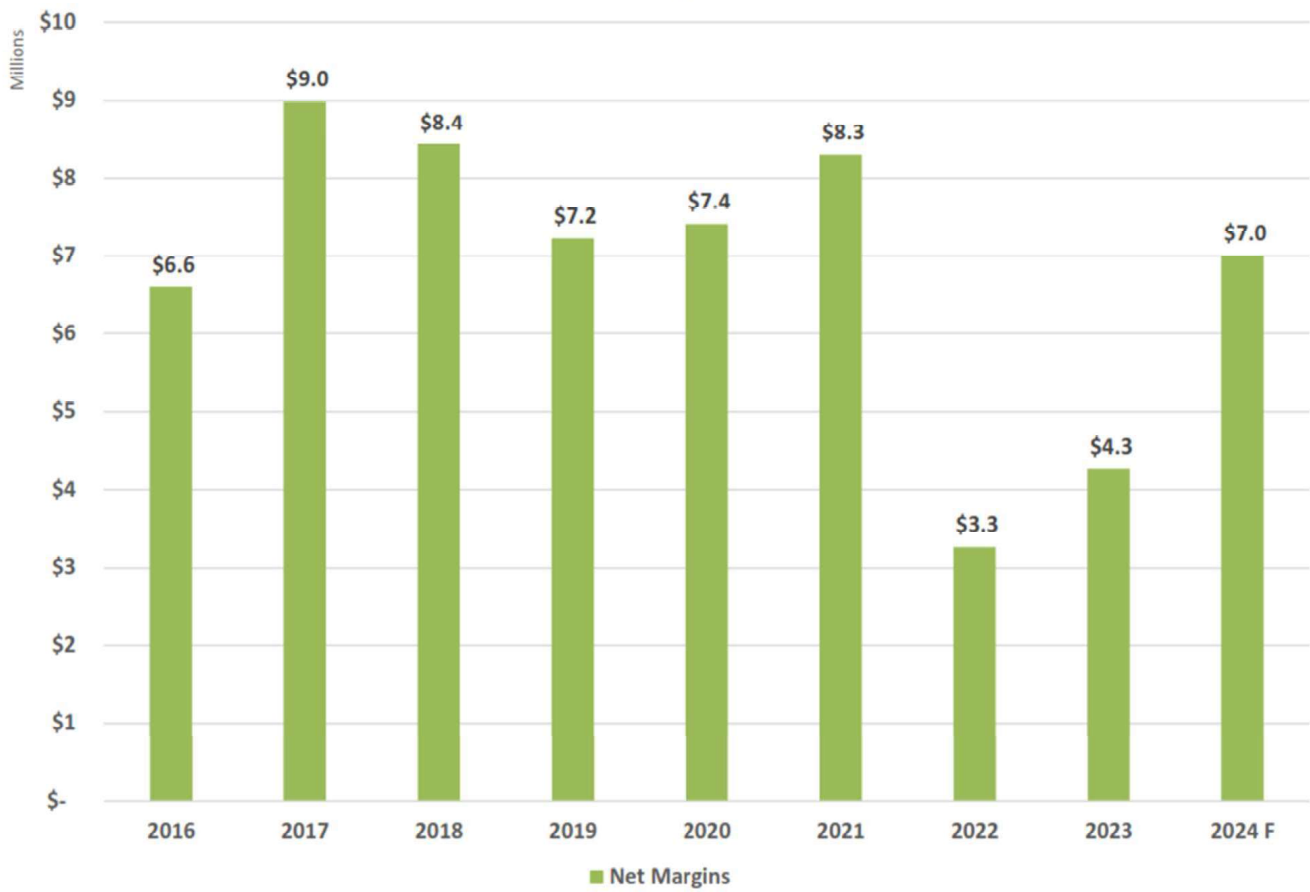


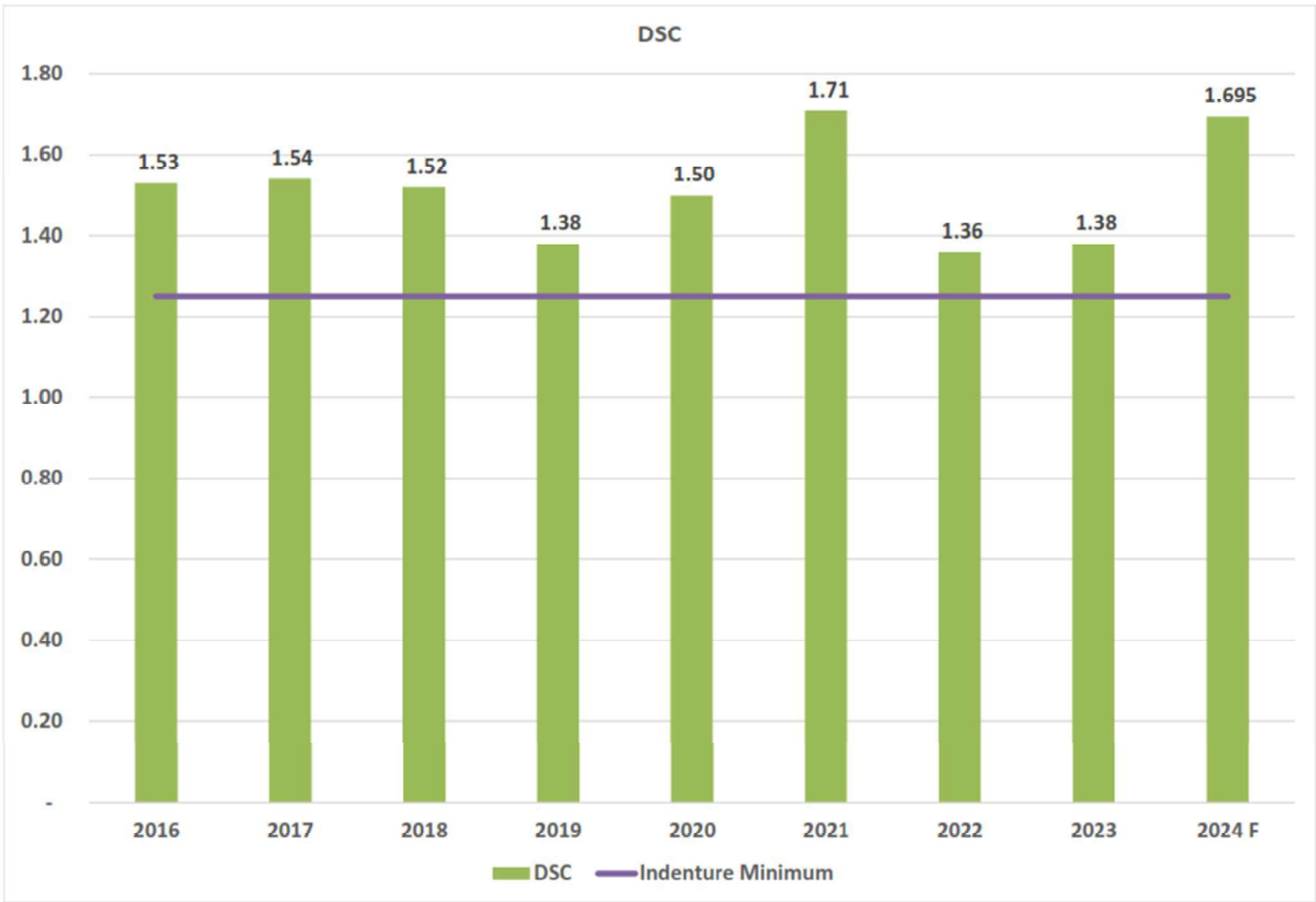


Treasury Management – Monthly Discussion

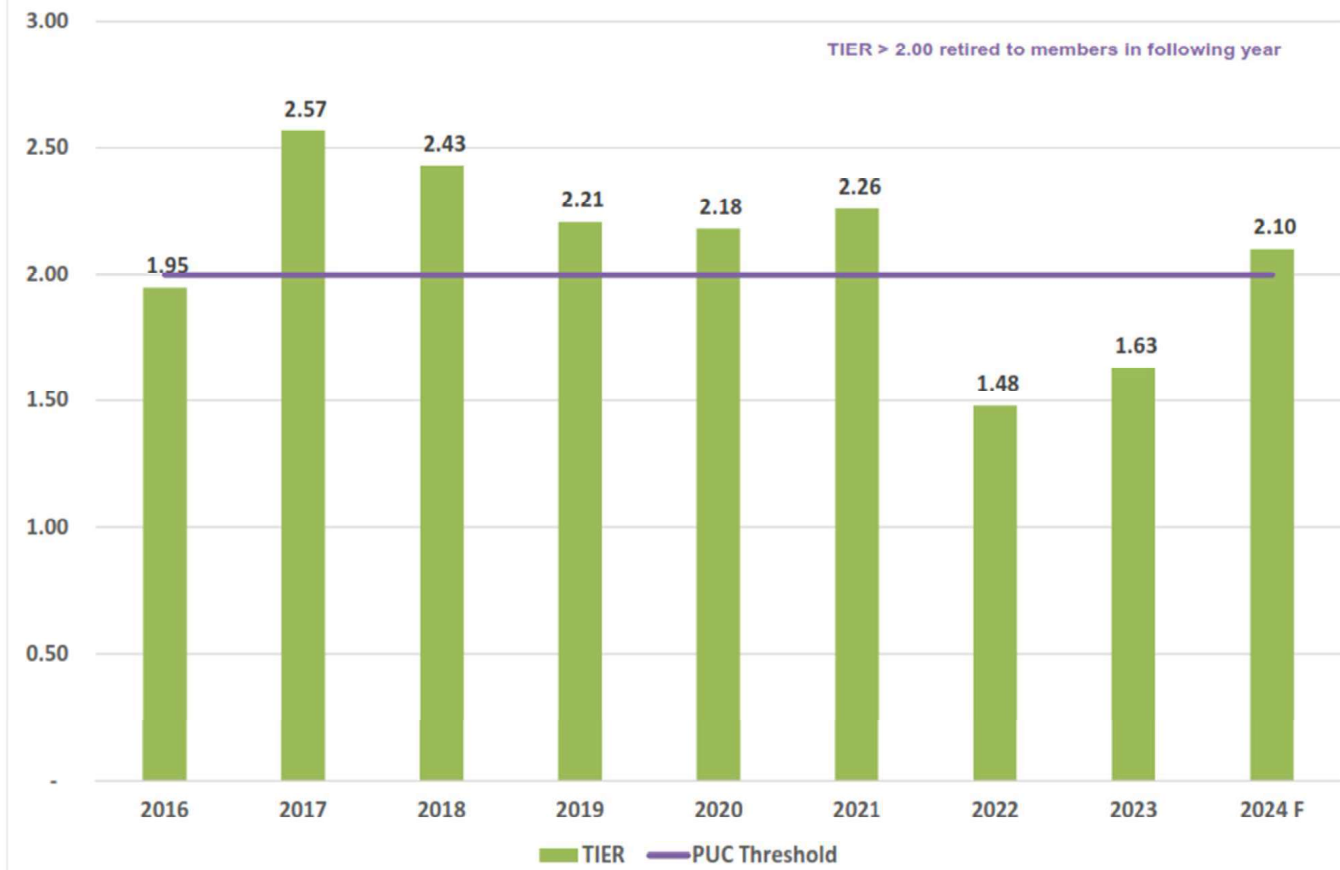
- Ratings:
 - 12/10 BOH confirmed no changes in Money Market Fund Rating - AAA
- Current Summary Of Investments:
- **\$30.3M** Dreyfus Funds – AAA Rating Money Market Fund very ST
 - Government MM Fund – Treasury Only
 - Stable Value type of money market (heavily regulated and makes it difficult to break the dollar)
 - **4.26%** Interest Rate
- **\$4.93M** CFC Daily and Monthly Commercial Paper – ST to Medium Term Investment – Daily to Monthly A2 Moody and S&P A-
 - Daily Fund - **4.00%**
- **\$4.88M** CoBank Commercial Paper Investment – AA- Moody and S&P
 - 60-day Investment – **3.48%**
- **\$266,239** Central Pacific Bank – Backup Checking in NISC if needed
 - Backup for Checking in Money Market (unlimited) account
 - **3.42%**

Net Margins

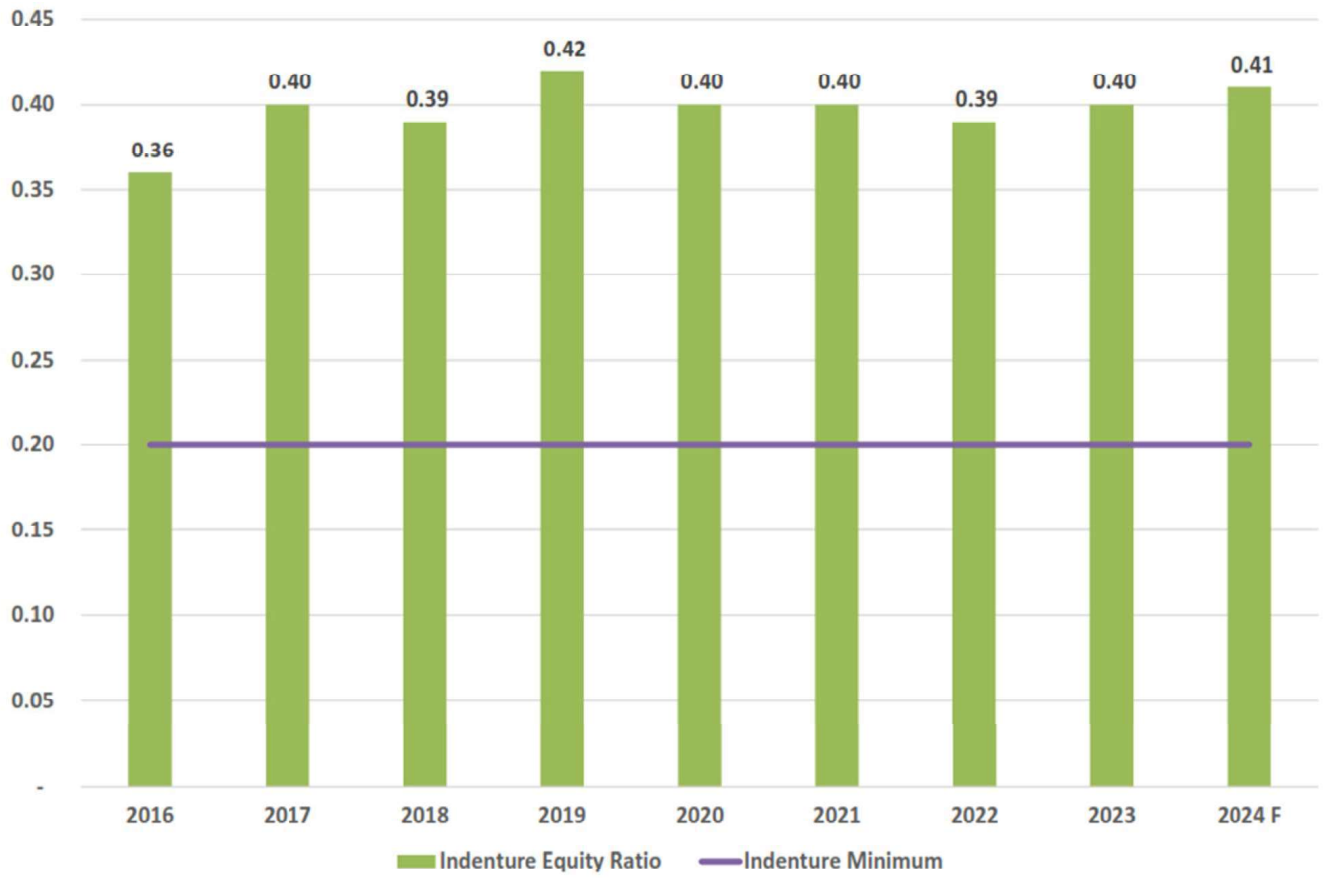




TIER



Indenture Equity Ratio



Questions?

◆ 2024 Election Impact

- President Donald Trump's election changes the game in Washington and creates real opportunities to reset the way the executive branch approaches the electric sector over the next four years.
- Trump's energy policy announcements indicate a strong desire to take a new direction.
- Guided by our resolutions, NRECA is already engaging the Trump team to advance a pro-energy policy agenda with a core focus on reliability and affordability. Our vision for America's energy future:
 - Responds to skyrocketing electricity demand with a durable plan for co-ops and consumers,
 - Removes regulatory burdens, and
 - Promotes the long-term wellbeing of rural communities.
- We're specifically pressing the incoming administration to:
 - Engage the Department of Energy and other agencies to bolster grid reliability.
 - Repeal the EPA's power plant rule and other rules that jeopardize grid reliability.
 - Reverse plans that set the stage to breach the Lower Snake River dams.
 - Reform how the Bureau of Land Management approaches wildfire mitigation and approves co-op rights of way maintenance activities on public lands.
 - Overhaul the nation's outdated permitting laws.
 - Preserve access to Direct Pay and a level playing field for co-ops.
 - Ensure that infrastructure funding, including New ERA and PACE, is sustained to support grid reliability initiatives.
 - Reduce burdensome red tape that hurts co-op efforts to bridge the digital divide.
- NRECA's singular focus on the interests of the communities we serve sets us up for continued success. We will lean into that as we work with the Trump Administration.

◆ NERC Winter Reliability Assessment

- The North American Electric Reliability Corp. released its [2024-25 Winter Reliability Assessment](#) on Nov. 14.
- The assessment found that many regions in North America remain at elevated risk of energy shortfalls this winter.
 - Freezing temperatures affecting natural gas systems and continuing recovery efforts from Hurricanes Helene and Milton could strain the grid and lead to energy emergencies.
 - The assessment noted that electric heating, transportation systems and new data centers are pushing electric demand higher.

- At the same time, meeting that demand is becoming more challenging as always-available generation resources are retired and replaced by intermittent and energy-limited resources.
- “This report clearly highlights the need to swiftly implement a pro-energy policy agenda with a focus on affordability and reliability for American families and businesses. Smart energy policies that keep the lights on are more important than ever.”—[Jim Matheson, CEO, NRECA](#)

◆ **FEMA Public Assistance**

- This month, NRECA hosted a two-part webinar series on the Federal Emergency Management Agency’s Public Assistance program. The webinar can be viewed [at this link](#).
- NRECA has also put together a [page of resources](#) to help co-ops navigate the process to apply for federal assistance.
- Knowing how to navigate the process to apply for federal assistance is more important than ever.
 - Disasters can have a disproportionate impact on electric co-ops, due to small communities having to share the cost of recovery.
 - Without federal assistance to help manage storm expenses, many co-op members living in disaster-stricken areas would face much higher electric rates.

Report of KIUC Charitable Foundation

To KIUC Board of Directors

12/22/2024

The Charitable Foundation Board met on 12/12/24

The following reports were received:

Treasurer report ending balance of \$87,373.51

Makana Program:

- 475 registered, YTD contribution \$3,225.09
- Received check from KIUC for 2022 & 2023 contributions \$6,621.57

Application approved:

- KPAA \$1,000 to fund books for their summer program

Golf Tournament

- Big thanks to Scott Sato & Brooks Braun who went above & beyond as committee members, keeping us organized and getting prizes
- Looking at November 15, 2025 as possible date for next tournament
- Gross: \$61,626; Expenses \$33,181.15; Net: \$28,444.85

Received check from KIUC for Unclaimed Pat Cap funds \$19,454.95

Motion approved to replenish funding for KEO \$5,000

T. Phil Tacbian, President

Economic Development Report

as of November 30, 2024

RED Grant Loans	Loan Start	Original Loan Amount	Interest	Loan Balance	Monthly Payment	Loan End	Payment Status
NTBG Visitor Center	Oct 2018	\$360,000.00	0.0%	\$86,250.00	\$3,750.00	Nov 2026	Current
Island School 2	Feb 2022	\$360,000.00	0.0%	\$246,666.78	\$3,333.33	Jan 2031	Current
TOTAL		\$720,000.00		\$332,916.78	\$7,083.33		

Revolving Loan Fund Loans

Napali Brewing Company	Dec 2022	\$475,000.00	3.00%	\$433,644.76	\$4,586.64	Nov 2032	Current
Island School	Apr 2023	\$140,000.00	1.00%	\$118,755.04	\$1,226.46	Mar 2033	Current
NTBG	Jun 2024	\$175,000.00	1.00%	\$168,052.24	\$1,533.07	Jun 2034	Current
KVMH	Aug 2024	\$1,000,000.00	1.00%	\$976,198.95	\$8,760.41	Aug 2034	Current
TOTAL		\$1,790,000.00		\$1,696,650.99	\$16,106.58		

Account Balance	\$ 299,788.00
Pending RLF	\$ 180,000.00
Available for Relending	<u>\$ 119,788.00</u>

Reporting Requirements:

- 6.1(1)a: There were no loans closed, modified or extended through the internal approval process.
- 6.1(1)b: There were no exceptions made to the policies and procedures contained in the Revolving Loan Fund Plan.
- 6.1(1)c: There were no loans charged off.
- 6.1(2)a: There were no loans closed during the year.
- 6.1(2)b: There were no delinquent loans during the year.
- 6.1(2)c: There were no loans charged off during the year.
- 6.1(2)d: There were no loans converted to non-accrual status during the year.
- 6.1(2)e: There were no exceptions made to the policies and procedures contained in the Revolving Loan Fund Plan.

**RESOLUTION 06-24 OF THE
BOARD OF DIRECTORS OF
KAUAI ISLAND UTILITY COOPERATIVE**

Equity Management Plan

December 19, 2024

WHEREAS, the Board of Directors has reviewed the equity management policy and recognizes the need to implement a structured approach to retirement of capital credits that is committed to returning capital credits to its members in a fair and equitable manner, and

WHEREAS, to assure the financial integrity of the Cooperative at all times so that it can be certain of providing reliable electric service in the safest manner possible on a continuing basis to its members at the lowest reasonable cost, and

WHEREAS at its Board of Directors meeting on December 19, 2024, the board resolved that the capital credit retirement rotation should be structured to include a more formal distribution schedule that the BOD agrees to, and

WHEREAS, to establish the means through patronage capital equity retirements which will enable the members to clearly see the benefits of receiving electric service from their Cooperative, and

WHEREAS it is appropriate for the Board of Directors to periodically review its Equity Management Plan to establish a basis for long-range financial planning which will guide and assure the Cooperative of meeting all its financial requirements through equity and margin development and maintenance.

NOW, THEREFORE, BE IT RESOLVED, that Kauai Island Utility Cooperative will plan and execute its financial strategy pursuant to the Equity Management Plan to achieve the following goals:

Overall Objective: To implement financial policies, consistent with the overall objective of providing safe and reliable electricity at the lowest reasonable cost, which serve to achieve margins and resulting financial performance ratios and retain patronage equity capital sufficient to (i) maintain a sound financial position, (ii) provide uninterrupted access to additional debt capital under KIUC's financing documents, even during difficult capital market conditions, at interest rates that reflect a highly credit worthy borrower, (iii) maintain unused financial liquidity to meet all obligations under reasonably foreseeable operating circumstances, and (iv) provide for the retirement of member patronage capital to both non-current former members and current members on a reasonable cycle.

Equity to Capitalization Objective: To maintain an Equity to Capitalization ratio of approximately 40% and thereafter to monitor its Equity to Capitalization ratio to review appropriate levels consistent with similarly situated peers in the electric cooperative industry.

Debt Service Coverage Objective: To operate the Cooperative to achieve a Debt Service Coverage ratio, as required from time to time, sufficient to achieve the Equity to Capitalization Objective, financial performance ratios consistent with similarly situated peers in the electric service industry, and the Capital Credit Retirement Objective. At the time of the initial adoption of this Resolution, the Debt Service Coverage Objective is expected to be met with a reported Debt Service Coverage ratio in the range of 1.70-1.75.

Liquidity Objective: To maintain cash and liquid investment balances that, when combined with the amount of unused approved operating Lines of Credit balances, are sufficient to ensure at least 90 days of financial resources to pay all (i) cash operating and maintenance expenses, plus (ii) all scheduled interest expense, plus (iii) all scheduled debt principal repayments under normal operating circumstances.

Capital Credit Retirement Objective: To annually consider the financial performance of the Cooperative and to take such actions as are necessary to:

Make all mandatory capital credit retirements to all member patronage equity accounts on a last-in-first-out basis as may be required to comply with any outstanding order or condition of the Hawaii Public Utilities Commission which may be in force from time to time, and

Make discretionary capital credit retirements to all member patronage equity accounts when the Board of Directors determines that the financial condition of the Cooperative will not be impaired. Discretionary patronage capital retirements are expected at the time of the initial adoption of this Resolution to be distributed to maintain a target capital credit rotation cycle of approximately 30-35 years; provided, however, that the Board of Directors has the flexibility to deviate from this guideline in the allocation of discretionary capital credit retirements in consideration of the facts and circumstances applicable at that time. All estate patronage capital retirements are considered discretionary capital credit retirements.

* * * * *

SECRETARY'S CERTIFICATE

The undersigned Secretary of Kauai Island Utility Cooperative (“KIUC”) hereby certifies that the foregoing resolution of the Board of Directors of KIUC was duly adopted at the Regular Meeting of the Board of Directors held on December 19, 2024, at Lihue, Kauai, Hawaii.

Dated this 19th day of December 2024 at Lihue, Kauai, Hawaii.

Calvin Murashige
Secretary

BOARD APPROVAL REQUEST FORM

Requestor

Department **T&D** Date **11/15/2024**

Name John Cox Title: T&D Manager

Program/Project Name **PSI P016 North Shore Transmission Line to GL Acct# 5710.000**

Project Dates (if any) _____

Deadline(s) _____

Description of Request (attach documentation if needed)

Preliminary Survey and Investigation job P016 called North Shore Transmission line was opened in 2005 for planning, design and permitting of the completion of Kilauea to Princeville Transmission circuit for the 4.5 miles of gap of transmission line between Kilauea to Princeville Sub. This job has been revisited many times throughout the years with significant charges in 2005-2010, but one as recent as 2021, but with no activity for 3 years. PSI P016 job has a total of \$302,897.47 that is sitting in this regulatory asset account, but we are requesting it to be written off to overhead O&M Account# 5710.000 to expense the cost of this project to Transmission Lines in 2024.

Financial Impact

Fiscal Year: 2024

Budgeted? _____ Unbudgeted? X

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

Original Budget Amt \$ 712,604

Additional/Change \$ **302,897**

Revised Budget Amt \$ 1,015,501

Required (Initials)

CEO Review: DB
David Bissell

Committee Referral/Action

Committee F&A

Meeting Date: 12/12/2024

Committee Recommendations: _____

Cmte Chairperson Presiding: Peter Yukimura

Board Action

Board Workshop _____ Wrkshp Date: _____

Board Meeting Date 12/19/2024

Action Taken: _____ 1st/2nd: _____

Other Info: _____ Res No. _____

File Date & Location _____

BOARD APPROVAL REQUEST FORM

Requestor

Department **T&D** Date **11/15/2024**

Name John Cox Title: T&D Manager

Program/Project Name **0.200.5710.000 and 0.200.5930.000 Maintenance of OH Lines**

Project Dates (if any) _____

Deadline(s) _____

Description of Request (attach documentation if needed)

Request approval for Budget variance in the 2024 Budget year for both distribution and transmission maintenance of overhead lines (vegetation clearing) for our wildfire mitigation efforts. In 2024 vegetation clearing activities were increased in order to comply with new wildfire mitigation standards along with the increasing frequency and intensity of extreme weather condition (red flag warning mixed with dry conditions) creating greater risk in certain areas. Two vegetation management crews were leading the increased efforts in 2024 which has resulted in overage to the budget.

Financial Impact

Fiscal Year: 2024

Budgeted? X Unbudgeted? _____

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

Original Budget Amt \$ 2,046,304

Additional/Change \$ **650,000**

Revised Budget Amt \$ 2,696,304

Required (Initials)

CEO Review: DB

Committee Referral/Action

Committee F&A

Meeting Date: 12/12/2024

Committee Recommendations: _____

Cmte Chairperson Presiding: Peter Yukimura

Board Action

Board Workshop _____ Wrkshp Date: _____

Board Meeting Date 12/19/2024

Action Taken: _____ 1st/2nd: _____

Other Info: _____ Res No. _____

File Date & Location _____

BOARD APPROVAL REQUEST FORM

Requestor

Department **Other** Date **12/12/2024**
Name Chris Yuh Title: Manager

Program/Project Name **Habitat Conservation Plan (HCP) O&M**
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 \$250,000 for the HCP O&M 2025 Budget. The variance is due to the finalizing contracts for the 2025 season after the 2025 Budget was submitted. The increase from the original amount is due to negotiations with multiple HCP vendors for an increased scope of work.

Financial Impact

Fiscal Year: 2025

Budgeted? _____ Unbudgeted? X

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

Original Budget Amt \$ 5,151,440

Additional/Change \$ **242,570**

Revised Budget Amt \$ 5,394,010

Required (Initials)

CEO Review: DB

Committee Referral/Action

Committee F&A

Meeting Date: 12/12/2024

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 _____

