

# KIUC CURRENTS

Winter  
2004



## KIUC Owner's Manual



# **A BIG MAHALO TO ALL OF KAUA'I**

*From Kekaha to Haena,  
From Koke'e to the Sea*

The management and staff of Island Hardware\* in Princeville extend a big "Thank you" for your unfaltering support of the many family owned and locally operated businesses. Together, we have made it our number one priority to provide you with the necessities and the luxuries that each and every one of us enjoy. We have shared in good times and less and have conquered the seemingly impossible. With your continued support, we will be ready for tomorrow and all of your future needs.

## **OUR STATEMENT IS SIMPLE AND VERY CLEAR**

The Island Hardware team, along with many other family owned and locally operated businesses, is here to stay. We are committed to providing the same "Aloha" and "Family" customer service that our island has and always will demonstrate.

**MAHALO FOR BUYING LOCAL!**

**MAHALO FOR RE-INVESTING IN KAUA'I!**

**LET US EMBRACE THE SPIRIT OF "ALOHA"  
AND CONTINUE TO MAKE A DIFFERENCE!**

**"SERVICE IS OUR BUSINESS!"  
AT ISLAND HARDWARE\***

*"The Pride of the North Shore"*

Princeville Shopping Center  
5-4280 Kuhio Highway  
Princeville, Hawaii 96722

**808.826.6980**

\* An ACE affiliated hardware store



# STATEMENT OF OPERATIONS

Submitted by William Schmidt, Chief Financial Officer, KIUC

For the period 1/1/2004 through 9/30/2004

We are pleased to report that the KIUC results of operations through September 30, 2004, remained strong. Total revenues, expenses and net income totaled \$85.7 million, \$78.5 million and \$7.2 million, respectively, for the nine-month period ending September 30, 2004.

As is the case for all electric utilities, the cost of power generation is the largest expense, totaling \$40.2 million or 46.9% of revenues. Fuel costs are the largest component of power generation. Administrative and general costs are \$6.6 million or 7.7% of revenues. Operations and maintenance of electric lines cost \$2.7 million or 3.1% of total. Member services cost \$1.8 million or 2.1% of the total.

Being very capital intensive, depreciation (and amortization) of the utility plant costs \$12.7 million or 14.8% of total revenues. Interest on long-term debt, although a very favorable sub-5%, totals \$7.5 million or 8.8% of revenues. Although not subject to income taxes, state and local taxes are \$7.0 million or 8.2% of revenues. Revenues less total expenses equals margins of \$7.2 million or 8.4% of electric sales revenue. Margins are allocated to consumer members and paid when appropriate.

*Because so much of what we do is behind the scenes, the wealth of what we offer may not be clearly evident. This guide provides an alphabetical overview of KIUC services, information and benefits available to our membership. We remain committed to actively promoting the seven cooperative principles, including a strong commitment to our community and to our member/owners.*

# CIUC CURRENTS

Winter 2004  
Volume 1, Number 4

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*Happy Holidays  
from the  
Co-op.*

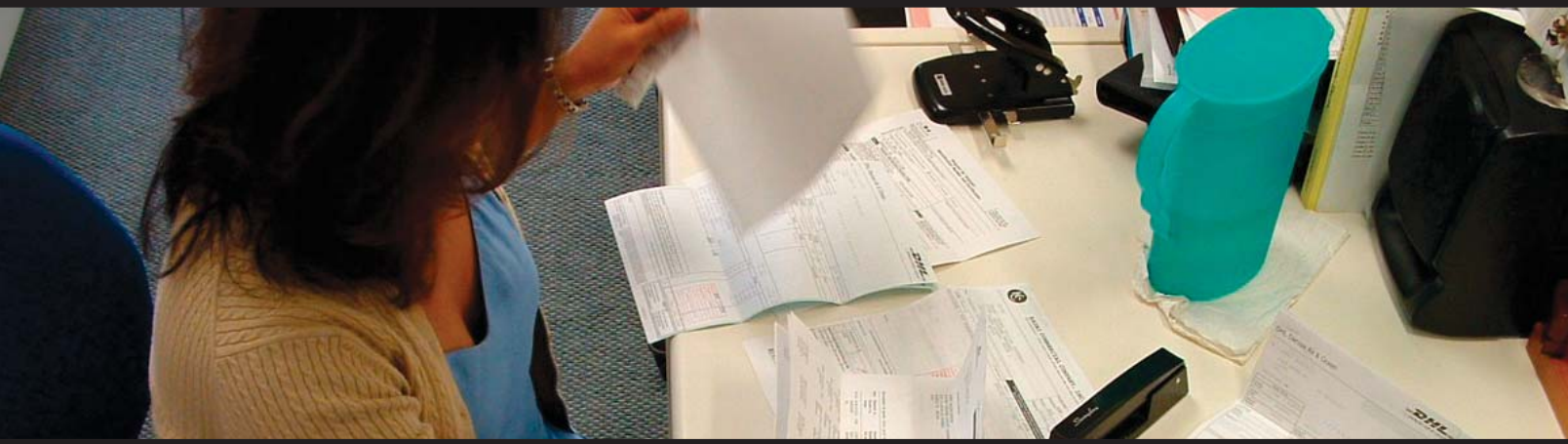


On Our Cover: Dwight Akita, Meter Reader.



4463 Pahe'e Street, Lihue Hawaii 96766  
808.246.4300 • [www.kiuc.coop](http://www.kiuc.coop) • [info@kiuc.coop](mailto:info@kiuc.coop)

**PRESIDENT & CEO** Alton Miyamoto  
**VICE PRESIDENT, MEMBER SERVICES** Faye Akasaki  
**EDITOR** Anne Barnes, Director of Communications  
**ASSISTANT EDITOR** Shelley Paik, Communications and Member Services Coordinator  
**KIUC BOARD MEMBERS** Walt Barnes, Dee Crowell, Gregg Gardiner, Ronald Kouchi, Jim Mayfield, Raymond Paler, Susan Stayton, Sab Yoshioka



## Accounting & Finance

*for Departmental information, call 246-8213*

*for Billing, call 246-4303*

### Services

- Pays all KIUC invoices accurately and timely, including debt and interest payment to its primary and supplemental lender
- Maintains vendor relations
- Prepares and monitors miscellaneous invoices
- Performs monthly/annual accounting services including, but not limited to, preparing and posting all monthly recurring and non-recurring journal entries
- Maintains the general and subsidiary ledgers including the plant and depreciation records
- Administers complete and accurate timesheet entry and payroll processing and associated payroll tax and other benefit deductions
- Maintains the financial internal control structure
- Performs reconciliations of all general ledger items (i.e., cash, accounts payable, etc.)
- Prepares internal financial reports (i.e., monthly ROOS reports, budget status reports and other analyses as necessary for management)
- Prepares external financial reports (i.e., monthly HPUC)
- Prepares the annual budget for Board of Directors approval
- Ensures compliance with lender covenants (i.e., RUS, CFC, etc.)
- Ensures compliance with regulatory authorities (i.e., HPUC, RUS, DOE, DOL, etc.)
- Ensures compliance with federal, state and local tax and reporting compliance (i.e., IRS, Department of Labor, State of Hawaii, County of Kauai)
- Assists President/CEO in compliance with accounting and financial requirements of KIUC bylaws and Board of Directors resolutions
- Assists the independent audit firm in the annual audit

## Annual Meeting & Celebration

**246-4383**

Since the dawn of rural electrification in the 1930s, electric cooperatives have been sharing information with their members through an annual meeting. In keeping with the tradition of electric cooperatives everywhere, KIUC is pleased to host annual membership meetings and celebrations. Join us on Saturday, May 7, 2005, at Kilohana Carriage House for our Third Annual Membership Meeting & Celebration. Join your neighbors for fun, food, entertainment, keiki fun zone and some great surprises from KIUC! Please call 246-4383 for more information.

## Automatic Bill Payment

**243-4303**

You can pay your electric bill directly from your bank/financial institution account. Just pick up the authorization form at KIUC.

## Bill Inserts

**246-4383**

According to our last two surveys, most of you are getting your information about the Co-op from these inserts. Your monthly inserts include everything from tariff information on how to file a claim to information on how you can help us in the saving of native bird populations. If you have questions about inserts, please call 246-4383.

## Board of Director Elections

246-4378

One of the most important things you will do every year is vote for your new Board of Directors. There will be three vacancies to fill in March of 2005. The Board governs the business and affairs of KIUC and is generally concerned with the broad courses of action to be followed by KIUC. They are not involved in the day-to-day operations of the utility—but they are YOUR conduit to the cooperative. Our next board election ballot deadline will be March 19, 2005.

In February of 2005 we will be mailing you your official ballot for the election of the KIUC Board of Directors. Your package will include your secret ballot, return envelope, instructions for voting and returning your ballot, and a voter's guide. For questions regarding the Board Election 2005, please contact 246-4378, and watch The Garden Island for candidate information. (*see Board of Directors*)

## Board of Directors

246-8246 (*See Director Orientation at [www.kiuc.coop](http://www.kiuc.coop)*)

The KIUC Board focuses the staff of KIUC on achieving financial strength, communicating with members and investigating alternative sources of energy. The partnership between your Board of Directors, CEO, management and staff of KIUC results in success in all areas. (*see Seven Co-op Principles*)

### Board Responsibilities

- Advocate for members – works with the CEO to develop policies to make sure members' concerns are addressed promptly and fairly, to promote good member relations and to keep members informed on important issues
- Approves annual operating budgets, construction work plans, compensation plans and capital expenditure budgets
- Ensures development of plans for a long-term supply of reliable, economical electricity and the development of long-term sources of operating capital
- Approves plans for management of member equity and all proposed changes in rates to be submitted to the Hawaii Public Utilities Commission (HPUC)
- Recruits, selects and evaluates the CEO
- Selects KIUC's independent auditor and engages them for an annual financial audit

## Bring a Book, Build a Library Project

246-8246 or 246-4383

We began this three-year project in May of 2004 at the behest of our Chairman of the Board, Gregg Gardiner. After visiting Ilocos Sur, Philippines, he determined their need for a library and helped them build the space. We made it our work to send books to our sister cooperative to fill the space. In our first shipment, thanks to our members and employees, we will send nearly 3,000 books to fill Cabugao's first library. A second shipment is planned for the holidays 2004. We are preparing to send books twice a year in 2005 and 2006. So if you have any gently used or new books you would like to donate, please, drop them off at KIUC's Lihue office. We will do the rest. Watch future issues of Currents for photos! For more information on the project please call 246-4383 or 246-8246.

## Bylaws

246-4383

KIUC's bylaws are the rules that have been adopted chiefly for the government of our members and the regulation of our affairs. From time to time during an election, changes may come up for a vote of the membership. Our current fourth revised and reinstated bylaws are available at [www.kiuc.coop](http://www.kiuc.coop).

## Calendar of Student Art

246-4378

In an attempt to encourage and promote young artists on the island, KIUC held a Calendar of Student Art Contest to feature the artwork of Kauai students, grades K-12, in our first calendar for 2004. We're now looking forward to our second calendar for 2005.

Twelve months and 12 grades provided a perfect format to produce a functional calendar and to celebrate the arts, a vital element of education. It is our hope that participation in this contest will play a part in encouraging a lifelong love of art. So Happy Holidays from KIUC; your calendar should arrive just in time for the holidays! For more information, or limited additional copies, please contact 246-4378.

## Co-op 101

246-4378

Co-op 101 is a class for our membership. If you have questions for our CEO or the Board, and want to know more about your Co-op, please join us for two, 2-hour classes. To sign up for the next class, call 246-4378.

## Cooperatives

246-4383 or 246-4378

### *The Cooperative Difference*

#### *Electric cooperatives – created by members*

With the help of Franklin D. Roosevelt, who established the Rural Electrification Administration in 1935, friends and neighbors banded together to create a new kind of electric utility, where the voice of every person made a difference.

Electric cooperatives brought electric power to the countryside when no one else would.

Today, America's electric cooperatives continue to answer that call. With the same focus on customer needs, today's electric cooperatives provide much more than reliable energy. They are committed to improving the quality of life in their communities and for the member/owners who live there.



### *Member Involvement*

One of the distinguishing features of cooperatives is member involvement. The cooperative is the members' business, literally. *This means KIUC is NOT directed by stockholders, but rather by the membership through the Board of Directors they elect.*

Perhaps the idea of profit-oriented vs. service-oriented was never clearer than in the history of this country's rural electric cooperatives. Prior to 1935, just 10 percent of our nation's countryside had electricity in the home. Companies providing electricity were, for the most part, investor-oriented firms where making a profit was imperative.

And so rural America was in the dark until 1935, when the Rural Electrification Administration (now Rural Utilities Service) was established.

With this new means of financing, and the hard work of many rural Americans, rural electrification became a reality. It happened, in time, the cooperative way. This form of involvement clearly made all of the difference for the beginnings of rural electrification.

### *Member Control*

#### *Another strong differentiating characteristic of cooperatives is member control.*

Where before there had been no electricity and no chance of ever getting it, the REA loan program gave a glimmer of hope. However, it was local leadership and the efforts of the committed few that made it all happen. These men and women provided what no government agency could. The early organizers most often were elected to the board of directors of the new electric system and the board was entrusted by the membership to make the right decisions, enabling the system to operate efficiently on a non-profit basis.

As times change, new challenges confront each new co-op board. But one thing never changes: Co-op members continue to influence the way in which a cooperative is managed by electing a board of directors to act on their behalf. As a member, your vote is your voice.

### *Member Benefits*

#### *Cooperatives have often been born out of need.*

A cooperative is in business to serve its members in a way that will benefit them. Beyond the service itself, one of the most apparent benefits is the return of margins to members in proportion to their use of service. These refunds to members are called patronage refunds or capital credits. They are often "reinvested" in the co-op.

The patronage refund is an important source of financing for cooperatives. Members usually elect to leave a portion of the refund in the co-op to help keep operations on a sound financial basis. The retained portion of the patronage refund is allocated to the member's equity account and paid at a later date.

Cooperatives are in a unique position to bring other benefits to their communities as well. The co-ops' distribution of capital credits represents local dollars. Salaries paid to co-op employees fuel the local economy. And finally, co-ops foster community leadership (*See Seven Cooperative Principles*). To learn more about cooperatives, go to our website or contact 246-4383.



## Demand Side Management (DSM)

**246-8274**

“Supply-side” and “demand-side” are two terms used to describe the resources electric utilities integrate to meet their customer’s electrical needs. Supply-side refers to actions a utility can take on the utility’s side of the customer’s electric meter and typically includes power generating plants. Demand-side refers to the customer’s side of the electric meter and often takes the form of demand-side management energy-efficiency programs. These programs provide utility customers with information and financial incentives for adopting energy efficiency recommendations. The recommendations usually fall into one of the three following categories: (1) equipment operation, (2) equipment maintenance, and (3) installation of energy efficient equipment. The goal of DSM programs is to promote energy efficiency by using electricity more wisely. DSM programs do not promote actions that result in inconvenience, discomfort, harmful or unsafe conditions.

## Distributed Generation

**246-8205**

Distributed generation (DG) is electrical generation that is usually installed at or near the load. It can be either a system that provides only electrical energy or a system that produces electricity, while also capturing and using the waste heat to meet thermal energy needs such as hot water or even air conditioning. While DG can sometimes provide improved overall energy supply efficiency and/or deferral to utility capital projects, depending upon its size, location and mode of operation, DG can also result in no advantage to the utility or even create reliability and operating concerns for the utility. KIUC is working with customers interested in DG to help determine and evaluate the potential benefits to all involved parties. Any customer with questions about DG can call Joe McCawley at 246-8205.

## e-business

**246-4300**

This program coming soon to KIUC will be implemented in phases. Once fully implemented, the following services will be available online at [www.kiuc.coop](http://www.kiuc.coop):

- Customer On-line Registration with Confirmation E-mailed to Customer
- Customer Account Info – Summary, Details, Historical, with Graph
- Customer Meter Reading Submission with Bill Calculation Option
- Service Request by Customer
- Customer Sign-up for Bank Drafting
- Ability to Send Customer Bill via E-mail
- Customer Payments via Bank Draft, eCheck, Credit Card
- Customer Application for Security Light

## Economic Development

246-4325

By Pamela V. Brown

### *Zero-Interest Loans Through KIUC*

We are on the threshold of being able to offer zero-interest loans of up to \$300,000 to eligible Kauai organizations that have projects promoting sustainable economic growth and job creation.

Through our affiliation with the USDA Rural Economic Development Loan and Grant program (REDL&G), we have access to up to \$450,000 per year in federal funds to pass through interest-free to companies initiating such projects, up to a maximum of \$300,000 per grant. KIUC will have to match 20% of funds given as grants, but no matching funds are required for loans. Loan payback terms will be as long as 10 years.

We will be the first organization in Hawaii to participate in the REDL&G program and we're excited to bring this opportunity to Kauai. Only one other company in Hawaii - a rural telephone company - is eligible to distribute REDL&G funds. The ability to distribute federal money at no interest is available only to electric cooperatives and telephone utilities that are financed by the USDA Rural Utilities Service.

We are excitedly awaiting PUC approval to begin this program. We've held several planning retreats and have hired the Iowa Area Development Group (IADG) as our consultant to help us implement it, and to work with island organizations who believe they have or can create projects within the guidelines that will benefit people of Kauai.

To date we've had discussions with nearly 20 Kauai companies, both for-profit and non-profit, including the Kauai Food Bank, Kauai Habitat for Humanity, Island School, Kauai Chamber of Commerce, Kauai Economic Opportunity, Koloa Medical Clinic and the YMCA.

We have received strong, enthusiastic responses from all organizations with which we have discussed this grant and interest-free loan program, and are very pleased to be an economic development partner in our community.

For information about participating in the Rural Economic Development Loan and Grant program, please contact Faye Akasaki at 246-4325.

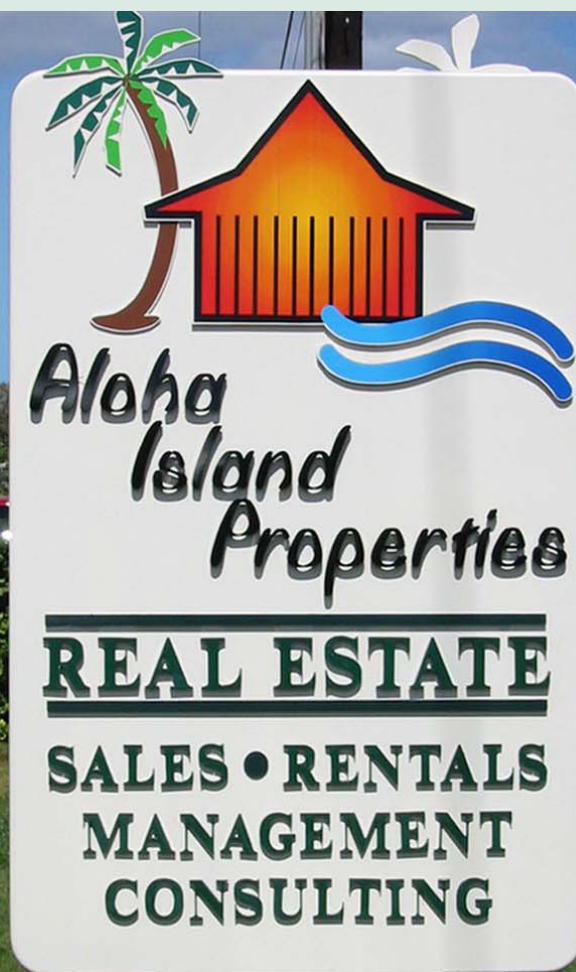
**(808) 246-0334**

Fax (808) 246-0771



***Exceeding Your Expectations***

3-3359 Kuhio Hwy. (across from WalMart in Lihue)  
Lihue, Kauai, Hawaii 96766  
[www.alohaisland.com](http://www.alohaisland.com)

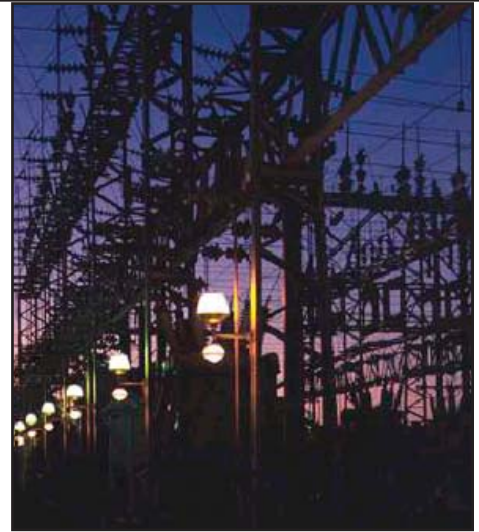


## Electric Cooperatives by Type

There are three types of electric cooperatives recognized nationally: generation & transmission (G&T), distribution and statewide. Very rarely (a few in rural Alaska) a co-op combines duties and becomes both a G&T and a distribution facility. In only one instance does an electric cooperative fall under all three types ... KIUC! We generate, transmit and distribute power, and we're the only electric cooperative in Hawaii. Below are brief descriptions of type.

**Generation & Transmission (G&T)** - A generation and transmission cooperative, or G&T, is usually owned by several distribution cooperatives to furnish their own generating plants and transmission lines to supply power to their member co-ops. In the case of KIUC, the members own the G&T outright.

KIUC's Production Department generates electricity from the Port Allen Power Plant and Kapaia Power Station (KPS).



### Port Allen Generation Facts

| Capacity                                     | Name   | Type               | Brand         | Year in Service | Efficiency | # | Individual Capacities |
|--|--------|--------------------|---------------|-----------------|------------|---|-----------------------|
| 4.0  | D1/2   | diesel             | EMD           | 1964            | 34%        | 2 | 2.0                   |
| 10.0   | S1     | steam turbine      | GE            | 1968            | 22%        | 1 | 10.0                  |
| 8.2  | D3/4/5 | diesel             | EMD           | 1968            | 34%        | 3 | 2.7                   |
| 19.2   | GT1    | combustion turbine | Hitachi/GE    | 1973            | 29%        | 1 | 19.2                  |
| 23.7   | GT2    | combustion turbine | John Brown/GE | 1977            | 32%        | 1 | 23.7                  |
| 15.7   | D6/7   | diesel             | Wartsila      | 1989            | 37%        | 2 | 7.9                   |
| 15.7   | D8/9   | diesel             | Wartsila      | 1991            | 37%        | 2 | 7.9                   |
| Port Allen Power Plant Total Capacity - 96.5 |        |                    |               |                 |            |   |                       |

### KPS Features & Facts

**Gas Turbine:** GE LM2500PH STIG70, 27.5 MW

**Generator:** Brush BDAX7.193ER, 48.9 MVA

**Steam Production:** IST Once-Through Steam Generator, 70,000 pph

**Turbine Control System:** Woodward MicroNet & Citect HMI

**BOP Control System:** GE 90/30 PLC & Citect HMI

**Black Start Generator:** Caterpillar, 600 kW

**Water Source:** Kapaia Reservoir

**Service Water Storage:** 170,000 gallons

**Dem mineralized Water Storage:** 155,000 gallons

**Naphtha Fuel Storage:** 502,775 gallons

**Diesel Fuel Storage:** 367,000 gallons

**Fire Water Storage:** 170,000 gallons

**Fire Pumps:** Diesel & Electric, 1250 gpm each

**Distribution** - A distribution cooperative is a non-profit, customer-owned electric company that purchases electric power at wholesale and distributes it to its customers. KIUC generates its own power and distributes it through our Engineering and Operations Department.

|  |                |
|--|----------------|
| Miles of Transmission                            | 161.3          |
| Miles of Distribution – overhead *               | 977.9          |
| Miles of Distribution – underground **           | 181.7          |
| <b>TOTAL</b>                                     | <b>1,320.9</b> |
| *Miles of OH Distribution, excluding secondary:  | 555.6          |
| **Miles of UG Distribution, excluding secondary: | 139.2          |

**Statewide** – Statewide organizations represent each co-op in their district. They don't generate or distribute electricity. (KIUC does.) Instead they provide needed services to the co-ops, which do. The mission of most statewide is to provide a means for electric cooperatives to work together and accomplish things collectively - we do this ourselves through our nationwide membership in Touchstone Energy - that they could not do as effectively or efficiently on their own. They are generally grass roots organizations.

In addition they provide government relations personnel (handled by our Strategic Planning Department), risk management departments (handled at KIUC by the Executive Department) and provide employee training (currently handled by our Human Resources Department). They handle communications efforts like our quarterly newsletter, inserts, outage and weather information and provide all of the resources necessary to conduct the Youth Tour. (Currently handled by Member Services Department).

## Energy Wise

246-8284 - Residential

246-8275 - Commercial

Saving energy means saving money. We want to help you save both without sacrificing your comfort. KIUC's Energy Wise Program provides energy savings tips and efficiency plans to help make your home more energy efficient.

## Engineering & Operations

246-4330

### Services

- Provides response for service reliability 24 hours per day, 7 days per week
- Plans and constructs electrical facilities for members and developers
- Inspects and maintains substations and all transmission & distribution facilities
- Maintains SCADA (Supervisory Control And Data Acquisition) system
- Maintains electrical drawings and mapping of KIUC facilities
- Performs short circuit studies and develops protective relay settings
- Performs load flow analysis for planning purposes and switching operations
- Manages contracts for tree trimming, primary cable restoration, infrared inspections and waste oil disposal
- Manages contracts for wood pole inspection treatment and restoration
- Manages contracts for large construction projects
- Maintains KIUC fleet
- Manages material and construction standards
- Oversees and maintains KIUC's telephone system



## Equity Management Plan

246-4383

An EMP is a strategic financial plan for the future of KIUC. It's a tool by which the board and management balances the needs of members, lenders and regulators. For more information on the current Equity Management Plan, please contact 246-4383.

## Executive Department

246-8217

### Services

#### ***Office of the President & Chief Executive Officer***

Implement the Cooperative's Strategic Initiatives

- Meets or exceeds minimum financial objective of 1.25 TIER
- Ensures regulatory compliance with Hawaii Public Utilities Commission (HPUC)
- Ensures loan compliance with Rural Utilities Service (RUS) and National Rural Electric Cooperative Financial Corporation (CFC)
- Promotes Cooperative's relationship with federal, state and county agencies

#### ***Office of Risk Management – 246-4369***

- Ensures Cooperative is adequately insured and protected from loss and liability
- Ensures legal access to Cooperative's transmission and distribution system
- Reviews all contracts and leases for protection of Cooperative's interest
- Provides notary services
- Performs other legal services as assigned

#### ***Office of Safety and Environmental Compliance – 246-4350***

- Ensures Cooperative provides a safe work environment and is in compliance with all safety, health and environmental laws
- Conducts supervisor and employee safety training
- Surveys worker performance and corrects unsafe work processes
- Investigates and reports on all employee injury and accidental death claims

## Get Charged

246-4378

*Get Charged! Electricity and You* is a new educational outreach program sponsored by KIUC in partnership with Touchstone Energy Cooperatives and Discovery Channel School, a provider of educational materials to schools nationwide. The program provides basic information about electricity, how it works and how to use it. It gives the user a real-world understanding of the power and purpose of electricity as well as the importance of electric cooperatives in delivering electricity, which is integral to everyday life.

## Glossary of Terminology

From “alternating current” to “wheeling,” this glossary of electricity industry terms is available at [www.kiuc.coop](http://www.kiuc.coop). Just go to the menu under About KIUC & Co-ops.

## Human Resources

246-8294 or visit [www.kiuc.coop](http://www.kiuc.coop) for current openings

### Services

- Manages employee and labor relations programs
- Oversees Open Door policy
- Develops Employee Handbook
- Develops and implements Human Resources policies and procedures
- Facilitates KIUC negotiations with IBEW 1260
- Serves as resource in contract administration
- Administers grievance process
- Manages KIUC compensation program
- Manages recruitment and selection process and oversees Equal Employment Opportunity policy and Affirmative Action Program
- Manages relationship with OFCCP and Kauai OFCCP Liaison Group
- Directs and administers employee benefits programs
- Facilitates KIUC’s Joint Management/Union Medical Cost Containment Team
- Develops and implements KIUC HRIS
- Manages and directs KIUC’s Organization Development process
- Oversees workforce development programs
- Facilitates New Employee Orientation Program
- Administers Employee Educational Assistance Program
- Facilitates supervisory training, HR compliance training, KIUC Board of Directors training and technical skills training
- Manages KIUC Apprenticeship Program

## “The KIUC Owner’s Guide”

*This Currents issue is packed with info galore.  
It’s a KIUC information “candy store.”  
An owner’s manual for you to peruse,  
keep Currents handy, it’s info you’ll use.*

*Accounting and Finance, what do they do?  
In this issue we’ve an answer for you.  
Upcoming events you’ll want to watch for,  
pen them in on your calendar, put a note on your door.*

*Members filled Cabugao’s first library with books.  
Student art gave our calendar its good looks.  
Community service by employees and the Board,  
our Ohana’s aloha into the community was poured.*

*Engineering and Operations, what a great job they do  
providing system reliability for us and for you.  
The Executive Department has many a task.  
Human Resources help employees with  
the questions they ask.*

*Twenty-four seven the  
Production Department does toil,  
producing electricity from hydro, steam and oil.  
The Strategic Planning Department  
addresses our energy needs,  
researches renewable energy and other good deeds.*

*Information Services, our computer folk  
keep our systems going and that’s no joke.  
Member Services, they’re efficient and fast.  
The services they offer are varied and vast.*

*So keep this publication nearby at all times.*

*It’s full of facts  
and even some rhymes.  
This owner’s manual  
is yours to read.  
Refer to it often for  
the info you need.*



*By Gayle Rodrigues*

*Member Services Representative*

## Integrated Resource Plan

246-8274

Integrated Resource Planning or IRP is the process gas and electric utilities use to determine and meet its customers' energy needs over time. The process is mandated by the Hawaii Public Utilities Commission and requires that the utility follows certain guidelines. IRP consist of forecasting electrical load growth over a defined planning horizon, typically 20 years, and analyzing the options for meeting the growth. Efficiency, reliability, fuel availability, environmental impact, societal impact, and cost are among the objectives a utility may consider when evaluating the options. The options may include "supply-side" power generation resources and "demand-side" energy efficiency resources. The goal of Integrated Resource Planning is to "integrate" these "resources" in a "plan" that best meet the utility's objectives.

## KIUC

246-4383

Kauai Island Utility Cooperative (KIUC) provides electric service on Kauai.

In November of 2002, as a result of a three-year community effort, KIUC purchased the electric utility from Citizens Communications, becoming the first electric co-op in Hawaii. As a not-for-profit, tax-exempt cooperative organization owned by the people it serves, KIUC joined over 930 other electric co-ops serving more than 35 million members in 47 states. Like all electric cooperatives, KIUC actively promotes the seven cooperative principles, including a strong commitment to community and to its member/owners.

KIUC operates two electric generating facilities in Port Allen and Kapaia, produces and purchases hydroelectric generated power and has a strong commitment toward additional renewable resources.

## KIUC Community Council

246-4378

This is a committed group of members who meet once a month with management and board to discuss current strategies, member feelings, and the future of KIUC. The group was formed over a year ago and includes people from early focus groups, Co-op 101 participants, and people who showed an interest in getting involved in their co-op. If you are interested in learning more, please contact 246-4378.

## TO OUR MEMBERS:

As many of you may have heard, Alton Miyamoto announced his retirement in November as KIUC's first President & CEO. Alton's career in the utility business spans some 27 years - 24 of those years were with KE and then KIUC. His ties to KIUC go back to his invaluable assistance in what culminated in obtaining approval from the Public Utilities Commission and closing the purchase transaction in November 2002. Alton then led the KIUC team through the transition from an independently owned utility to a member/owner, non-profit utility.

There were many hurdles to overcome in KIUC's first two years, which included transitioning the administrative functions from Stamford, Connecticut back to Kauai along with hiring additional personnel to fill new positions, integrating new software for a stand-alone utility, hiring a new CFO to protect KIUC's financial interest and working with the Board of Directors in strategic planning to determine long-term goals and objectives for KIUC. Those plans included

renewable resources, energy efficiencies, oil and tank farm studies, Integrated Resource Plan, depreciation studies and an Equity Management Plan.

Additionally, when Dominion announced that they were going to sell the Kauai Power Partners facility, Alton led the KIUC team in the acquisition and the regulatory approval to bring that transaction to fruition - the transaction that will save our members millions of dollars over the next two decades.

On behalf of the membership, the Board of Directors would like to wish our first President & CEO well in his retirement and future endeavors. He has clearly left his mark on KIUC, and we are grateful for his leadership.

The Board of Directors has taken on the responsibility of conducting a nationwide search to find our next President & CEO, and we are hopeful that we will have identified Alton's successor by mid-March.

Gregg Gardiner



## KIUC Currents Magazine

246-4383 or 246-4378

This is our quarterly magazine for our member/owners. You're reading it now. This issue completes our first full year of publication. Please contact 246-4383 or 246-4378 with any comments or ideas on how we can make it better.

## KIUC in the Community Program

246-4383 or 246-4378

*By Pamela V. Brown*

### *Lending a Hand on the Island*

One of our seven cooperative guiding principles is "Concern for Community," so it's a natural that KIUC employees enjoy participating in lots of positive activities around the island. Here's a sampling of what we did in 2004.

One of our favorite programs was our calendar art contest in which we received 550 entries from students of all ages around the island. Each grade was assigned a month to depict; kindergarteners got the cover. The creativity and originality of our young island artists was inspiring. We chose the top entries and created a 2004 calendar for our members.

In June, three lucky high school students were chosen to take part in the rural electric Youth Tour in which they joined other students from across the country in a tour of Washington, D.C. The KIUC-sponsored trip was eye-opening for the three teens in many ways, including meeting peers from other parts of America, where pastimes are skiing and skateboarding instead of surfing.

We've adopted a two-mile stretch of highway beginning just past the Kauai Humane Society up to Halfway Bridge. Periodically volunteer crews of KIUC employees wearing matching "Adopt a Highway" T-shirts cheerfully clean up garbage from the side of the road, helping to keep Kauai green.

We enjoy making presentations to school children through our Adopt-a-School and School to Work programs in which we visit Kauai students in their classrooms, talk to them about what we do all day, opening their minds to career possibilities. Elementary school children particularly enjoy this program as it teaches them that real people create the electricity behind their light switches.

Our sponsorship of all three public high schools in the Electron Marathon this year helped budding engineers design and build pint-size electric race cars. Our students competed on Oahu against more than 20 other teams from the entire state. Kapaa High School took top honors in the construction and safety category.

It's not every day that you can stay awake all night for a good, charitable cause, but that's what 26 hardy KIUC employees did for the American Cancer Society's Relay for Life in May, raising more than \$800 for cancer-prevention research. It was fun, but it made an 8-hour work shift at KIUC seem easy.

Most of us have an abundance of extra books at home, so we found a way to share the bounty with our sister co-op in the Philippines through our Bring a Book - Build a Library program. Employees brought in books of all types and subjects - from Dr. Seuss' Cat in the Hat to Reader's Digest Almanac. We collected and sorted them then sent them to our counterparts in the Philippines.

All of our trucks sport McGruff the Crime Dog logos, illustrating our support of this lovable children's character and the values he represents. Along with several other island co-sponsors, KIUC employees arrange for McGruff to visit schools, talk to students about the proper ways to call for help, and to let children give and receive big doggy hugs.

So when you see our hardworking employees picking up rubbish on the side of the highway or staying awake all night to raise funds for the American Cancer Society, be sure to wave and say hello to them. They're your neighbors helping our island.



## Member Services

**246-4300 - Main office**

**246-4301 - Service Applications & Disconnects**

**246-4303 - Billing & Account Information**

### Services

- *Service Order Processing* – receives and processes applications for new and takeover services and disconnects; executes field action as needed
- *Metering* – installs, maintains, monitors, tests and calibrates electric metering equipment
- *Route Management and Meter Reading* – reads, records and downloads meter reading data; analyzes data and reports irregular field conditions
- *Bill Processing* – schedules and runs jobs associated with bill generation
- *Cash Processing* – processes payments made for electric services
- *Credit & Collections* – analyzes delinquent accounts and executes necessary field action for payment resolution
- *Support Services* – processes and distributes incoming and outgoing mail and provides clerical support as needed
- *Call Center* – assists members regarding service requirements, billing inquiries, payments, deposits and other related Member Services matters
- *Communications* – plans, develops and coordinates both internal and external communications projects, programs and events; serves as the primary contact for KIUC in the community at large and in a variety of settings appropriate to the mission and goals of the organization

## National Rural Electric Cooperative Association (NRECA)

**246-4383**

National Rural Electric Cooperative Association (NRECA) is the national service organization dedicated to representing the national interests of cooperative electric utilities and the consumers they serve. The NRECA Board of Directors oversees the association's activities and consists of 47 members, one from each state in which there is an electric distribution cooperative. The chief spokesman for the nation's electric cooperatives is NRECA Chief Executive Officer Glenn English.

Founded in 1942, NRECA was organized specifically to overcome World War II shortages of electric construction materials, to obtain insurance coverage for newly constructed rural electric cooperatives and to mitigate wholesale power problems. Since those early days, NRECA has been an advocate for consumer-owned cooperatives on energy and operational issues, as well as rural community and economic development.

NRECA's more than 900 member cooperatives serve 37 million people in 47 states. Most of the 865 distribution systems are consumer-owned cooperatives; some are public power districts. NRECA membership includes other organizations formed by these local utilities: generation and transmission cooperatives for power supply, statewide and regional trade and service associations, supply and manufacturing cooperatives, data processing cooperatives and employee credit unions. Associate membership is open to equipment manufacturers and distributors, wholesalers, consultants and other entities that do business with members of the electric cooperative network.

## National Rural Utilities Cooperative Finance Corporation (NRUCFC or CFC)

**246-4383**

An independent source of financing that supplements the credit programs of the U.S. Department of Agriculture's Rural Utilities Service (RUS) and provides financing and business assistance to non-RUS borrowers, CFC is the premier private market lender for the nation's electric cooperative systems.

NRUCFC offers full-service financing, investment and related services to its owners. It maintains a continuing effort to ensure that its lending and investment programs as well as all related financial and business management services deliver high quality at a reasonable cost.

By maintaining high credit standards and credit ratings, NRUCFC provides its owners with competitively priced financing through its role as a conduit to the private capital markets. NRUCFC raises funds for its loan programs with the support of its owners' equity and investments, and through the sale of multiple financing vehicles in the private financial markets. CFC offers a variety of specialized financial products and services to its members and information important to non-member investors as well.

## Net Energy Metering

**246-8287**

Sometimes referred to as "spinning the meter backwards," Net Energy Metering (NEM) allows a customer to receive retail credit for excess electricity from their electrical generation system. KIUC's NEM program, begun in 2001, is available to any customer with a renewable generation system no larger than 50 kw, installed to primarily supply part of their electrical needs, that is properly interconnected to KIUC's system. At the end of 2003, KIUC had more NEM participants, 15, than any other island. To find out more about KIUC's NEM program, please call Jeff Deren at 246-8287 to have your questions answered or to request a NEM Information Package, which includes a description of interconnection criteria, an application and an interconnection agreement.

## Non-Profit Advertising Program

**246-4378**

KIUC has a small budget for purchasing advertising in programs, yearbooks, etc. for the community's schools and non-profit organizations. In addition, each KIUC Currents magazine has a very limited amount of space for no-cost, non-profit advertising. For more information, please contact 246-4378.

## Outage Reporting

**246-8200**

Outages should be reported to 246-8200. This phone line is manned 24 hours a day, 7 days a week. For major outages, please listen to local radio stations for up-to-the-minute reports from KIUC Communications.

## Patronage Capital Refunds & Accounts

**246-4303**

When the cooperative takes in more money than is needed to operate the business, pay outstanding loans and pay any additional expenses, the owners are entitled to a share. That's member equity.

At KIUC, your equity account is based on the amount you paid during the year - the more you buy, the higher your share of equity. We set up a credit account that shows on the books the share of the year's net margins belonging to you. Each member will receive an annual statement showing his or her individual ownership interest in KIUC capital. As new member equity funds come in year after year, KIUC will be able to "retire" its older capital credits funds, issuing patronage capital checks or bill credits to members.

Your elected Board of Directors and the bylaws determine how and when capital credits are paid - or "retired" - to members. KIUC's bylaws have a provision for repayment of capital credits on a rotating basis. The retiring of capital credits depends on the successful operation of the cooperative, its financial status and the level of loan repayments. For more information on patronage capital refunds and accounts, please contact 246-4303.



## Power Plant Tours

246-4383

KIUC offers power plant tours at both of our facilities. A limited number are available each year, so call us for more information.

## Production

246-2334

### *Services*

- Provides sufficient and reliable power 24 hours a day, 7 days a week to meet the immediate demand for energy on Kauai at the lowest possible cost
- Oversees system load, frequency and voltage requirements
- Receives and responds to system trouble calls on a 24-hour basis
- Inspects, operates and maintains three (3) combustion turbine generators, one (1) steam turbine generator, one (1) HRSG (heat recovery steam generator), nine (9) diesel-powered generators, two (2) hydroelectric generators and all balance of plant equipment
- Identifies, analyzes and implements improvements to generating plant prime movers, generators and balance of plant equipment
- Negotiates/manages fuel supply and purchase power contracts and develops/manages annual fuel and purchase power budgets
- Ensures regulatory, environmental and general compliance with all government permits and regulations
- Oversees and maintains six (6) miles of ditches and tunnels feeding the Upper and Lower Waiahi hydroelectric facilities
- Provides for the procurement, receiving, warehousing, shipping and distribution of \$5 million worth of parts and supplies for both the Production and Engineering and Operations Departments.

## Property Damage Claims

246-4303

### *Who Should File a Claim*

If you experience an interruption of electrical service, you have the right to file a claim. Please note that KIUC will not be liable for any loss caused by accident, storm, fire, strikes, riots, war or any cause not within the company's control through the exercise of reasonable diligence and care (refer to Tariff Rule No. 16).

### *What Information is Needed*

In addition to basic information such as your name, address and phone number, we will need to know the date and time of loss, the type of equipment/property that was damaged and the incident that caused the damage.

### *When and Where to File a Claim*

For a claim to be valid, it must be filed with KIUC within 30 days of the service interruption. Each claim will be investigated and if it is determined that damage was due to negligence on the utility's part, KIUC will compensate accordingly. Properly documented receipts for actual or estimated repair and replacement costs will then be forwarded to KIUC's insurance carrier for further action.

### *How to File a Claim*

Please call 246-4303 to begin the claims process, or to request a copy of Tariff Rule No. 16.

## Public Utilities Commission

246-8217

Regulates all franchised or certificated public service companies operating in the state; prescribes rates, tariffs, charges and fees; determines the allowable rate of earnings in establishing rates; issues guidelines concerning the general management of franchised or certificated utility businesses; and acts on requests for the acquisition, sale, disposition or other exchange of utility properties, including mergers and consolidations. For more information, please visit <http://www.hawaii.gov/budget/puc/>

## Regulated Utility

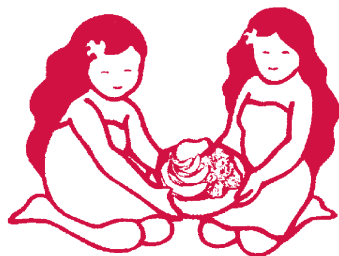
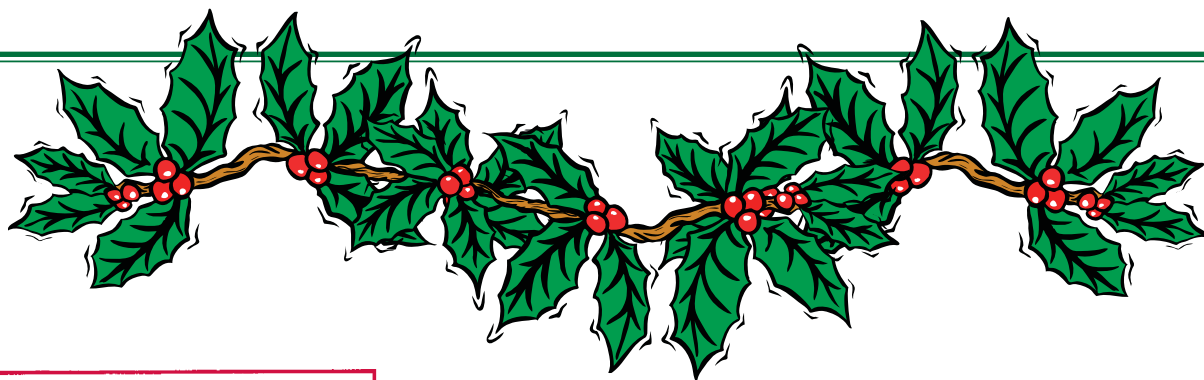
246-8217

A company, privately or publicly owned, which provides utility services such as electricity, gas, water or phone to the public. (see *Public Utilities Commission*)

## Renewable Energy

246-8287

Renewable energy is from sources that are constantly replenished and will never run out. Examples include solar photovoltaic, solar thermal, wind, wave, hydro, biomass and some forms of geothermal. Benefits of renewable energy include reduced environmental impacts, reduced dependence on imported oil and a potential reduction in energy costs. For more information please contact Jeff Deren at 246-8287.



**KAUAI  
FOOD  
BANK**

## HUNGER HURTS

According to The Hunger Study, conducted by the University of Hawaii in 2001, 20% of Kauai's are food insecure.

- \* Should a child's only meal be the one they receive at school?
- \* Should a family have to choose between food and rent?
- \* Should a senior have to choose between food or their vital medicines?

Almost 20% of Kauai's population makes these choices daily.

*Your donation of non-perishable items may be dropped off at the Kauai Food Bank in Nawiliwili or at fire stations through December 17.*



## Rural Electrification Administration (REA)

Although nearly 90 percent of urban dwellers had electricity by the 1930s, only 10 percent of rural dwellers did. Private utility companies, who supplied electric power to most of the nation's consumers, argued that it was too expensive to string electric lines to isolated rural farmsteads. Anyway, they said, most farmers, were too poor to be able to afford electricity.

The Roosevelt Administration believed that if private enterprise could not supply electric power to the people, then it was the duty of the government to do so. So, in 1935 the Rural Electric Administration (REA) was created to bring electricity to rural areas. By 1939 the REA had helped to establish 417 rural electric cooperatives, which served 288,000 households. The actions of the REA encouraged private utilities to electrify the countryside as well. By 1939 rural households with electricity had risen to 25 percent.

By the early 1970s about 98% of all farms in the United States had electric service, a demonstration of REA's success. The administration was abolished in 1994 and its functions assumed by the Rural Utilities Service.

## Rural Utilities Service (RUS)

**246-4383**

Electricity, telephone, water and waste disposal services have been taken for granted in American cities since at least the 1920s. But if you lived in a rural area only 60 years ago, chances are you went without these necessities of modern life and high standard of living they make possible.

Modern utilities came to rural America through some of the most successful government initiatives in American history, carried out through the United States Department of Agriculture (USDA) working with rural cooperatives, nonprofit associations, public bodies and for-profit utilities. Today, the USDA Rural Utilities Service (RUS) carries on this tradition helping rural utilities expand and keep their technology up to date, and helping establish new and vital services such as distance learning and telemedicine.

The public-private partnership that is forged between RUS and these industries results in billions of dollars in rural infrastructure development and creates thousands of jobs for the American economy.

## Save Our Shearwaters

**246-4378 - KIUC's Program**

**(808) 792-9408 - FWS**

In response to the seventh principle, Concern for Community, KIUC will help fund an ad and educational program in 2004. KIUC is currently working with local entertainers to create a "moveable" program for elementary- and middle school-aged students. KIUC will run public service announcements throughout the season and run updates and information on [www.kiuc.coop](http://www.kiuc.coop). The United States Fish and Wildlife Service (FWS) is the primary federal agency dedicated to protecting threatened and endangered sea birds. FWS has run the SOS program for its 25-plus years of seabird conservation and enthusiastically supports KIUC's involvement in the program's perpetuation and enhancement. For more information about FWS activities in this area, contact Jenness McBride, a Fish and Wildlife biologist at FWS, (808) 792-9408.



## Seven Cooperative Principles

246-4383

All cooperative businesses adhere to seven guiding principles:

### *Voluntary and Open Membership*

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### *Democratic Member Control*

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. The elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

### *Members' Economic Participation*

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

### *Autonomy and Independence*

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

### *Education, Training, and Information*

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation.

### *Cooperation Among Cooperatives*

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### *Concern for Community*

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

## Sharing of Aloha

246-8246

Each year KIUC donates about \$35,000 to non-profit community groups through our Sharing of Aloha program, currently chaired by Jeff Deren, a strategic planning engineer. "It's fun giving away money to good organizations," he said.

The application process is simple - just a one-page form that is available in our office and on our website ([http://www.kiuc.coop/member\\_sharingofaloha.htm](http://www.kiuc.coop/member_sharingofaloha.htm)). It's a quick process: requests are reviewed once a month by an eight-member committee. Grants, which range from a few hundred dollars to a couple thousand dollars, are sent out within one or two weeks of the committee's approval.

The review committee is comprised of management personnel and employees whose KIUC jobs span the spectrum. "It's not just upper management making the decisions," Deren said. So far this year, the committee has reviewed more than 80 applications and funded almost all of them.

"We prefer smaller organizations that don't have (a lot of) other options for fundraising," Deren said. "We've funded all types of groups, from softball and soccer teams, social services and culture and arts."

The Sharing of Aloha program began back in the Kauai Electric days and was originally a vehicle to encourage KE employees to get involved in the community. Now any KIUC member (any ratepayer) can submit an application for an organization they deem worthy.



## Sister Cooperative

246-4383

KIUC has a sister cooperative in Ilocos Sur Philippines. The NRECA Sister Cooperatives Program links electric cooperatives from the United States with cooperative utilities in Latin America, Asia and other parts of the world in a bond of friendship and professional support.

There are two major goals of the Sister Cooperatives Program:

1. To promote activities that expand the professional capabilities of the respective staffs and help each organization become more effective in meeting the mission of consumer-owned electric service, and
2. To develop deeper understanding of each of their cultures, communities and working environments.

## Solar Water Heater Rebate Program

246-8284

To qualify for a solar water heater rebate from KIUC, you must have an existing operational electric resistance water heater and be a KIUC member with an active residential account. Homes under construction also qualify. Information is also available on our website, [www.kiuc.coop](http://www.kiuc.coop).

## Speakers Bureau

246-4383

Speakers are available for any organization interested in KIUC. Programs currently available are the *History of Electric Co-ops, KIUC; Looking Forward*, Linemen Demonstrations, Plant Tours and *Save Our Shearwaters*. For a complete list of speakers and topics, please contact 246-4383.

## Statement of Operations

246-8213

A company's income statement, or Statement of Operations, lists its revenues, expenses and net income for the stated period. Every quarter KIUC, CFO Bill Schmidt submits a brief year-to-date Statement of Operations for publication in KIUC Currents newsletter. Previous calendar year audited financial statements are available for inspection by members in the second quarter of the following year at the KIUC corporate office.

## Storm Sense

**246-4378**

KIUC publishes a member flyer in hard copy available from the Lihue office, or online at [www.kiuc.coop](http://www.kiuc.coop). Hurricane season runs from June 1 - November 30 every year. Don't wait until a warning is given to begin making your plans. Have your survival kit ready. Know where emergency shelters are located. If you or a member of your family is receiving special medical treatment, know what the procedures are for emergency conditions.

When a hurricane watch or warning is declared, listen to the radio for further instructions.

Kauai's Civil Defense station is KQNG, at 570 AM or 93.5 FM. (KUAI is at 720 AM; FM97 is at 96.9 FM). KIUC personnel will be in contact with all three stations and will broadcast special advisories about your power supply. Oceanic Time Warner also carries National Weather Service reports.



## Strategic Planning

**246-8218**

### *Services:*

- Develops programs to address energy needs
  - Energy Wise Commercial Retrofit Program
  - Solar Water Heater Rebate Program
- Resolves commercial and residential bill inquiries
- Provides energy efficient technologies information and energy efficient appliance use information
- Provides speakers for a variety of energy topics to schools and community organizations
- Develops planning strategies to fully incorporate the cooperative philosophy
- Works with consultants to identify and develop renewable options
- Coordinates with state and local government to determine if, when and what modifications should be made to existing regulatory policies and procedures to enable KIUC to most efficiently and effectively serve its members
- Actively tracks and proposes legislative policies that impact membership
- Oversees IT cooperative-wide support

## Technical Assistance

**246-8274**

In addition to the core business of generating and delivering electricity, KIUC's Energy Services staff provides technical assistance to its commercial and industrial members for a wide range of energy-related needs. While in the past this assistance was limited, KIUC is currently looking at increasing available resources and organizing member technical needs into a formal commercial technical assistance program. By doing this, KIUC would be able to provide this service in a consistent and timely manner.

## Touchstone Energy Cooperatives

**246-4383**

Touchstone Energy is a national alliance of local, consumer-owned electric cooperatives providing high standards of service to customers large and small. More than 600 Touchstone Energy cooperatives in 44 states are delivering energy and energy solutions to more than 17 million customers every day. Touchstone Energy cooperatives serve their members with integrity, accountability, innovation and a long-standing commitment to communities. Touchstone Energy cooperatives are local, active members of their communities dedicated to serving commercial, industrial, agricultural and residential customers with integrity, accountability, innovation and commitment to community.



## Waiahi Hydro

In addition to Port Allen and KPS, KIUC maintains approximately six miles of ditches and tunnels that supply the Upper and Lower Waiahi Hydroelectric Units.

| Year Built     | Upper Hydro 1931   | Lower Hydro 1914       |
|----------------|--|------------------------|
| Turbine Mfg.   | Pelton Water Wheel                                       | Francis Turbine        |
| Generator Mfg. | GE   | Allis Chalmers         |
| Rating         | 500 kW<br>2300 Volt AC                                   | 800 kW<br>2300 Volt AC |
| Annual Output  | 3,101 MWh  | 4,996 MWh              |
| Source         | N. Fork Wailua River, Waikoko Stream, Illiil-iula Stream | Waiahi Stream          |
| Discharge      | Waiahi Stream  | Waiahi Stream          |

## www.kiuc.coop

246-4383 or 246-4378

KIUC's website is your one-stop source for co-op information. Whether you're a teacher looking for handouts on electrical safety or an interested member looking for the minutes to the last board meeting, if you can't find what you're looking for on the site, give us a call at 246-4383 or 246-4378.

## Youth Tour

246-4383

The Rural Electric Youth Tour, which has been in existence since the early 1960s, brings more than 1,300 high school students to Washington, D.C., every year. To date, 40,000 students from rural areas and small towns all over America have participated in this unique program.

Students on the tour learn about electric cooperatives, American history and U.S. government. They attend educational seminars, visit with their representatives in the House and the Senate, and see the sights around Washington, D.C.

Three Kauai students are selected for this all expenses paid program by a team consisting of KIUC staff, board, a member representative and 2004 winners. Applications will be submitted by schools and participants will be selected on the basis of their school and community involvement, as well as their communication skills. Any interested student must be a junior in January of 2005. Be sure to go to our website for pictures of last year's winners! Please contact 246-4383 for more information.



# KAUAI

## the garden island

A PICTORIAL HISTORY

by  
Chris Cook



This pictorial chronicle of the life and times of The Garden with over two hundred photographs and illustration.

The volume unfolds the story of Kauai sugar plantations over the struggles of immigrant entrepreneurs and their toil in generations old, and provides a look at the island's new millennium.

Garden Island newspaper editor and author, Chris Cook, presents a comprehensive pictorial history of Kauai. Scenes of contemporary taken by renowned Kauai nature photographer David Boynton enhance historic photographs. Together, Cook and Boynton have created a sake book that will be prized by both Kauai residents and Islanders.

The Kauai Chamber of Commerce is offering this at a very low discount rate - a great deal for the holidays!

For more information, contact the Chamber office at 245-7363 or [info@kauaichamber.org](mailto:info@kauaichamber.org) or visit their website at [www.kauaichamber.org](http://www.kauaichamber.org)

# Ruralite Ad Space

# Powerlines

Dear KIUC Members:

Happy Birthday! November 1st marked KIUC's second birthday. It was a short two years ago that the Public Utilities Commission approved the sale of KE to KIUC. You recall that we started out with no equity, borrowing money to purchase the assets and pay our daily bills. Since our inception, our members have received over \$4.7 million in refunds and patronage capital refunds. These refunds are in addition to approximately \$13.6 million that will belong to our members in their patronage capital accounts by the end of 2004. We will achieve an equity-to-asset ratio of about 4.9% by the end of 2004. In addition, the KIUC transaction avoided the likelihood of a general rate case had Citizens Communications or another investor-owned utility continued to own the utility. Had this occurred, a \$2.1 million revenue increase would have been requested in order to earn the then approved rate of return of 9.23%. Had the increase been approved, that additional \$2.1 million revenue requirement would have been charged to customers each year after the rate case. However, as a result of the purchase of KIUC, our members have instead received about \$18.3 million in refunds, patronage capital refunds and in their accumulated patronage capital accounts which could be considered as offsets to their total electricity bills incurred during the last two years. KIUC expects to refund another \$1 million to all of its customers in early 2005, followed by a second patronage capital refund of about \$2.1 million (subject to lender approval) in April or May 2005.

While it is important that KIUC is financially sound, a cooperative brings many other unique benefits to Kauai. The fifth cooperative principle - Education, Training, and Information - provides for education and training of our members, elected directors and employees so they can contribute effectively to the overall growth and development of the cooperative. Toward this end, this winter 2004 KIUC Currents magazine is a compilation of services, projects and benefits provided by KIUC. Your role as a member is to be involved and to contribute to the development of KIUC. Co-op 101 is a class for our members and an excellent opportunity for you to ask questions of staff and the Board and to learn more about your Co-op. Equity Management Planning, Calendar of Student Art Contest and Save our Shearwaters Program are examples of the programs, education and training that characterize the unique benefits of a cooperative.

The Board of Directors and KIUC's leadership team, in their 2004 strategic planning session, set goals, in part, for the cooperative to enhance member understanding of their role as well as develop each employee's ability to fulfill their role as cooperative ambassadors. One of the most important things you will do every year is vote for your Board of Directors. They are your conduits to the cooperative. There will be three vacancies to fill in March of 2005 and very soon you will be receiving board election information. As in our local, state and federal elections, it is your right and responsibility to vote.

Finally, I'd like to bid Aloha to all of you. This is my last message in Powerlines as I will be retiring on February 1, 2005. The past two years have been the experience of a lifetime. It has been the greatest challenge and accomplishment in my 27 years in the power industry and for that I am truly grateful for the opportunity given to me by the Board of Directors, the dedication and support of the employees, and the confidence entrusted by all our members. Most importantly, I am grateful and value the friendship and relationship nurtured with the KIUC ohana, the Cooperative ohana, the agencies, organizations, legislators and regulators throughout the county, state and nation. Appropriately, year's end is a festive time we spend with family and friends and also a time to reflect on our many blessings. Enjoy and take care of yourselves. Happy Holidays!

With much aloha,

*Alton Miyamoto*  
President & CEO



HI-130

PRESORTED  
STANDARD  
US POSTAGE  
PAID  
SIGNATURE  
GRAPHICS

15040 NE Mason St.  
Portland, OR 97230