

## KIUC Adjusts to Meet COVID-19 Challenges

*Līhu'e, Kaua'i, HI – 05/07/2020* – Despite the many challenges from the COVID-19 pandemic, Kaua'i Island Utility Cooperative has quickly taken steps to ensure that KIUC's essential utility operations could continue to function at close to normal levels.

“Maintaining safety for employees and the public while providing reliable service has been the primary focus in our operational areas,” said Brad Rockwell, KIUC's Executive Manager of Operations.

One area impacted was KIUC's Member Services department, which closed to walk-in service on March 16 in response to the rapidly-developing COVID-19 situation.

“Out of concern for the health and safety of our employees and members, we made the difficult choice of closing our office doors,” said KIUC's Member Services Manager, Maile Alfiler.

KIUC's members adapted quickly to this change. Alfiler noted that, since mid-March, SmartHub registrations increased 30%, kiosk use outside the Hana Kukui building has tripled and phone call volume is up 44% compared to April 2019.

Member energy use has changed as well. For the month of April 2020, compared to the same period in 2019, KIUC's overall energy sales decreased by an average of 16%. President and Chief Executive Officer, David Bissell, reports that the industrial class is down approximately 30%, while commercial classes are down 25%. He notes that residential sales have remained relatively flat: likely due to the State of Hawai'i's “stay-at-home” orders. “Electric sales declines of these levels haven't been felt on Kaua'i since 1992, when the island was devastated by Hurricane 'Iniki,” said Bissell.

Due to economic hardships facing the co-op's members, KIUC has suspended customer disconnections or service limitations for failure to pay through June 30, 2020, and the Hawai'i Public Utilities Commission (PUC) has just issued an order requiring this to continue for the length of the Governor's Emergency Proclamation and until otherwise ordered by the PUC. KIUC estimates that, as of April 27, 2020, monthly disconnections or service limitations would have reached 978 without the suspension. In 2019, the cooperative averaged 277 disconnections or service limitations per month.

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Bissell says KIUC has taken immediate measures to help mitigate financial risk, including receiving \$2.8 million through a Paycheck Protection Program (PPP) forgivable loan. The Small Business Administration's PPP was established pursuant to Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act.

“While KIUC’s balance sheet was strong heading into the crisis, receiving the PPP funds will help KIUC by buffering revenue shortfalls. It’ll also assist in maintaining favorable debt service coverage ratio requirements, which is necessary for future borrowing and for KIUC to continue to provide safe and reliable electric service,” Bissell said.

KIUC has also been working with the Cooperative Finance Corporation to extend a \$92 million loan, which has eight years remaining until maturity. The extension would add seven years to the term of the loan. The longer payment period will reduce KIUC’s principal and interest payments by approximately \$5.5 million per year over the original loan period.

Considerable uncertainty exists about how long and how significant the impact will be on Kaua’i’s economy and on KIUC, Bissell noted. As the sole electric supplier on Kaua’i, he knows how important it is for KIUC to safely deliver this essential service during these unprecedented times.

“Utilities are highly capital intensive. We’re laser-focused on being financially conservative while fulfilling our responsibility to safely keep our members powered,” said Bissell.

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A self-service kiosk is available at KIUC’s Līhu’e office for payment via cash or checking account.