

Kaua'i Island Utility Cooperative to increase base rates

By [Guthrie Scrimgeour](#) [The Garden Island](#) | Sunday, August 28, 2022, 12:05 a.m.

Share this story [f](#) [t](#) [e](#)



Courtesy of Kaua'i Island Utility Cooperative

Pu'u 'Opae Reservoir mauka of Kekaha is seen during sugar operations. It is one of three existing reservoirs that will be incorporated into the Kauai Island Utility Cooperative's West Kaua'i Energy Project.

LIHU'E — Kaua'i Island Utility Cooperative announced Thursday a plan to increase base rates, which will impact customer bills by 2023.

While effective rates fluctuate month-to-month based on the current cost of fuel and purchased power, the base rates have remained steady for the last 13 years.

"We're not different from any other company in the country," said CEO David Bissell during a virtual meeting of the Lihu'e Business Association Thursday. "We're seeing higher costs and inflation is continuing to hit us and increase our cost of doing business."

Along with inflation, Bissell attributed the need for a base rate increase to costs of endangered species compliance and a flatlining of sales.

The amount of the rate increase was not yet specified, though Bissell said that it would "likely would be of some magnitude." He later estimated the increase would be around 6%.

Residential customers are currently charged a flat rate of \$10.58, with an additional \$0.34543 per kilowatt/hour (currently set at a higher effective rate of \$0.37060) and a minimum monthly charge of \$13.50.

Despite the base rate increase, Bissell said that he expects the rates will remain the lowest in the state.

"We don't want to be in a place where we have to go in for a rate increase every year," said Bissell. "That's the balancing act we have. We're working hard to keep it as low as we can."

Generally, KIUC's non-profit model and focus on renewable energy have allowed them to keep rates low compared to the rest of the state.

Despite soaring costs in other counties, largely attributable to rising oil prices as a result of the Russian invasion of Ukraine, KIUC has only seen increases of about 8% since the start of 2021.

For the last four months, they have posted the lowest rates in the state.

"This has been a function of our move into renewables," said Chairman of the Board at KIUC Jan TenBruggencate. "One feature of our renewable contracts is that they're fixed price. They don't go up and down the way that oil does."

KIUC's renewable energy capacity has boomed in the past decade, growing from providing 8% of their power through hydro in 2010 to 70% through a combination of solar, biomass and hydro in 2021. The majority of this power, 44%, is solar.

KIUC provides electricity to 70,000 island residents, 20,000 visitors and 5,000 businesses, and as a non-profit, is owned by its members and governed by a democratically elected board. Unlike in a for-profit energy company, any profits generated by the utility are distributed annually to the members in cash or in the form of written notices of credits.

The non-profit status does not mean that nobody involved is making money, however. According to tax returns provided on Propublica's non-profit explorer tool, Bissell posted a base salary of \$494,837 in 2019, and KIUC reported that that salary had increased \$550,028 in 2021. Added to this are tens of thousands of additional reimbursement for things like life insurance and vehicle expenses.

Overall, executive pay made up 1.8% of total expenditures (\$2,689,235) in 2020, and KIUC reported that this number had been reduced to 1.4% in 2021, in line with similar-sized non-profit utility companies, and far below the ratio of the largest investor-owned utilities.

KIUC also announced updates on the West Kaua'i Energy Project, which will benefit from tax credits extended in the Federal Inflation Reduction Act signed into law by President Joe Biden last week.

A New Draft Environmental Assessment public comment period for the project is expected to begin next month.

They will also be installing bird diverters on transmission lines in an effort to minimize bird strikes, a program that has already been very effective, reducing strikes by a projected 60% by the end of the year.