

KIUC POLICY NO. 30
ELECTRIC RATES AND RATE DESIGN

PURPOSE OF POLICY:

This policy describes the principles for the development and implementation of electric rates.

POLICY CONTENT:

I. Commitment to Rate Design

It is the policy of the Board to develop and design electric rates in a manner that will allow KIUC to accomplish its Strategic Plan while providing electricity that is reliable, considerate of the environment, and that will continue to build and maintain KIUC's financial strength and integrity, at the lowest reasonable cost to its members.

II. Fundamentals

- A. KIUC will prepare revenue requirement and cost-of-service studies as required to have information needed to develop and design electric rates.
- B. KIUC will endeavor to develop rates that are clear and understandable and will undertake proactive steps to communicate information concerning rates to its members.
- C. KIUC will endeavor to develop and design electric rates that:
 - 1. Allocate costs across rate classes in an equitable manner.
 - 2. Reflect KIUC's fixed costs of service in rates and charges.
 - 3. Minimize subsidies between customer classes.
 - 4. Generate sufficient revenues and margins to meet lender requirements within regulatory limits, ensure the provision of safe and reliable electric service, and meet the financial objectives and policies in KIUC's Strategic Plan.

III. Monitoring

Management shall be responsible for implementing rates as approved by the Board, as allowed by the Hawaii Public Utility Commission. Management shall routinely report to the Board any rate adjustments recommended or needed to better assist KIUC in carrying out the objectives, fundamentals, and commitments set forth above.

Adopted on this 23rd day of September, 2021.

Calvin Murashige

Calvin Murashige (Sep 24, 2021 15:35 HST)

Calvin Murashige

Secretary

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