

March 2017

Kaua'i Island Utility Cooperative

Currents



FIRST IN THE NATION

Inside:
Strategic Plan Update
Ilocos Norte Gets a New Truck





Karen L. Agudong, REALTOR, BIC

Aloha Island Team

KW KAUAI
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KALAPAKI VILLAS #401

Beautiful and spacious 3 bedroom, 2 full bath ground floor condominium. Gorgeous cherry wood laminate flooring in most areas and faux wood blinds on all windows, stainless steel kitchen appliances and large bedrooms. Covered lanais located off the master bedroom and the living room/dining area. Pets are allowed. \$339,000(fs). Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



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3591 HANAPEPE ROAD

Vacant lot zoned General Commercial. Great opportunity for growing Hanapepe town! \$260,000(fs). Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



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Gorgeous OCEAN and MOUNTAIN VIEWS from this 3 bedroom, 2 bath home on Kilohana Street on the south side in Kalaheo! Very desirable cul-de-sac street with beautiful views of the deep blue ocean from the inside of your home to the street outside. Beautiful upgrades throughout. \$699,500(fs). Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



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Very spacious two story home with 4 bedrooms, 3 baths located on a corner lot in Lihue Town Estates. Gas stove and Fenced Yard. Wonderful opportunity for spacious living in the heart of Lihue. Sold As-is. \$599,000(fs) Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



PRICE REDUCED!

SUN VILLAGE B407

Highly desirable 4th Floor, 2 Bed, 2 Bath condominium at Sun Village with OCEAN VIEWS and MOUNTAIN VIEWS from Living room and Master Bedroom! Beautiful Open Beam Ceilings! This is an End unit which enhances the feel of privacy. Corner location with breezy trade winds. Sold FULLY FURNISHED. One occupant must be 55 years or older. \$225,000(lh). Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



4292 KAUILA STREET, LIHUE

Gorgeous 5 Bedroom, 3.5 bath home in the Pikake Subdivision with salt water Lap pool! This 3,018 sf home is designed for multi-family living with 3 bedrooms, living room, kitchen and dining room downstairs and 2 bedrooms, family room and kitchenette upstairs. This home has been beautifully upgraded with numerous features throughout! \$975,000(fs). Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.

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**STRATEGIC PLAN UPDATE
2016-2030**

(Adopted January 31, 2017)

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ON THE COVER

Tesla Chief Technical Officer and co-founder J.B. Straubel and KIUC CEO David Bissell untie the maile lei as Board Chair Jan TenBruggencate, Mayor Bernard P. Carvalho Jr., Governor David Ige, Rep. James Tokioka and Sen. Ron Kouchi look on at the blessing for the new Tesla solar facility.

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Currents is mailed quarterly to members of Kaua'i Island Utility Cooperative. This issue and back issues also are available online at www.kiuc.coop.

If you would like to help the cooperative save paper and postage, you can receive Currents via email or simply read it on our website. Just send a note to currents@kiuc.coop and we will take you off the mailing list.

We're also open to story ideas, letters and suggestions. And we're always looking for new recipes. Thank you for reading Currents.



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Only active KIUC members will be mailed KIUC Currents. KIUC Currents can be found online at www.kiuc.coop under News and Currents.

KIUC is an equal opportunity provider and employer.

From the Chairman

What's the thing that solves the next big energy question? We are always looking for it.

In 2008, when KIUC launched its efforts to shrug off fossil fuels such as diesel and naphtha, we were not sure what that technology would be.

We looked into various biofuel systems. Pyrolysis was a word we heard a lot in those days. It breaks down plant materials with heat and no oxygen, and produces charcoal, an oil and burnable gases. It works, but the systems we studied were not cost-effective for our utility.

We talked to windfarm producers, but there were issues there, too.

And we heard about a lot of technologies that had little or no track record in producing reliable power at attractive prices.

Ultimately, we signed a contract with the Green Energy Team for a wood-chip power plant near Halfway Bridge, at below the cost of oil-fired power.

With the advent of renewable energy tax credits and declining prices for solar panels, KIUC stepped boldly into the world of solar, building the biggest solar farms in the state, at prices well below the cost of oil-fired power.

The next big thing for us was a solar farm with massive battery backup. In early March, we turned on the new Tesla solar-plus-battery system. It will deliver solar power to our grid at night when we would otherwise be burning oil. Next year, construction will begin on an even larger solar-plus-battery system by the firm AES.

But this technology has limitations. As long as we have sunny days, we're fine. But what happens when there are three or four days of cloudy weather and the batteries can't be charged?

That's our latest challenge.

As we have for the past decade, we at KIUC continue to search for the next big energy solution.



Mahalo,
Jan TenBruggencate

A Chance Meeting

At the opening of the Hawai'i legislative session in January, KIUC directors and Kaua'i Councilmember Arryl Kaneshiro had the opportunity to meet with former U.S. Sen. Daniel Akaka and his wife, Millie.

The directors thanked the senator for his previous support of KIUC and discussed what KIUC is doing now. As stated at the committee meeting, Mrs. Akaka mentioned how well she felt KIUC is doing. KIUC's renewable story is being told throughout the state, and people are aware of our activities.

Pictured standing are Councilman Arryl Kaneshiro; KIUC Directors Teofilo "Phil" Tacbian, David Iha and Dee Crowell; and retired executive C & C of Honolulu, George Miyamoto. Seated are Sen. Dan Akaka and Millie Akaka.



Board Actions

Below is a summary of some of the actions taken by the KIUC Board of Directors in December 2016 and January and February 2017.

December 13, 2016

Unanimously approved Resolution 17-16, 2017 ROOS budget.

Unanimously approved Resolution 18-16, capital budget.

Unanimously approved budget amendment of \$1,332,000 for the streetlight retrofit project.

Unanimously approved budget amendment of \$600,000 for the KPS 50k overhaul.

Unanimously approved budget amendment of \$244,715 for the D7 18,000hr overhaul.

Unanimously approved biannual review of Board Policies 4, 27 and 30.

Ratified in open session—Resolution 19-16, approval of Lāwaʻi dispatchable solar project.

Ratified in open session—Resolution 20-16, approval of AES letter of intent.

January 31, 2017

Unanimously approved 2016-2030 Strategic Plan.

Unanimously approved Resolution 01-17, Waimea Watershed mediation.

Unanimously approved 2017 general counsel engagement agreement.

Unanimously approved 2017 CEO goals.

Unanimously approved Board Policy No. 8, director committee member compensation and expense—no substantive changes.

Unanimously approved Board Policy No. 9, investment of general funds—no substantive changes.

Unanimously approved Board Policy No. 29, equity management plan—no substantive changes.

February 21, 2017

Unanimously approved 2016 corporate performance target results.

Unanimously approved 2017 corporate performance target results.

Unanimously approved BP No. 7, interrelationship between the board of directors and the CEO—no substantive changes.

Unanimously approved BP No. 12, code of ethics: development and management—no substantive changes.

Unanimously approved BP No. 16, access to cooperative information—no substantive changes.

Unanimously approved BP No. 22, information flow to directors—no substantive changes.

KIUC Donates Truck to Ilocos Norte

Based on demographics alone, it wouldn't appear the island of Kaua'i and the province of Ilocos Norte in the Philippines have much in common. With an economy based on agriculture, crafting, blacksmithing and pottery, a population eight times the size of Kaua'i and a land area roughly three times as large as the Garden Island, the province 300 miles north-northwest of Manila bears little resemblance to our own.

Dig a little deeper, however, and you will find strong bonds and many similarities between the two municipalities—in no small part due to the immigration of thousands of agricultural workers from Ilocos Norte to Kaua'i more than a century ago. To this day, many Filipinos on Kaua'i maintain close ties to their families in the Philippines.

There is another interesting connection here: Both Kaua'i and Ilocos Norte are powered by member-owned electric cooperatives that are making impressive gains in renewable energy technology.

"In pursuit of sustainable development and cutting-edge technology, Ilocos Norte is the Philippines' home of renewable energy," said Felino Herbert P. Agdigos, general manager of Ilocos Norte Electric Cooperative Inc.

The area is known as the wind capital of the Philippines, and was recently named first runner-up as the "cleanest and greenest" province in the Philippines.

INEC and KIUC have forged a relationship in recent years through networking at various energy conferences. The County of Kaua'i and the municipality of Laoag within Ilocos Norte officially became sister cities in 2011.

Operating since 1973, INEC serves 142,276 members and maintains a main office, six sub-offices and eight substations.


Agdigos says facilitating regular maintenance and expansion projects over such a large system can be challenging. That is why he jumped at the chance to assume ownership of an additional bucket truck, courtesy of Kaua'i Island Utility Cooperative.

"INEC had previously expressed an interest in acquiring any older equipment that we might be able to donate," said KIUC Transmission and Distribution Manager Carey Koide. "Last year, we had a truck that we were phasing out of service due to age. Mr. Agdigos felt confident they could refurbish the truck to extend its useful life on behalf of his members."

With financial help from the National Rural Electric Cooperative Association, KIUC shipped the truck from Los Angeles in December. By March, it was in the hands of Agdigos and his team at INEC.

According to Agdigos, there is no shortage of work for the latest addition to INEC's vehicle fleet. In 2017, the truck is expected to assist in completing 68 line expansion projects, 33 pole relocations, 56 distribution transformer installations and numerous rights-of-way clearing projects.

"This gift from KIUC will be a productive asset to our co-op's operation," said Agdigos. "We are extremely grateful for the ongoing relationship we have with our sister cooperative on Kaua'i, and we look forward to more opportunities to collaborate in the future."

Building on more than a century of shared culture and tradition, co-op members in Ilocos Norte and on Kaua'i can be proud of the forward steps they're taking—side by side—as recognized global leaders in deploying utility-scale renewable energy. 



General Manager Felino Herbert Agdigos (front row, center) is pictured with the bucket truck, along with employees of Ilocos Norte Electric Cooperative Inc.



Thank You

KIUC received a resolution from Ilocos Norte Electric Cooperative thanking KIUC for the truck. Pictured are International Committee Chairman David Iha, INEC President Rey Lazo, and committee members Phil Tacbian and Peter Yukimura.

2017 KIUC Board Election Results

Incumbent directors Dee Crowell and Allan Smith have been re-elected and join newly-elected former board member Jim Mayfield to the Kaua'i Island Utility Cooperative's (KIUC) Board of Directors. These three directors will each serve for a 3-year term ending March 2020.

Merriman River Group submitted the official results for the 2017 Board of Directors Election. The results are as follows:

1. Allan A. Smith 3,021
2. Jim Mayfield 2,395
3. Dee M. Crowell 2,392
4. KipuKai Kuali'i 2,212
5. Hermina "Mina" Morita 2,131
6. Juno Ann Apalla 2,124
7. Norma Doctor Sparks 2,011

KIUC mailed 25,703 ballots and received 6,088, for a turnout of 23.7 percent, more than last year's 21 percent turnout.



Allan A. Smith



Jim Mayfield



Dee M. Crowell

"Our members from a strong field of seven picked three directors who have long histories with the cooperative," said Board Chairman Jan TenBruggencate. "I anticipate they will hit the ground running and help us continue KIUC's remarkable progress."

Merriman River Group, a California-based election management firm conducted the election.

The newly-elected board members will be inaugurated on March 28 at 11 a.m. in the KIUC Main Conference Room. The board will hold its regularly scheduled meeting at 1 p.m.

Tesla Powers Kaua'i



Pictured from left are Kumu Sabra Kauka, J.B. Straubel, Jan TenBruggencate, David Bissell, Mayor Bernard P. Carvalho Jr., Governor David Ige, Rep. James Tokioka, Sen. Ron Kouchi. Photo by Dennis Fujimoto, The Garden Island.

Dignitaries from throughout Hawai'i were on hand March 8 for the blessing of the state's first dispatchable solar energy plant on Kaua'i, marking the first time a utility has contracted for a system of this scale that stores and delivers solar energy after sunset.

The project, commissioned by Kaua'i Island Utility Cooperative and owned by Tesla Inc., is on 50 acres of land in Kapaia owned by Grove Farm Co., adjacent to KIUC's Kapaia power station off Mā'alo Road. The plant will feed up

to 13 megawatts of electricity into Kaua'i's grid to meet peak demand in the evening, using the 52 megawatt-hour Tesla Powerpack lithium-ion battery storage system.

"The importance of this project for the member-owners of KIUC can't be overstated," said KIUC President and Chief Executive Officer David Bissell. "By using solar energy stored in the battery after the sun goes down, we will reduce our use of imported fuels and our greenhouse gas emissions significantly."

Tesla's Chief Technical Officer and co-founder, J.B. Straubel, attended the blessing. He remarked that this is a "future" project that enables communities to reach 100 percent renewable.

"For the first time, solar power can deliver 24 hours a day and follow the load when it is needed by the utility," he said.

Bissell estimates the project will displace the use of 1.6 million gallons of diesel annually for KIUC, and will bring the cooperative to more than 40 percent renewable generation. Bissell noted the project also makes financial sense for KIUC: Under the terms of the 20-year contract, KIUC will pay Tesla 13.9 cents per kilowatt hour, which is less than the current cost of oil.

Attending the ceremony were Governor David Ige, Senate President Ron Kouchi, State Rep. James Tokioka, Mayor Bernard P. Carvalho Jr., Commissioners Lorraine Akiba and Thomas Gorak from the Public Utilities Commission, and representatives for U.S. Sen. Mazie Hirono, Sen. Brian Schatz and Congresswoman Tulsi Gabbard. 



The 52 MWh Tesla Powerpack system will help power Kaua'i in the evening when loads are greater.

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KIUC Puts Plans to Action



Mayor Bernard P. Carvalho Jr. addresses members of the KIUC board as they prepare to vote on the strategic plan.

The room was full of smiles as KIUC’s Board of Directors took a historic vote on January 31.

“We are confident, given KIUC’s track record of developing new renewable sources over the past six years, that we can meet this challenge—perhaps even ahead of schedule,” said KIUC Board Chairman Jan TenBruggencate, following a unanimous vote in favor of a new goal to achieve 70 percent renewable generation by 2030.

The target is part of an update to KIUC’s Strategic Plan 2008-2023, which in 2008 set a goal of reaching 50 percent renewable generation by 2023. KIUC expects to exceed 50 percent in 2018—five years ahead of schedule.

“With the Solar City/Tesla solar-plus-battery facility coming on line, we will have already achieved more than 40 percent renewable generation this year,” said KIUC President and Chief Executive Officer David Bissell. “This is truly remarkable when you consider that as recently as 2011, we were 92 percent dependent on fossil fuel generation.”


TenBruggencate says that setting an aggressive new goal was important given these successes and other promising new projects. Earlier this year, KIUC announced the execution of a power purchase agreement for a second—and even larger—solar-plus-battery project expected to come online in 2018. The deal with AES Distributed Energy Inc. will add a 20-megawatt, five-hour-duration energy storage system to the mix, bringing KIUC’s renewable portfolio to nearly 60 percent.

“The KIUC board is to be commended for setting an aggressive target and leading the state in progress on our quest to reach 100 percent renewable by 2045,” stated Mayor Bernard P. Carvalho Jr., who congratulated the board

upon adoption of the new strategic plan. “As member-owners of our cooperative, we can all be proud of these accomplishments.”

Bissell says an ongoing goal of the cooperative is to maintain downward pressure on cost of service and rates for members.

“These solar-plus-storage projects are coming in at very favorable rates—at or below the current cost of oil,” he said. “KIUC has been leading the world in integrating utility scale solar, and doing so in a way that benefits our members as well as the environment.”

The full Strategic Plan 2016-2030 is provided inside this issue of *Currents*. 



Mayor Carvalho poses with KIUC board members after the plan is approved. From left are Allan Smith, David Iha, Pat Gegen, Jan TenBruggencate, David Bissell, Teofilo “Phil” Tacbian, Carvalho, Dee Crowell, Peter Yukimura and Calvin Murashige.



STRATEGIC PLAN UPDATE 2016-2030

(Adopted January 31, 2017)

THE STRATEGIC CONTEXT



Much has changed for the island of Kaua‘i since 2002, when Kaua‘i Island Utility Cooperative (KIUC) purchased Kaua‘i Electric (KE) from Citizens Utilities. Moving from an investor-owned model to a member-owned cooperative governed by an elected Board of Directors has delivered significant benefits to the Kaua‘i community as a whole.

Prior to the sale, KE had relied for decades on imported diesel fuel for its generators. This reliance increased as sugar plantations on the island shut down and KE no longer had access to renewable power supplied by the plantations via the burning of bagasse.

After the sale to KIUC, and as the cooperative established itself, oil prices rose significantly. The KIUC board realized that member bills could increase to unacceptable levels because of continued dependency on fossil fuel. At the same time, the growing concern about carbon emissions and the resulting impact on climate change caused KIUC to begin a serious examination of feasible renewable energy technologies.

KIUC embarked on perhaps the most ambitious shift to renewable energy sources anywhere in the American electric utility industry. As this strategic plan update is written in 2016, renewables have increased from six percent of sales in 2007 to 37 percent in 2016. KIUC is rapidly closing in on reaching the 70 percent renewable level by 2030—a full decade ahead of the Hawai‘i statewide goal.

Some of that momentum is attributable to our member-owners. At the end of 2012, more than 1,200 Kaua‘i households had rooftop solar generating systems (often called “PV,” for “photovoltaic”). By 2016, there were more than 3,500 such systems, with a capacity of 21 megawatts.

In addition to the rooftop systems, KIUC has either built or collaborated with third parties on three industrial scale solar projects, including Anahola (12 megawatts), Kōloa (12 megawatts), and Port Allen (6 megawatts). Three smaller privately owned solar arrays in Waimea, Ōma‘o and Kapa‘a contribute 1.6 megawatts total. Currently under construction is a 13-megawatt solar array with battery storage capability adjacent to the Kapaia Power Station. This project – a partnership with Solar City and Tesla - is the first of its size in the nation.

KIUC's renewable portfolio also includes hydroelectric systems at Wainiha, Waiahi, Kalāheo, Ōlokele and Waimea/Kekaha, generating a combined total of 10 megawatts to the grid. A 6-megawatt system is under construction on Gay and Robinson land, and under consideration is an additional project that would combine solar and hydro in a pumped storage system, which could produce 25 megawatts at full capacity.

In 2016, Green Energy began operating its 7-megawatt biomass plant just outside Līhu‘e. The plant provides 12 percent of Kaua‘i’s power, and is one of the first plants of its kind in this country: burning wood chips from invasive species and from locally grown trees. KIUC purchases electricity from the plant under the terms of a 20-year contract.

In 2016, on some individual days, KIUC derives 97 percent of its energy from renewable sources, including 77 percent from solar. On the average clear day, with solar at or close to full potential, all but one of KIUC’s diesel generators can shut down. By replacing oil with renewables, the amount of carbon dioxide (CO₂) released by KIUC’s power plants in 2016 is expected to fall to 225,000 tons. This is well below the 247,000 tons released in 1990, which is the baseline year for targeted greenhouse gas emission reductions according to the Kyoto Protocol.

These accomplishments are even more impressive when you consider that Hawai‘i is unique within our country’s energy landscape. We have no cheap natural gas, nuclear, large hydro, and little coal-fired generation (O‘ahu only). Additionally, Kaua‘i is unique within Hawai‘i: no geothermal, limitations on wind due to the Endangered Species Act, and no economy of scale for many other potentially cheap renewables like biomass. So, with today’s commercially available technology, KIUC is left largely with solar and small hydro to achieve its renewable goals.

Even with these challenges, fourteen years after our formation as a co-op, KIUC is regarded as one of the nation’s most progressive, forward-thinking electric utilities.

As this astonishingly rapid strategic transformation has occurred, KIUC has proven that a progressive and aggressive approach to meeting member needs by keeping pace with new technologies can work to our members' advantage. For example, KIUC:

- ❖ Made history in 2016 by breaking ground on the electric industry's first utility-scale solar plant, with the capability to store power with batteries during the day for release to the grid during the evening peak-usage hours.
- ❖ Worked to welcome and integrate member-generated rooftop solar power into our grid, despite the technical challenges of balancing island-wide loads. Out of necessity, this has required us to discourage installation of oversize rooftop systems that produce more power than the individual member can use.
- ❖ Reduced average bills by 26 percent over the last three years, mostly as a result of low oil prices and a comprehensive focus on cost control. More importantly, our aggressive renewable progress has positioned us to protect ourselves more effectively against high oil prices that would negatively impact our members.
- ❖ Maintained high reliability with more than 99.96 percent average service availability during the last three years.
- ❖ Continued to explore new and creative uses of hydroelectric generation; expanding what we have and contemplating a new breakthrough in pumped storage technology. The new technology could enable us to use solar-generated power to pump water uphill from a holding pond to a reservoir behind a new hydro station during the day and release the water to run downhill through hydro generators at night.
- ❖ Began to explore ways to shift some legacy oil-fired generation to propane or renewable-based fuels, in order to take advantage of potential cost savings in the always volatile oil market.
- ❖ Returned \$25 million in patronage capital (i.e. excess earnings) to member-owners. This is significant in that this money stays on Kaua'i in the pockets of our members, versus being returned to off-island investors, as was the case under previous ownership.
- ❖ Rebuilt our customer service infrastructure so paying bills and interacting with us is easier.
- ❖ Continued to enhance approaches to avoid death or injury to endangered birds that collide with power lines. At the same time, we are seeking a new long-range permit intended to mitigate the impacts of our facilities.



- ❖ Began to consider moving out from under the authority of the PUC to a deregulated or minimally regulated status, which would allow us greater flexibility in responding to member concerns and unexpected changes in fuel prices and market conditions.
- ❖ Assisted efforts on other islands to create member-owned electric cooperatives. Starting with Hawai'i Island, KIUC has offered its experience and expertise to other communities.

What does the future hold? Our initiatives moving forward include:

- ❖ We will expand our search for alternatives to oil for legacy generating systems that must remain available to ensure adequate stability and capacity in order to meet the needs of all members.
- ❖ After concluding that liquefied natural gas is not a fuel alternative that will be embraced in Hawai'i in the near term, we have shifted to considering expanded use of propane or renewable based fuels. Prices of these products could be locked in with more future certainty than oil.
- ❖ We will continue to focus on cost control while balancing customer service and reliability. Since 2007, our staffing level has declined from 174 to 149 employees. This is evidence of how KIUC has kept pace with technology without sacrificing customer service. It also underscores the competence and flexibility of our work force.
- ❖ Because we strive to balance service levels and member costs, we are considering filing for a rate revision with the PUC. A revised rate plan would allow us to more fairly balance costs among different member types, and incentivize use during non-peak hours.
- ❖ An adequate supply of energy would have no usefulness without the ability to reliably deliver that energy through KIUC's transmission and distribution infrastructure. This network must be maintained and upgraded to ensure that KIUC's high standards for safety and reliability continue to be met.

STRATEGIC GOALS AND ACTIONS

- A. Generate at least 70 percent of electricity by using cost effective renewable resources by 2030. This achievement level will place KIUC ten years ahead of state mandates as we progress toward 100 percent renewable electric production by 2045.
- B. Manage technology and price risk by adding new renewable generation sources at no more than 20 percent of Kaua'i's electric usage in any single year.
- C. Hold controllable cost increases at or below the actual level of inflation, and maintain system reliability at 99.96 percent or better availability.
- D. Establish a rate structure that is fair between classes of members, encourages usage during lowest cost periods, and increases financial stability through greater recovery of cost through fixed charges rather than reliance on volume of electricity consumed.



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- E. Maintain a safe, diverse, well trained, competitively compensated and motivated work force, aligned with organizational strategies and able to respond quickly to business opportunities and threats.
 - F. Maintain a prudent financial structure and access to capital.
 - G. Consider and potentially seek increased exemption from regulation by the PUC through changes in state law or PUC order. Current state law, enacted in 2013, states “the public utilities commission and the consumer advocate shall at all times consider the ownership structure and interests of an electric cooperative in determining the scope and need for any regulatory oversight or requirements over such electric cooperative.”
 - H. Continue to address the strategic implications of climate change, including reducing the utility’s contribution to greenhouse gas emissions, adapting to the direct and indirect impacts locally and developing mitigation measures to protect the cooperative’s assets.
 - I. Obtain long-term incidental federal and state permits that set requirements for conservation of endangered bird species. The permitting process places limits on the number of birds that can be injured or killed in collisions with power lines or other electricity-related incidents. These incidents are called “takes.” We will seek government grants, where available, to help mitigate some of the expenses associated with the application process.
 - J. Obtain fixed pricing, three years in advance, for at least 25 percent of our fossil fuel requirements. Recent renewable projects have also used fixed pricing to help stabilize electric rates.
 - K. Continue investing in technology to cost-effectively maintain or improve our member service offerings and utility operations, including our smart-grid, in order to continue our transformation towards a 100 percent renewable future and lower operating costs.

The Strategic Plan sets the overall direction of KIUC and intends to benefit members, directors and employees.

This Strategic Plan updates and expands the Strategic Plan 2008-2023. The goal remains the same: to faithfully serve KIUC’s members with reliable, reasonably priced electricity and to improve the quality of their lives.

VISION, MISSION AND CULTURE

Vision — Improve the quality of life for KIUC's members and on 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
- ❖ 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

Democratic Member Control

Members' Economic Participation

Concern for Community

Autonomy and Independence

Education, Training and Information

Cooperation Among Cooperatives

VALUES

- ❖ **Respect (Kupono):** treating everyone with fairness, integrity and honesty
- ❖ **Teamwork (Laulima):** looking out for each other and working together as one team toward common goals
- ❖ **Excellence (Ho'okela):** striving to provide the best professional service to our members by producing high quality work and excelling in everything one does
- ❖ **Responsibility (Kuleana):** practicing stewardship and the privilege of doing the right thing for our members in a responsive manner

KIUC BOARD OF DIRECTORS

Jan TenBruggencate, *Chairman*

Calvin Murashige, *Vice Chairman*

Teofilo "Phil" Tacbian, *Secretary*

Peter Yukimura, *Treasurer*

Dee Crowell

David Iha

Patrick Gegen

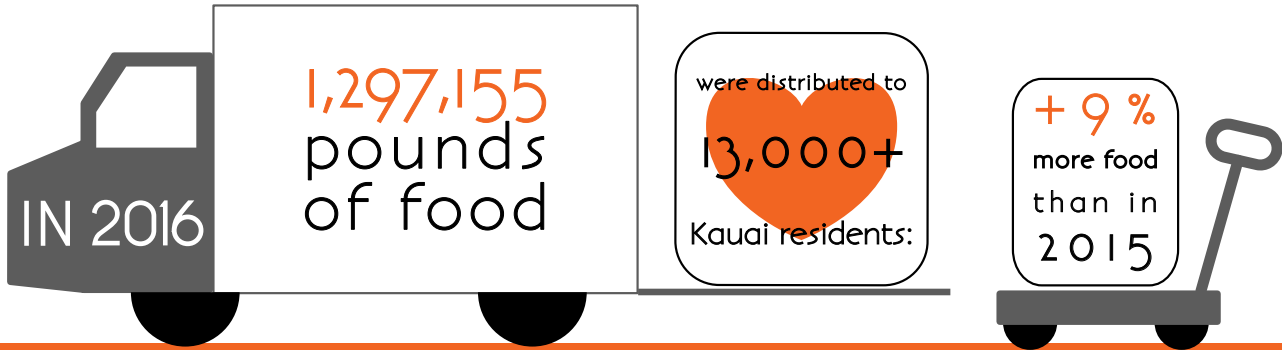
Allan Smith

The KIUC Board of Directors would like to acknowledge former Director Dennis Esaki, who made valuable contributions as Chair of the Strategic Planning Committee throughout most of the update process.

 **Kaua'i Island
Utility Cooperative**

Your Touchstone Energy® Cooperative 

4463 Pahe'e Street, Suite 1, Lihu'e, HI 96766-2000
808.246.4300 • www.kiuc.coop



When you donate, you give more than just food.
You provide choice. Support our ohana in need today.

KAUAI BRANCH



Hawaii Foodbank Kauai
Puhi Industrial Park
4241 A Hanahao Pl
Lihue, HI 96766
Phone: (808) 482-2224
Fax: (808)482-2225
www.hawaiifoodbank.org/kauai
@hawaiiifoodbankkauaibranch



Kauai Island Utility Cooperative
has a year-round collection barrel.
Drop off your food donations at:
4463 Pahee St., #1
Lihue, HI 96766



DOG HOUSE

BEER FEST

KAUAI 2017

SIP, SAMPLE & SAVOR
(help kids & dogs too!)

June 24, 2017

2 - 6 pm

Sheraton Kauai Resort

Sip over 30 craft and specialty beers
Sample small bites from local restaurants
Savor being serenaded by local artists

Proceeds go to support Kauai Humane Society
& Junior Achievement Kauai

Tickets: \$75 through 6/16, \$90 at the door.
21 & over.

For more information contact Laura
laura@kauaihumane.org or (808)632-0610, ext 108
kauaihumane.org/event/dog-house-beer-fest/

Spring Potluck Recipes

Orzo Pasta Salad

- 1 box orzo pasta
- $\frac{3}{4}$ cup sweet sushi rice vinegar
- $\frac{1}{4}$ cup olive oil
- Sliced sweet peppers
- Zucchini, quartered then sliced
- Mushrooms, diced
- 1 tray grape tomatoes
- 1 can sliced olives, drained
- 2 tbsp. herbes de Provence

Mix together rice vinegar and olive oil. Boil orzo pasta for 9 minutes; drain. In a pan, sauté sweet peppers, zucchini and mushrooms in 2 tablespoons of the oil and vinegar mixture for 3 to 5 minutes on medium heat. Place orzo in a large bowl and add cooked vegetables, tomatoes, olives and herbes de Provence. Drizzle remaining olive oil and vinegar mixture and toss to coat evenly. Serve warm or cold.



Philly Cheesesteak Dip

- 1 lb. deli sliced roast beef, chopped
- $\frac{1}{2}$ lb. sweet peppers, diced
- 1 sweet onion, diced
- 1 tbsp. Worcestershire sauce
- 1 block cream cheese
- 1 lb. shredded mozzarella cheese
- $\frac{1}{4}$ lb. provolone cheese, diced
- 3 tsp. butter

In a large pan, melt butter and sauté onion and sweet peppers until soft. Add roast beef, Worcestershire sauce and cream cheese; cook until cheese is melted. Transfer mixture to a large bowl and combine with mozzarella and provolone. Place in a 9-inch-by-9-inch dish and bake at 350 F until top is golden brown. Serve with your favorite chips or bread.

Bacon, Egg and Red Potato Salad

- 2 lbs. red potatoes, boiled and cubed
- 1 lb. bacon, crispy fried and crumbled
- 5 eggs, boiled, peeled and diced
- $\frac{3}{4}$ cup sour cream
- $\frac{1}{2}$ cup mayonnaise
- Salt
- Pepper

Combine potatoes, eggs, sour cream and mayonnaise. Mix thoroughly. Add bacon crumbles, salt and pepper to taste. Save some bacon crumbles to sprinkle on top of the salad.



Carrot Cake with Cream Cheese Frosting

Cake:

- 2 cups flour
- 2 cups sugar
- 1 tsp. baking powder
- 1 tsp. baking soda
- 1 tsp. ground cinnamon
- 3 cups finely shredded carrots
- 1 cup cooking oil
- 4 eggs

Grease and lightly flour a 9-inch-by-13-inch pan. In a mixing bowl, combine flour, sugar, baking powder, baking soda and cinnamon. Add carrots, oil and eggs. Beat with a mixer until combined. Pour into prepared pan and bake at 350 F for 35 to 40 minutes.

To make cupcakes, line cupcake pan with cupcake cups and bake for approximately 15 to 20 minutes.

Frosting:

- 2 3-oz. packages cream cheese, softened
- ½ cup butter, softened
- 2 tsp. vanilla
- 4½ cups sifted powdered sugar

Beat together cream cheese, butter and vanilla until light and fluffy. Gradually add 2 cups of the powdered sugar; beat well. Gradually beat in enough of the remaining powdered sugar to reach desired consistency.

After frosting, cover and store cake in refrigerator.



Keanu Strickland SURVIVED!

Born 13 weeks early, and spent more than 105 days in the hospital.



Silas Morales-Limbaugh SURVIVED!

Born 12 weeks early, and spent more than 63 days in the hospital.



march  of dimes®
march for babies™

April 8, 2017

Lydgate Park – Main Pavilion

Registration at 6:45 a.m.

Walk at 8 a.m.

Walkers will enjoy about a 1-mile walk around Lydgate Park ending in fun activities for the whole family including games, prizes, food, and lots of fun.

Help us help Kaua‘i babies
like Keanu & Silas.

Juno Apalla, March for Babies 2016 Coordinator
japalla@marchofdimes.org • (971) 229-4884

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Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) fax: (202) 690-7442; or

(3) email: program.intake@usda.gov

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Your Source for a Better Home & Lifestyle

CAK HOME SHOW

25th Annual Show presented by First Hawaiian Bank

Friday, April 7 from 2:30 to 9pm & Saturday, April 8 from 9am to 2pm

Kaua'i War Memorial Convention Hall - Hardy Street, Lihu'e



Learn about...

- New products on display for building and remodeling.
- Multi-generational home ideas.
- Latest in energy efficient products.
- Latest in aging in place & ADA accessories and much more!

Sponsors - Contractors Association of Kaua'i & First Hawaiian Bank
Cooperating Sponsors - Hawai'i Gas, Nathan Wood General Contractor, Princeville at Hanalei, Trex, & The County of Kaua'i

For ADA needs please call CAK office one week prior to event 246-2662.

Give Aways & Drawings

Statement of Operations

For the period January 1, 2017, to January 31, 2017

We are pleased to report the KIUC results of operations through January 31, 2017, are favorable. The SolarCity dispatchable solar plant is almost fully constructed and is expected to be in full operation providing renewable energy to KIUC by the end of March.

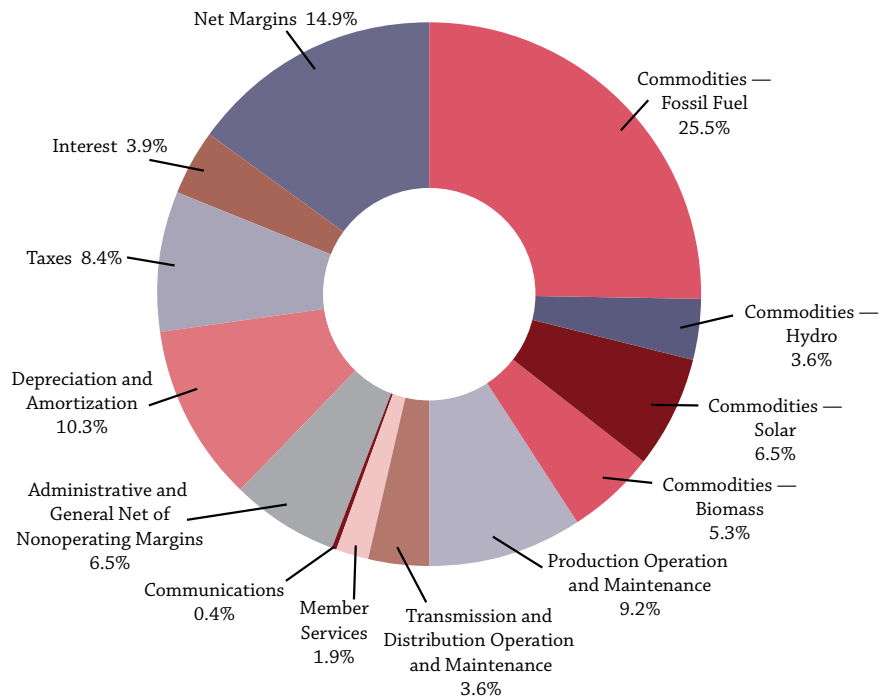
The year-to-date electricity use on the island is 4 percent higher than in the prior year. Even with the increase in sales volume, KIUC is still doing everything we can, while maintaining safety and reliability, to reduce costs in various areas in order to operate efficiently and effectively, and continue to maintain a strong financial position. Revenues, expenses and net margins totaled \$12.3 million, \$10.5 million and \$1.8 million, respectively, for the one-month period ending January 31, 2017.

As is the case for all electric utilities, the cost of power generation is the largest expense; at KIUC, totaling \$6.1 million or 50.1 percent of revenues. Commodities, which are fuel and purchased-power costs, are the largest component of power generation, totaling \$5.0 million or 40.9 percent of revenues. Currently, fossil fuel is the largest component of commodities, totaling \$3.1 million or 25.5 percent of revenues.

Other commodities include hydropower, totaling \$0.4 million or 3.6 percent of revenues; solar power, totaling \$0.8 million or 6.5 percent of revenues; and biomass power, totaling \$0.7 million or 5.3 percent of revenues. The remaining \$1.1 million or 9.2 percent of revenues represents the cost of operating and maintaining the generating units.


The cost of operating and maintaining the electric lines totaled \$0.4 million or 3.6 percent of total revenues. The cost of servicing our members totaled \$0.3 million or 1.9 percent of revenues. The cost of keeping our members informed totaled \$0.1 million or

PERCENTAGE OF TOTAL REVENUE



0.4 percent of revenues. Administrative and general costs, which include legislative and regulatory expenses, engineering, executive, human resources, safety and facilities, information services, financial and corporate services, and board of director expenses, totaled \$0.8 million or 6.8 percent of revenues.

Being capital intensive, depreciation and amortization of the utility plant costs \$1.3 million or 10.3 percent of revenues.

Although not subject to federal income taxes, state and local taxes amounted to \$1.0 million or 8.4 percent of revenues. Interest on long-term debt, at a favorable sub-5 percent interest rate, totals \$0.5 million or 3.9 percent of revenues. Non-operating net margins added \$0.03 million to overall net margins. Revenues less total expenses equal margins of \$1.8 million or 14.9 percent of revenues. Margins are allocated to consumer members and paid when appropriate. 

March 2017
Volume 14, Number 1

David Bissell
President and CEO

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Chairman: Jan TenBruggencate
Vice Chairman: Calvin K. Murashige
Treasurer: Peter Yukimura
Secretary: Teofilo "Phil" Tacbian
Board: Dee Crowell, Pat Gegen, David Iha,
Jim Mayfield, Allan Smith

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Members: Calvin K. Murashige, Teofilo "Phil"
Tacbian, Peter Yukimura

Finance & Audit

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Members: Pat Gegen, Allan Smith

Government Relations/Legislative Affairs

Chairman: Teofilo "Phil" Tacbian
Members: David Iha, Peter Yukimura

International

Chairman: David Iha
Members: Teofilo "Phil" Tacbian, Peter Yukimura

Member Relations

Chairman: Pat Gegen
Members: Allan Smith, Calvin K. Murashige

Policy

Chairman: Allan Smith
Members: Pat Gegen, Calvin K. Murashige,
Allan Smith

Strategic Planning

Members: David Iha, Calvin K. Murashige

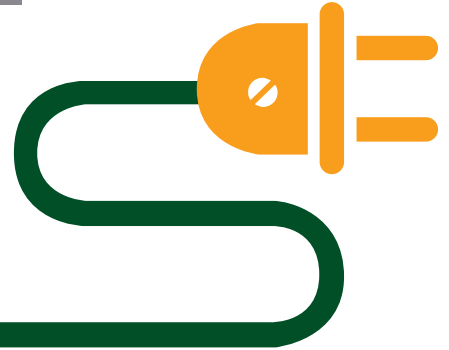


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