

**KAUA'I ISLAND UTILITY COOPERATIVE ("KIUC")**  
**BOARD POLICY NO. 30**  
(Reviewed 11/27/2018)  
**ELECTRIC RATES AND RATE DESIGN**

**PURPOSE OF POLICY:**

To set forth a policy relating to the development and implementation of electric rates that complement the strategic objectives of the cooperative.

**POLICY CONTENT:**

**A. Commitment to Rate Design**

It is the policy of the Board of Directors of KIUC 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 the cooperative's financial strength and integrity, at the lowest reasonable cost to its member / consumers.

**B. Fundamentals**

1. The cooperative will prepare revenue requirement and cost-of-service studies as required to have information needed to develop and design electric rates.
2. The cooperative will endeavor to develop rates that are clear and understandable and will undertake proactive steps to communicate information concerning rates to its members.
3. The cooperative will endeavor to develop and design electric rates that:
  - a) Allocate costs across rate classes in an equitable manner.
  - b) Reflect KIUC's fixed costs of service in rates and charges.
  - c) Minimize subsidies between customer classes.
  - d) 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 of the cooperative as specified in KIUC's strategic plan and equity management plan, and other related policies.

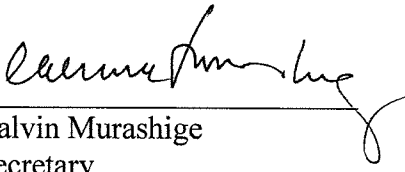
**C. Monitoring**

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

**RESPONSIBILITIES:**

The KIUC Board and President & CEO are jointly responsible for compliance with this policy.

Adopted on this 27th day of November, 2018.

  
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Calvin Murashige  
Secretary

Reviewed: 11/27/2018  
Reviewed: 12/13/2016  
Reviewed: 01/27/2015  
Original Adoption: 06/26/2012