HITTING THE TARGET

RELIABILITY

RATES

RENEWABLES

KIUC 2021 ANNUAL REPORT

Kauaʻi Island Utility Cooperative Your Touchstone Energy[®] Cooperative



Aloha!

Looking back at 2021, this was a year when KIUC truly hit the target on some key goals:

- KIUC achieved its highest ever renewable generation at 69.5%, leading the state for the third straight year and essentially meeting the Board of Directors goal of 70% renewable nine years early
- KIUC also led the state in reliability for the third year in a row, demonstrating that renewables can be successfully integrated without sacrificing reliability
- In the face of soaring oil prices, KIUC's aggressive renewable strategy significantly buffered the impact on member rates

There were many other successes during 2021, including progress on the West Kaua'i Energy Project, retirement of \$1.7 million in patronage capital credits to members, redesign of the KIUC website to offer more resources and greater ease of navigation, KIUC being named "Electric Cooperative of the Year" by the Smart Electric Power Alliance and substantial progress on construction of the new Anahola Service Center.

Our cooperative is exceeding its goals and leading the world in the effort to fight climate change by reducing greenhouse gas emissions. Such success requires the collective effort of our dedicated workforce, your elected Board of Directors, public and private partners, our elected officials, and of course our 34,000 members.

Mahalo for being a part of KIUC!

Bessell !!

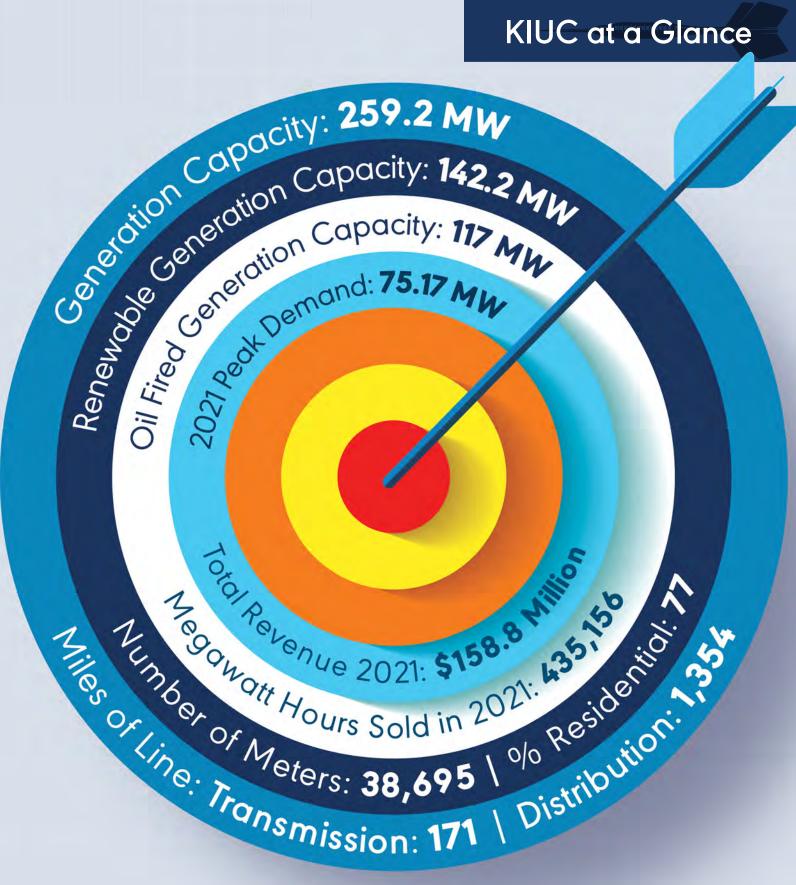
David J. Bisself President and Chief Executive Officer

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Allan A. Smith Chairman of the Board

KAUA'I ISLAND UTILITY COOPERATIVE

KIUC at a Glance



Renewable Energy

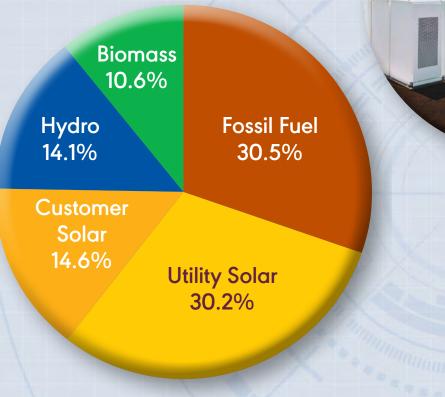
KIUC reached its highest annual renewable percentage in 2021, reporting 69.5% in its Renewable Portfolio Standard report to the Hawai'i Public Utilities Commission. This was the highest renewable percentage in the state and keeps KIUC well ahead of established renewable benchmarks:

KIUC Renewable Percentage for 2021: 69.5%.

More than double the Hawai'i State Renewable Portfolio Standard requirement of 30% for 2021.

> Nine years ahead of **KIUC's Strategic Goal** of 70% by 2030.

2021 Fuel Mix by Source



Developing a pumped storage hydro project on Kaua'i's west side has been in discussion for nearly a decade. Kaua'i Island Utility Cooperative and The AES Corporation joined forces on a groundbreaking solar PV + Battery Energy Storage and pumped storage hydro project which will be the first of its kind in the world and is a critical component of Kaua'i's renewable energy future. When complete, WKEP is expected to bring Kaua'i to nearly 90% renewable generation. Significant milestones achieved in 2021 included publishing of an environmental assessment and conditional approval of a power purchase agreement by the Hawai'i Public Utilities Commission.

KIUC shared information on WKEP regularly with its members via Currents Magazine, social media, news releases and email communications. Partnering with AES, KIUC also conducted community outreach activities during the year that engaged more than 500 individuals interested in learning more about WKEP.

west kaua'i energy project

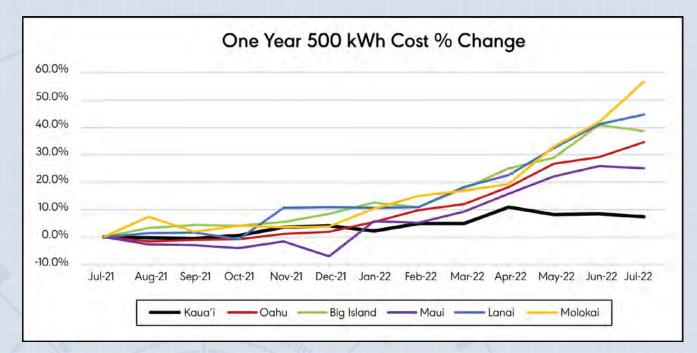
restore renew revitalize

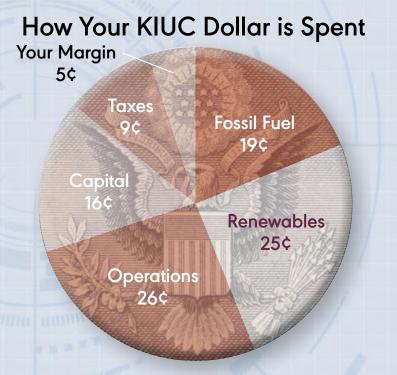
2021 ANNUAL REPORT

Rates

Because of the high percentage of renewables on KIUC's system, which are purchased largely through long-term power purchase agreements, KIUC achieved substantial rate stability in 2021 in the wake of skyrocketing oil prices.

While KIUC's rates rose roughly 5% compared to 2020 rates, the rest of the state experienced rate increases approaching 30%.

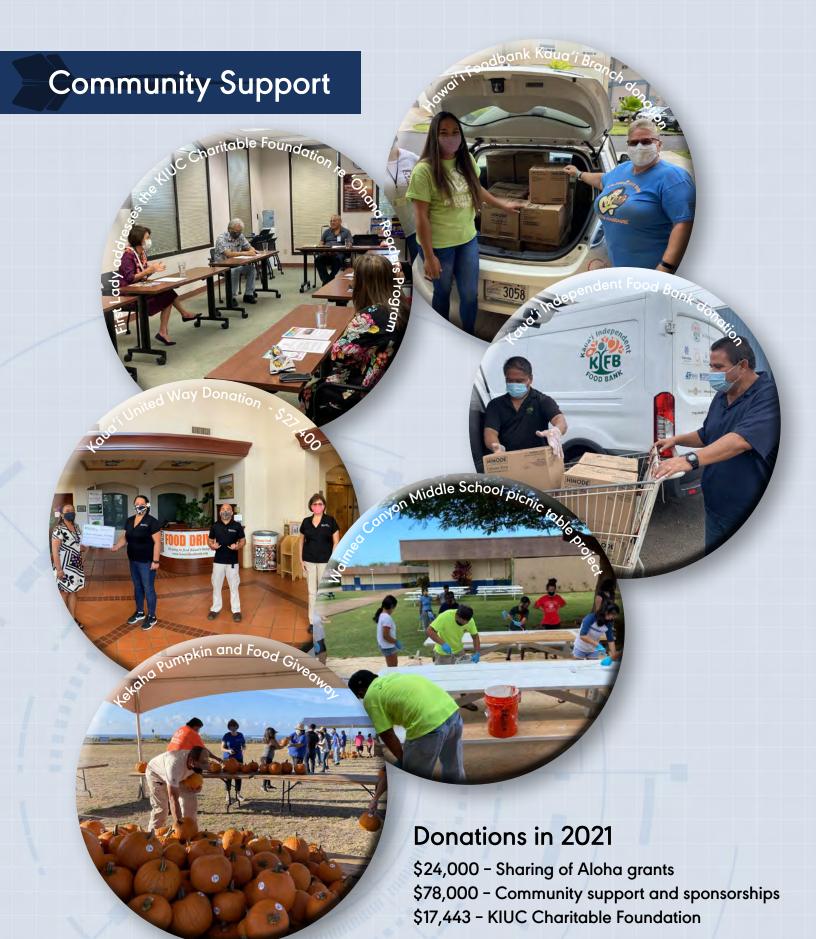




Reliability

KIUC led the State of Hawai'i in reliability for the third straight year in 2021.

- Average system availability: 99.9852%
- Exceeded KIUC Strategic Target of 99.96%
- Average outage hours per customer: 1.3



KAUA'I ISLAND UTILITY COOPERATIVE

Protecting Endangered Species

KIUC continues to comply with its Habitat Conservation Plan and collaborates with the US Fish and Wildlife Service, Department of Land and Natural Resources, Division of Forestry and Wildlife and other agencies to minimize and mitigate our impact on Kaua'i's endangered seabird population.

Ten years ago, KIUC began installing diverters, removing static wire and reconfiguring lines shown to have impacts. Throughout 2020 and 2021, an extensive plan to minimize impacts was conducted. When complete in 2023, approximately 57 miles of line will be altered to reduce powerline collisions and bird strikes are expected to decrease by as much as 65%.

KIUC has spent more than \$43 million over the years implementing its HCP and working with consultants, community groups, wildlife agencies, and government regulators on endangered species issues and programs.

> Tens of thousands of reflective and LED diverters have been installed by drones on line spans throughout the island, in strategic locations identified by species expert biologists based on collision data.

2021 KIUC Board of Directors above from left: Jim Mayfield, Peter Yukimura, David Iha, Cal Murashige, Allan A. Smith, Jan Tenbruggencate, Dee Crowell, Janet Kass and Phil Tacbian.

2021 Executive Board

Chairman: Allan A. Smith Vice Chairman: Jan TenBruggencate Treasurer: Peter Yukimura 1st Assistant Treasurer: Jim Mayfield 2nd Assistant Treasurer: Janet Kass Secretary: Cal Murashige 1st Assistant Secretary: Phil Tacbian 2nd Assistant Secretary: Dee Crowell 3rd Assistant Secretary: David Iha

2021 Board Committees

Executive

Chairman: Jan TenBruggencate Members: Cal Murashige, Allan A. Smith, Peter Yukimura

Finance & Audit Chairman: Peter Yukimura Members: Janet Kass, Karissa Jonas, Jim Mayfield, Cal Murashige, Allan A. Smith

Government Relations/ Legislative Affairs Chairman: Phil Tacbian Members: David Bissell, David Iha, Jan TenBruggencate, Peter Yukimura

International Chairman: David Iha Members: Dee Crowell, Allan A. Smith, Phil Tacbian, Peter Yukimura

Member Relations

Chairman: Dee Crowell Members: Cal Murashige, Allan A. Smith, Phil Tacbian

2021-2022 Nominating Committee Chairman: Dee Crowell

Policy

Chairman: Janet Kass Members: Dee Crowell, Laurel Loo, Cal Murashige, Phil Tacbian, Jan TenBruggencate

Strategic Planning

Chairman: **Jim Mayfield** Members: David Bissell, Dee Crowell, David Iha, Janet Kass, Allan A. Smith

KAUA'I ISLAND UTILITY COOPERATIVE

Summary of Operations For the period 01/01/2021 through 12/31/2021

Like many businesses on Kaua'i, in 2021 KIUC experienced improved financial results and a partial recovery of its sales from the COVID-19 pandemic levels. Electricity usage on the island increased 5% from the prior year due to the lifting of many of the coronavirus pandemic restrictions and the return of tourism to the island. The increase in electricity usage coupled with increased fuel costs, resulted in a 9% increase in revenues from the prior year.

In 2021, KIUC increased renewable energy generation 17,217 MWh as compared to the prior year, leading the state with more than 69.5% renewable production. KIUC continues to pursue more renewable energy with a solar pumped storage hydro project, also known as the West Kaua'i Energy Project, which is anticipated come on line in 2025.

KIUC is working hard to reduce costs, operate efficiently and effectively, and preserve a strong financial position, while maintaining safety and reliability. Revenues, expenses, and net margins totaled \$158.8 million, \$150.5 million, and \$8.3 million, respectively, for the 12-month period.

Power generation costs are KIUC's largest expense, totaling \$82.5 million or 52.0% of revenues. Commodities, which are fuel and purchased power costs, are the largest component of power generation totaling \$69.2 million. Currently, fossil fuel is the largest component of commodities, followed by solar, biomass, and hydropower. The remaining \$13.3 million represents the cost of operating and maintaining the generating units.

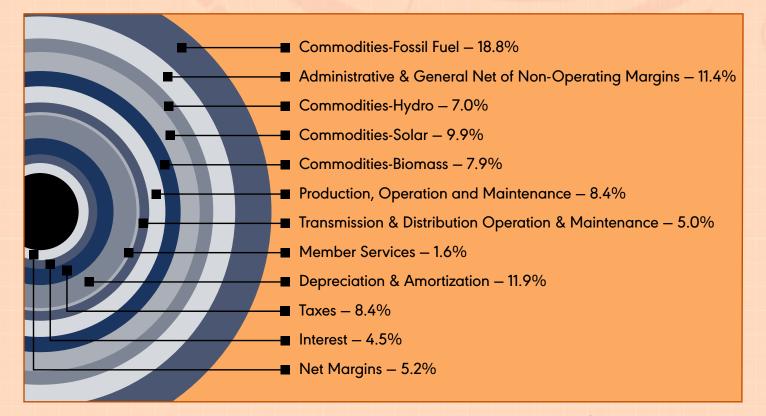
Expenses related to operating and maintaining the electric lines totaled \$8.0 million, while the cost of servicing our members

totaled \$2.5 million. Administrative and general costs, which include legislative and regulatory expenses, engineering, executive, human resources, communications, safety and facilities, information services, financial and corporate services, and board of director expenses, totaled \$20.1 million.

The utility business is extremely capital intensive. KIUC's depreciation and amortization of the utility plant totaled \$18.8 million in 2021. Although not subject to federal income taxes, state and local taxes amounted to \$13.4 million last year. Interest on long-term debt, at a very favorable sub-5% interest rate, totaled \$7.2 million. Non-operating net margins, which includes SBA PPP loan forgiveness, added \$2.0 million to overall net margins. Revenues less total expenses equal margins of \$8.3 million or 5.2% of total revenue. Margins are allocated to consumer members and paid when appropriate.

Direct and non-direct financial benefits of our cooperative structure to KIUC members is significant. Since 2002, KIUC has returned \$43.2 million to members in the form of Patronage Capital Retirements and billing credits. In 2022, KIUC will return an additional \$1.7 million in patronal capital retirements. KIUC also contributed \$52,806 to local nonprofits and community organizations in 2021.

Indirect financial benefits of \$133.6 million to KIUC members, include patronage capital that is held by KIUC on behalf of its members to meet lender covenants, for investment in the utility's infrastructure and in renewable energy, and some may potentially be distributed at future dates as determined by the KIUC board.



Consolidated Balance Sheet

	De	December 31,		
	2021	2020		
ASSETS				
UTILITY PLANT AT COST				
Electric Plant in Service	\$ 601,314,359	\$ 569,601,287		
Electric Plant Acquisition Cost	54,852,453	54,852,453		
Accumulated Depreciation and Amortization	(348,254,760)	(335,297,183)		
Net Electric Plant in Service	307,912,052	289,156,557		
Construction Work in Progress	11,836,079	30,089,269		
Net Utility Plant	319,748,131	319,245,826		
OTHER INVESTMENTS				
Investments in Associated Organizations	1,939,951	1,811,645		
Rural Economic Development Loans	607,500	337,500		
Total Other Invesments	2,547,451	2,149,145		
CURRENT ASSETS				
Cash & Cash Equivalents	23,160,983	17,968,559		
Restricted Cash & Cash Equivalents	1,647,885	1,614,136		
Other Investments	5,000,000			
Accounts and Notes Receivable (Less allowance for doubtful accounts of \$569,999 in 2021 and \$879,696 in 2020)	12,039,505	10,881,315		
Accrued Unbilled Revenue	8,871,471	7,349,891		
Energy Rate Adjustment Clause		8,833		
Inventories	19,059,947	16,334,353		
Other Current Assets	2,964,115	2,012,977		
Total Current Assets	72,743,906	56,170,064		
POST-RETIREMENT BENEFIT ASSET	214,503	13,384		
DEFERRED DEBITS	34,289,805	27,774,550		
Total Assets	\$ 429,543,796	\$ 405,352,969		
EQUITIES AND LIABILITIES				
EQUITIES				
Memberships	\$ 583	\$ 565		
Patronage Capital	133,560,252	126,559,857		
Other Equity	1,048,231	984,074		
Post-retirement Benefit Obligation Gain (Loss)	(864,936)	(1,028,145)		
Controlling Equity Interest	133,744,130	126,516,351		
Capital Account - A&B KRS II LLC	17,775,258	17,827,510		
Non-Controlling Equity Interest	17,775,258	17,827,510		
Total Equities	151,519,388	144,343,861		
LONG -TERM DEBT, Less Current Maturities	226,146,530	214,961,063		
ASSET RETIREMENT OBLIGATIONS	2,846,406	2,740,170		
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	14,422,637	14,064,298		
Accounts Payable	9,668,620	7,538,593		
Energy Rate Adjustment Clause	626,354			
Consumer Deposits	1,367,898	1,283,952		
Accrued Employee Compensation	2,714,642	2,680,504		
Accrued Taxes	7,426,175	6,221,731		
Other Current and Accrued Liabilities	1,516,527	645,895		
Total Current Liabilities	37,742,853	32,434,973		
DEFERRED CREDITS	11,288,619	10,872,902		
Total Liabilities and Equities	\$ 429,543,796	\$ 405,352,969		
Total Eldbillites drid Equilies	+27,545,770			

KAUA'I ISLAND UTILITY COOPERATIVE

Consolidated Statement of Income and Patronage Capital

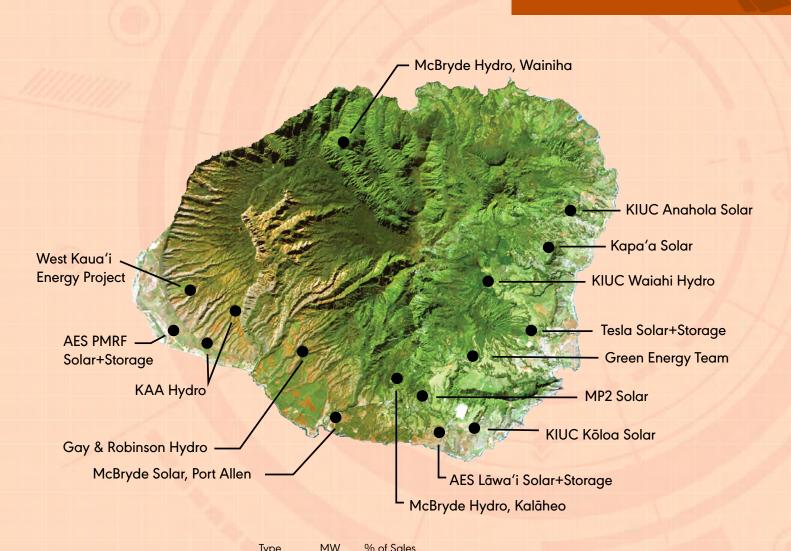
OPERATING REVENUES 2021 2020 Breadwind \$ 67.466.717 \$ 99.77.210 Breadwind \$ 67.466.717 \$ 99.77.210 Impoton 177.137 18.3019 20.11 7.11.377 18.3019 Commercial and Industrial 81.5127.144 75.39.1161 7.11.377 18.3019 Other Operating Revenues			Year Ende	d Decembe	December 31,	
Residential \$ 67,665,717 \$ 99,717,210 Inigian 177,137 183,919 Commercial and Induxted 65,127,140 75,391,141 Polic Steed and Hayway Lighting 683,855 666,777 Other Operating Reserves 5,133,801 9,188,729 Other Operating Reserves 153,782,44 145,146,829 Other Operating Reserves 153,782,44 145,146,829 Other Operating Reserves 153,782,44 145,146,829 Other Operating Reserves 808,331 145,146,328 Transmission Operation 1,727,74 1,45,146,328 Transmission Operation 1,727,74 1,45,146,328 Distribution - Montenance 4803,536 4,244,278 Cutomer Service and Hormotion 2,72,639 12,251,285 Cutomer Service and Hormotion 2,72,349 12,251,285 Cortex Springe 100,225 112,000,77 6,944,4278 Cutomer Service and Hormotion 2,723,127,201,77 6,944,4278 Cutomer Service and Hormotion 13,371,945 13,200,81,477 <td< th=""><th></th><th></th><th>2021</th><th></th><th>2020</th></td<>			2021		2020	
ingistion 177,137 183,919 Connercial and Industrial 85,127,144 75,39,1,01 Public State and Highway Lighting 683,825 665,793 Other Operating Revenues 5,133,601 9,188,729 Total Operating Revenues 158,787,454 145,146,817 OPERATING EXPENSES 82,538,162 71,564,860 Information Coperation 483,850 93,338 Information Coperation 980,318 727,463 Information Coperation 11,277,744 1,651,701 Distribution - Maintenance 483,850 43,4428 Coutemer Accounts 22,03,466 222,301 Coutemer Accounts 22,01,77 4,64,64,56 Depreciation and Ametration 21,33,73,251 222,01,77 Total Openating Revenues	OPERATING REVENUES					
Commercial and Industrial 85,127,144 75,391,161 Able Stress and Highway Lighting 633,855 665,798 Other Operating Reamues 5,133,601 91,88,279 Total Operating Reamues 158,377,464 145,146,817 OPERATING EXPENSES 82,530,182 71,564,840 Transmission - Traintenance 89,03,18 727,7483 Distribution - Operating 12,27,744 145,1701 Distribution - Maintenance 4803,586 4,344,278 Customer Karovice and Information 2203,646 2,223,614 Customer Karovice and Information 227,2391 268,040,978 Customer Karovice and Information 2203,7465 112,202,734 Customer Karovice and Information 2203,7464 2,223,614 Customer Karovice and Information 2203,7464 2,223,614 Customer Karovice and Information 2203,7464 2,223,614 Customer Karovice and Information 21,379,425 112,206,737 Tases 13,351,455 113,00,00 NETRESTING MARGINS 6,143,7459 112,206,747 OFERATING MARGI	Residential	\$	67,665,717	\$	59,717,210	
Public Steet and Highway Lighting 663,855 665,798 Other Operating Revenues 5,133,601 9,188,729 Total Operating Revenues 158,774.54 145,146,817 OPERATING EXPENSES	Irrigation		177,137		183,919	
Other Operating Revenues 5,133,601 9,188,229 Total Operating Revenues 158,787,454 145,146,817 OPERATING EXPENSES 82,538,182 71,664,840 Toransitistion Operation 62,638,680 94,843,850 Toransitistion Operation 62,638,680 94,843,850 Toransitistion Operation 980,318 727,443 Distribution Operation 1,727,744 1,651,701 Distribution Operation 4,800,586 4,944,278 Customer Accounts 20,037,954 20,040,996 Depreciation and Amoritazion 118,080,331 118,089,417 Toras 100,226 101,226 101,226 Toral Operating Expenses 100,226 101,226 101,226 Toral Operating Expenses 13,331,955 13,138,080 13,138,080 INTEREST ON LONG TEBM DEET 7,210,177 6,944,658 6,947,452 OPERATING MARGINS 8,253,850 7,355,740 13,252,745 13,138,080 OHer Nonoperating Income (Expense) 1,400,019 212,262,852 7,414,242 1,182,048	Commercial and Industrial		85,127,144		75,391,161	
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Power Cost 82,538,182 71,564,840 Transmission - Operation 483,850 346,338 Transmission - Mentmanance 990,318 722,483 Distribution - Operation 1,727,764 1,651,701 Distribution - Mentmanance 4,803,866 4,44,278 Customer Accounts 2,203,646 2,225,091 Customer Service and Information 272,391 2,680,66 Administrative and General 20,137,954 2,04,0998 Depreciation and Amorization 272,391 2,203,646 2,225,091 Toses 18,800,331 18,007,417 7,058 2,04,0998 2,04,0998 2,04,0998 2,04,0998 2,04,0498	Total Operating Revenues		158,787,454		145,146,817	
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Distribution - Operation 1,727,744 1.651,701 Distribution - Maintenance 4,803,586 4,344,278 Customer Accounts 2,203,646 2,225,091 Customer Service and Information 272,391 2,668,046 Administrative and General 2013,75,54 2,0440,998 Depreciation and Amorization 18,808,331 18,007,117 Taxes 13,373,251 12,251,285 Accretion Expense 106,235 112,206 Total Operating Expenses 13,51,945 13,130,000 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,114,768 6,614,768 NONOPERATING MARGINS 400,199 255,259 Interest Income 492,373 798,746 Copital Credits 2,142,002 1,182,048 NET MARGINS 8,288,859 7,355,470 Net Loss (Margina) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 7,414,742 Patronage Capital Retined 12,065,698 5	Transmission - Operation		483,850		346,338	
Distribution - Maintenance 4,803,586 4,344,278 Customer Accounts 2,203,646 2,225,091 Customer Accounts 2,203,646 2,225,091 Customer Service and Information 272,391 268,046 Administrative and General 20,137,954 220,440,998 Depreciation and Amortization 18,808,331 18,087,417 Toxes 113,373,251 12,221,285 Accretion Expense 106,236 101,220 Total Operating Expenses 145,435,509 13,2008,737 OPERATING MARGINS - Before Interest 13,351,445 13,138,060 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,161,763 6,974,762 Interest Income 492,373 798,746 Capital Credits 2,440,919 255,559 Other Nonoperating Income (Expense) 1,407,090 12,804,33 Total Nonoperating Income (Expense) 1,407,090 12,804,33 Other Nonoperating Income (Expense) 1,407,090 12,804,33 Total Nonoperating Income (Expense) 1,3002	Transmission - Maintenance		980,318		727,483	
Customer Accounts 2,203,466 2,225,91 Customer Service and Information 272,391 268,046 Administrative and General 20,137,954 20,440,998 Depreciation and Amortization 18,808,331 18,007,417 Taxes 13,373,251 12,251,285 Accretion Expense 106,236 101,260 Total Operating Expenses 145,435,509 133,2008,737 OPERATING MARGINS - Before Interest 13,351,945 13,138,080 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Income (Expense) 1,409,090 128,043 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 7,414,742 PATRONAGE CAPITAL - BEGININING OF YEAR \$ 120,656,898 7,414,742	Distribution - Operation		1,727,764		1,651,701	
Customer Service and Information 27,391 288,046 Administrative and General 20,137,954 20,440,998 Depreciation and Amoritzation 188,08,331 18,087,417 Taxes 13,373,251 12,251,285 Accretion Expense 106,236 101,200 Total Operating Expenses 13,351,945 13,136,087,377 OPERATING MARGINS - Belore Interest 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 Interest Income 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ PattroAge Capital Retired 12,055,69,877	Distribution - Maintenance		4,803,586		4,344,278	
Administrative and General 20,137,954 20,440,998 Depreciation and Amoritzation 18,808,331 18,007,471 Taxes 13,373,251 12,251,285 Accretion Expense 106,236 101,260 Total Operating Expenses 106,236 101,260 Total Operating Expenses 13,351,945 13,138,080 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 240,619 225,259 Other Nonoperating Income (Expense) 1,400,090 128,043 Total Nonoperating Income (Expense) 1,400,090 128,043 Total Nonoperating Income (Ispense) 1,3002 59,272 NET MARGINS 8,283,850 7,355,470 Net Los (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 Patronoge Capitial Retired 12,0,650,897	Customer Accounts		2,203,646		2,225,091	
Depreciation and Amortization 18,808,31 18,087,417 Taxes 13,373,251 12,251,285 Accretion Expense 106,236 101,260 Total Operating Expenses 145,435,509 132,008,737 OPERATING MARGINS - Before Interest 13,351,945 13,138,080 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 Interest Income 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,469,090 128,043 Total Nonoperating Margins 8,283,850 7,335,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PatronAge Capital - BEGINNING OF YEAR \$ 120,656,689 7,414,742 Allocation of Net Margins 8,296,852 \$ 7,414,742 Patronage Capital Retired (1,296,457) \$ <td< td=""><td>Customer Service and Information</td><td></td><td>272,391</td><td></td><td>268,046</td></td<>	Customer Service and Information		272,391		268,046	
Toxes 13,373,251 12,251,285 Accretion Expense 106,236 101,260 Total Operating Expenses 145,435,509 132,008,737 OPERATING MARGINS - Before Interest 13,351,945 13,138,000 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,173,422 6,173,422 NONOPERATING MARGINS 6,173,422 6,173,422 Interest Income 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,056,689 Allocation of Net Margins 8,296,852 \$ 7,414,742 Patronage Capital Retired (1,296,457)	Administrative and General		20,137,954		20,440,998	
Accretion Expense 106,236 101,260 Total Operating Expenses 145,435,509 132,008,737 OPERATING MARGINS - Before Interest 13,351,945 13,138,080 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 8,283,850 7,355,470 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 120,656,689 3,206,652 \$ 7,414,742 Patronage Capital Retired 8,296,852 \$ 7,414,742 3,216,457,142 1,151,574	Depreciation and Amortization		18,808,331		18,087,417	
Total Operating Expenses 145,435,509 132,008,737 OPERATING MARGINS - Before Interest 13,351,945 13,138,080 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 Nonoperating Income 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,056,689 Allocation of Net Margins 8,296,852 7,414,742 1,151,574 Patronage Capital Retired (1,296,457) (1,511,574)	Taxes		13,373,251		12,251,285	
OPERATING MARGINS - Before Interest 13,351,945 13,138,080 INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 6,141,768 6,173,422 Interest Income 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 120,655,9877 \$ Allocation of Net Margins 8,296,852 7,414,742 Patronage Capital Relined 8,296,852 7,414,742 Patronage Capital Relined 8,296,852 7,414,742	Accretion Expense		106,236	-	101,260	
INTEREST ON LONG-TERM DEBT 7,210,177 6,964,658 OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,656,689 Allocation of Net Margins 8,296,852 \$ 7,414,742 Patronage Capital Retired 8,296,852 \$ 7,414,742	Total Operating Expenses		145,435,509		132,008,737	
OPERATING MARGINS 6,141,768 6,173,422 NONOPERATING MARGINS 492,373 798,746 Interest Income 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,656,689 Allocation of Net Margins 8,296,852 7,414,742 Patronage Capital Retired (1,296,457) (1,511,574)	OPERATING MARGINS - Before Interest		13,351,945		13,138,080	
NONOPERATING MARGINSInterest Income492,373798,746Capital Credits240,619255,259Other Nonoperating Income (Expense)1,409,090128,043Total Nonoperating Margins2,142,0821,182,048NET MARGINS8,283,8507,355,470Net Loss (Margins) Attributable to Non-controlling Interest13,00259,272NET MARGINS - COOPERATIVE\$ 8,296,852\$ 7,414,742PATRONAGE CAPITAL - BEGINNING OF YEAR\$ 126,559,857\$ 120,656,689Allocation of Net Margins8,296,8527,414,742Patronage Capital Retired1,296,457)(1,511,574)	INTEREST ON LONG-TERM DEBT	7	7,210,177	_	6,964,658	
Interest Income 492,373 798,746 Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,656,689 Allocation of Net Margins 8,296,852 \$ 7,414,742 Patronage Capital Retired (1,29,457) (1,511,574)	OPERATING MARGINS		6,141,768		6,173,422	
Capital Credits 240,619 255,259 Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,656,689 Allocation of Net Margins 8,296,852 \$ 7,414,742 Patronage Capital Retired (1,296,457) (1,511,574)	NONOPERATING MARGINS					
Other Nonoperating Income (Expense) 1,409,090 128,043 Total Nonoperating Margins 2,142,082 1,182,048 NET MARGINS 8,283,850 7,355,470 Net Loss (Margins) Attributable to Non-controlling Interest 13,002 59,272 NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,656,689 Allocation of Net Margins 8,296,852 \$ 7,414,742 Patronage Capital Retired (1,296,457) (1,511,574)	Interest Income		492,373		798,746	
Total Nonoperating Margins2,142,0821,182,048NET MARGINS8,283,8507,355,470Net Loss (Margins) Attributable to Non-controlling Interest13,00259,272NET MARGINS - COOPERATIVE\$ 8,296,852\$ 7,414,742PATRONAGE CAPITAL - BEGINNING OF YEAR\$ 126,559,857\$ 120,656,689Allocation of Net Margins8,296,8527,414,742Patronage Capital Retired(1,296,457)(1,511,574)	Capital Credits		240,619		255,259	
NET MARGINS8,283,8507,355,470Net Loss (Margins) Attributable to Non-controlling Interest13,00259,272NET MARGINS - COOPERATIVE\$8,296,852\$7,414,742PATRONAGE CAPITAL - BEGINNING OF YEAR\$126,559,857\$120,656,689Allocation of Net Margins8,296,8527,414,742Patronage Capital Retired(1,296,457)(1,511,574)	Other Nonoperating Income (Expense)		1,409,090		128,043	
Net Loss (Margins) Attributable to Non-controlling Interest13,00259,272NET MARGINS - COOPERATIVE\$8,296,852\$7,414,742PATRONAGE CAPITAL - BEGINNING OF YEAR\$126,559,857\$120,656,689Allocation of Net Margins8,296,8527,414,742Patronage Capital Retired(1,296,457)(1,511,574)	Total Nonoperating Margins		2,142,082		1,182,048	
NET MARGINS - COOPERATIVE \$ 8,296,852 \$ 7,414,742 PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,656,689 Allocation of Net Margins 8,296,852 7,414,742 7,414,742 Patronage Capital Retired (1,296,457) (1,511,574)	NET MARGINS		8,283,850		7,355,470	
PATRONAGE CAPITAL - BEGINNING OF YEAR \$ 126,559,857 \$ 120,656,689 Allocation of Net Margins 8,296,852 7,414,742 Patronage Capital Retired (1,296,457) (1,511,574)	Net Loss (Margins) Attributable to Non-controlling Interest		13,002		59,272	
Allocation of Net Margins 8,296,852 7,414,742 Patronage Capital Retired (1,296,457) (1,511,574)	NET MARGINS - COOPERATIVE	\$	8,296,852	\$	7,414,742	
Patronage Capital Retired (1,296,457) (1,511,574)	PATRONAGE CAPITAL - BEGINNING OF YEAR	\$	126,559,857	\$	120,656,689	
	Allocation of Net Margins		8,296,852		7,414,742	
PATRONAGE CAPITAL - END OF YEAR \$ 133,560,252 \$ 126,559,857	Patronage Capital Retired		(1,296,457)		(1,511,574)	
	PATRONAGE CAPITAL - END OF YEAR	\$	133,560,252	\$	126,559,857	

Consolidated Statement of Cash Flows

	Decer	nber 31,
	2021	2020
OPERATING ACTIVITIES	â	A 7/1/7/0
Net Margins	\$ 8,296,852	\$ 7,414,742
Adjustments to Reconcile Net Margins to Net Cash from		
Operating Activities	10.247.205	19 402 502
Depreciation and Amortization Accretion of Asset Retirement Obligation	19,347,205	18,603,593 101,260
Interest Earned on Cushion of Credit	106,236 (444,499)	(750,147)
Capital Credit Allocations	(240,619) (13,002)	(255,259)
Net Margins Attributable to Non-controlling Equity Interest Forgiveness of PPP Loan	(2,881,250)	(59,272)
Change in Assets and Liabiliaties:	(2,001,230)	
Accounts Receivable and Unbilled Revenue	(2,679,770)	687,629
Energy Rate Adjustment Clause	635,187	(248,323)
Inventories and Other Current Assets Deferred Debits	(3,676,732)	(1,138,726)
	(6,515,255)	(10,006,025)
Post Retirement Benefit Obligation	(37,910)	(108,352)
Payables and Accrued Expenses	869,525	(5,968,873)
Deferred Credits	415,717	(443,669)
Net Cash from Operating Activities	13,181,685	7,828,578
INVESTING ACTIVITIES		
Additions to Utility Plant, Net	(16,395,848)	(24,788,756)
Rural Economic Development Loans	(270,000)	196,124
Other Investments	(4,887,687)	128,710
Net Cash Used for Investing Activities	(21,553,535)	(24,463,922)
FINANCING ACTIVITIES		
Borrowings from Long-Term Debt	26,008,000	33,373,250
Principal Payments on Long-Term Debt	(11,138,445)	(11,783,628)
Distribution to Non-controlling Equity Interest	(39,250)	(343,000)
Memberships	18	15
Other Equities	64,157	96,409
Retirement of Patronage Capital	(1,296,457)	(1,511,574)
Net Cash from (used for) Financing Activities	13,598,023	19,831,472
CHANGE IN CASH AND CASH EQUIVALENTS	5,226,173	3,196,128
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	19,582,695	16,386,567
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 24,808,868	\$ 19,582,695
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	6,353,630	6,944,069
Income Taxes	10,833	13,129
Noncash Investing Activities:	0.450.440	0.450.050
Liabilities Incurred for Utility Plant Additions	3,453,662	2,652,359
Noncash Operating Activities:		
Forgiveness of PPP Loan	2,881,250	

14

KIUC Renewable Map



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Active In Use			
KIUC, Kōloa	Solar	12.0	4.6
KIUC, Anahola	Solar	12.0	4.6
Green Energy Team	Biomass	6.7	10.6
McBryde, Port Allen	Solar	6.0	2.5
McBryde, Wainiha/Kalaheo	Hydro	6.0	4.2
KIUC, Waiahi	Hydro	1.5	0.7
Gay & Robinson, Olokele	Hydro	7.3	8.9
KAA, Waimea/Kekaha	Hydro	1.5	0.4
Kapa'a Solar	Solar	1.0	0.4
Tesla Solar+Storage	Solar	13.0	3.8
AES Lāwa'i Solar+Storage	Solar	20.0	8.6
AES PMRF Solar+Storage	Solar	14.0	5.5
MP2, 'Ōma'o	Solar	0.3	0.1
Customer Solar	Solar	40.6	14.6
Under Development			
West Kaua'i Energy Project	Hydro	24.0	23.2

Total Renewable Energy in Service 2022 142.2 MW/67%

Potential Renewable Energy in Service 2025 166.2 MW/85%

Vision, Mission and Culture

Vision - Improve the quality of life for KIUC's members and Kaua'i

Mission - Be an energy solutions leader by:

- Safely providing reliable power that is fairly and competitively priced
- Encourage conservation and efficient use of energy resources
- igstarrow Increasing sustainable power supply and environmental stewardship

Culture – The culture is shaped by several elements, all critical to KIUC's success. KIUC embraces the Seven Cooperative Principles and a Hawaiian-based values system, derived from an employee-adopted set of shared values called Ho'oka'ana Waiwai.

7 Cooperative 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.

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.



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