

September 2017

Kaua'i Island Utility Cooperative

CURRENTS

Kaua'i Students Represent at 2017 Youth Tour

Inside:
2016 Annual Report
What Goes Where? County Recycling





Karen L. Agudong, REALTOR, BIC

Aloha Island Team



KW KAUAI
KELLER WILLIAMS REALTY



ISLANDER ON THE BEACH # 125, KAPAA

EXCEPTIONAL OCEANFRONT GROUND FLOOR unit. Unobstructed White Water Views from your Own Living Room and Lanai. Fully furnished with Island Style Decor, Travertine Flooring and Air conditioning. \$290,000(f/s) Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



3591 HANAPEPE ROAD

Vacant lot zoned General Commercial. Great opportunity for growing Hanapepe town! \$239,000(f/s). Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



2672 APAPANE STREET, LIHUE

New on the Market in Lihue! Beautiful 3 bedroom / 2.5 bath home with over 2400 sf of living area in the Ulu Ko Subdivision. Gourmet kitchen, fenced yard and lanais to enjoy the mountain views! \$765,000(f/s). Call: Karen Agudong, REALTOR(B) 652-0677 or email: karen@alohaisland.com



SOLD!



SOLD!

SUN VILLAGE

Highly desirable 4th Floor, 2 Bed, 2 Bath condominium at Sun Village with OCEAN VIEWS and MOUNTAIN VIEWS! Beautiful Open Beam Ceilings! This is an End unit with breezy trade winds & Privacy. Sold FULLY FURNISHED.

2984 HOOLAKO STREET, LIHUE

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. Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com.



5410 PUULIMA STREET, KALAHEO

Owned by "Fairy Artist" Mary Baxter, this magical property boasts whimsical walkways throughout the 2.5 acres. 3 Bedrooms, 2 baths with an open floor plan. Separate office/game room building with bath on property. \$1,149,000(f/s) Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com or Kay Leonard (RS) 634-8697.



IN ESCROW

PIKAKE SUBDIVISION

Wide Mt. Haupu views AND on the golf course! Located across from the 4th hole of Puakea Golf Course. Located on Pilimai almost at the very end of the cul-de-sac. \$385,000(f/s). Call: Karen Agudong, REALTOR (B) 652-0677 or email: karen@alohaisland.com



YOUR PROPERTY HERE!.....

Looking to sell your home? Inventory is low and buyers are looking to purchase property before the interest rates go up. Please contact Karen for a FREE comparative market analysis of your property.

IF YOU WOULD LIKE TO SUBSCRIBE TO MY NEWSLETTER WITH MARKET UPDATES, PLEASE EMAIL TO: [KAREN@ALOH AISLAND.COM](mailto:karen@alohaisland.com)

KW KAUAI, KELLER WILLIAMS REALTY • 2970 HALEKO ROAD, SUITE #205, LIHUE, HI 96766
808-652-0677 • WWW.ALOHAISLAND.COM • EMAIL: [KAREN@ALOH AISLAND.COM](mailto:karen@alohaisland.com)

Karen L. Agudong, REALTOR(B) "Aloha Island Team" KW Kauai, Keller Williams Realty (808) 652-0677.

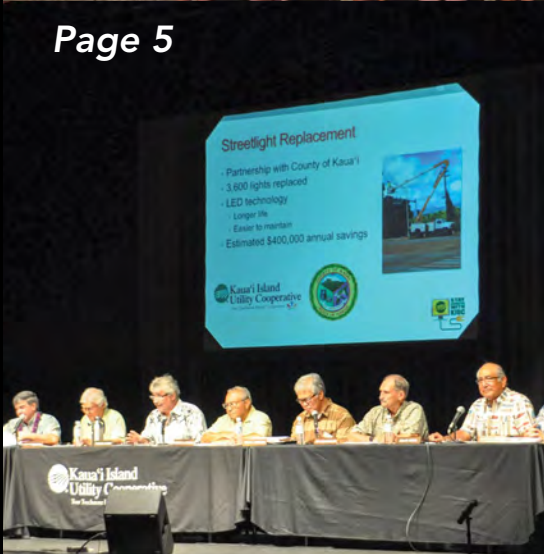
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Kaua'i Island Utility Cooperative

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EDITOR

Beth Tokioka

CONTRIBUTORS

Jennifer Brown, Amy Doubet-Devitt, Karissa Jonas, Shelley Paik, Emily Sullivan, Leanna Thesken, Larissa Tsai

ON THE COVER

Larissa Tsai, Emily Sullivan, Leanna Thesken and Riley Davalos on their way to visit with Congresswoman Colleen Hanabusa during the NRECA Youth Tour to Washington, D.C.

Save postage, get your Currents online

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.



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



Aloha Members!

October is National Cooperative Month, and the 2017 theme is “Cooperatives Commit.”

We remain committed to our members. It was nice to see our members join us on July 27 as we held our annual membership meeting. For those who were not able to attend, we have included our 2016 annual report in this issue.

We remain committed to education and have been working to cultivate our future leaders through our Youth Tour program. In this issue, you will hear from three of the participants in the 2017 Youth Tour Program. We also encourage students of all ages to participate in our Calendar of Student Art contest.

We remain committed to sustainability by harnessing the power of our natural resources to create renewable energy to power our island home.

We remain committed to our community. Many of our employees are active volunteers for community sports, associations and professional organizations. We participate in community events and share useful information in Currents such as the county’s recycling programs and life-saving information from the American Red Cross.

KIUC is committed and, on November 1, we will celebrate our 15th year as a cooperative. Mahalo for being a part of our shared success. Here’s to the next 15!

Aloha pumehana,
Allan A. Smith

Board Actions

Below is a summary of some of the actions taken by the KIUC Board of Directors in May, June and July 2017.

May 30, 2017

Unanimously approved Res 02-17, CWP amendment.

June 27, 2017

Approved Island School \$300,000 RED grant for new classroom.

Approved Sonia Topenio as new community member of the loan review committee.

Approved \$128,202 for CE boiler air pre-heater replacement.

Approved \$454,300 to rehabilitate the CE boiler stack.

Approved Board Policy No. 14, KIUC policy, procedure and practice formulation. Review and approval with no substantive changes.

Approved Board Policy No. 2, authority and responsibility of the CEO, as amended.

Ratified the decision to conclude KIUC’s relationship with its current auditor and to bid for proposals for future auditing and tax preparation services.

July 6, 2017 — Special meeting. No action taken.

July 11, 2017 — Special meeting. No action taken.

July 25, 2017

Approved 2017 accounts receivable write-off in the amount of \$75,464 for accounts disconnected by 12/31/2016.

Authorization to enter into licenses regarding the westside pumped storage/hydro project.

July 31, 2017 — Special Meeting

Approval to file a distributed energy resources tariff with the Hawai’i Public Utilities Commission on the condition there are no substantive changes to the document prior to filing.

Annual Meeting Recap

KIUC Puts the Spotlight on Accomplishments and Member Benefits



L-R: Board Chair Allan Smith, board member Teofilo "Phil" Tacbian, Representative James Tokioka, Mayor Bernard Carvalho Jr., board members Peter Yukimura, Dee Crowell, Jan TenBruggencate, James Mayfield and Pat Gegen.

For Kaua'i Island Utility Cooperative and its member-owners, 2016 was a groundbreaking year filled with milestones. That was the message delivered by board members and the cooperative's top management at KIUC's 15th annual meeting July 27 at Kaua'i War Memorial Convention Hall.

"Over the past nine years, we've seen the amount of renewable generation triple, while our rates came down 18 percent," said KIUC President and Chief Executive Officer David Bissell. "Additionally, our reliability rating of 99.988 percent in 2016 was the best we've recorded since we became a cooperative 15 years ago."

Bissell noted KIUC's residential rate decreased for the fifth month in a row in August, down 6.2 percent from March of this year.

Each of the board members attending presented highlights which included:

Renewable progress. In early 2016, the Green Energy Team biomass plant became operational, and now provides nearly 9 percent of Kaua'i's power around the clock. KIUC also experienced the full impact of its various solar inputs, and routinely reached more than 90 percent renewable penetration during daylight hours on sunny days throughout the year. By year's end, KIUC's renewable portfolio had grown to 36 percent, up from 9 percent in 2008. In the process, the cooperative reduced its diesel consumption by 10 million gallons per year.

Rate stability. Between 2008 and 2016, KIUC rates decreased 18 percent, which includes a reduction during the past 12 months. The shift to renewables promises to have a long-term downward pressure on rates, as 20- and 25-year power purchase agreements (PPA) at favorable rates replace the fluctuating price of diesel.

Record reliability. In 2016, KIUC posted its most favorable reliability rate to date: 99.988 percent. That means that the average


member experienced roughly 1.04 hours of outage for the entire year. The batteries associated with our solar facilities have helped stabilize and buffer the grid against outages, which should only improve as additional solar-plus-battery projects are developed.

Member service enhancements. KIUC's SmartHub service continues to grow in popularity, giving members the ability to check use, pay bills, report service issues and receive notifications online. Since its launch in late 2015, 3,500 members have signed up for SmartHub. KIUC's Energy Wise programs offer rebates for qualifying residential and commercial appliance upgrades, and home and business efficiency consultations, along with other services that promote efficiency and conservation, which translates to member savings.

Path to 70 percent renewable. In January, the board of directors set a goal of reaching 70 percent renewable by the year 2030. The following projects are expected to bring KIUC to that goal:

- **Tesla (Kapaia)** – This solar-plus-battery storage project is the first utility-scale dispatchable solar facility in the world. Opened in March of this year, Tesla now delivers 13 megawatts of power for four hours during evening peak. KIUC has a 20-year PPA with Tesla to buy power at 13.9 cents per kilowatt-hour, which is lower than the current cost of diesel.
- **AES Distributed Energy, Inc. (Lāwa'i)** – Following the Tesla agreement, KIUC secured a 25-year PPA with AES for an even larger dispatchable solar project on the south side. If approved by the Hawai'i Public Utilities Commission and other regulatory agencies, the AES facility will dispatch 20 MW for five hours during evening peak, for an even lower price of 11 cents per kWh. A third dispatchable solar project is also being discussed with AES.
- **Pu'u 'Ōpae Pumped Storage Hydro (Waimea)** – A landmark mediation agreement reached in April between KIUC and four other parties has laid the groundwork for developing a facility that could provide 20 percent of our energy needs. The agreement sets stream flow standards for the Waimea River, and allows diversion of water within limits for the renewable energy project, agricultural irrigation, and uses that conform with long-range plans on property owned by the Department of Hawaiian Homelands. The project will also provide valuable infrastructure for DHHL and allow it to open up more of its lands on the westside.

Roughly 200 people attended the event, after which they were provided chili and rice, and had an opportunity to talk with board members and staff. Everyone who attended also received free LED light bulbs.

"We appreciate our members coming out to the annual meeting, giving us a chance to have a productive dialogue," said Board Chair Allan Smith. "KIUC's board members are elected by our member-owners, and we take that accountability to the membership very seriously." 

WHAT GOES WHERE?

Recycling Tips: Please help us keep the drop bin area clean. When items are left outside of drop bins, it is considered illegal dumping.

RECYCLE



CORRUGATED CARDBOARD
(flatten cardboard)



PLASTIC 1 & 2 ONLY





ALUMINUM CANS, FOIL, PIE/FOOD PANS



STEEL & TIN CANS



NEWSPAPER



MIXED PAPER: JUNK MAIL, MAGAZINES, PAPERBACK BOOKS, FOOD/SODA BOXES, PAPER BAGS & ENVELOPES

RECYCLABLES NEED TO BE RINSED CLEAN, EMPTY, DRY AND UNBAGGED. NO CAPS, LIDS OR TOPS.

DEPOSIT BEVERAGE CONTAINERS











CONTAINERS MARKED WITH HIS SYMBOL INCLUDE SODA, WATER, TEA, SPORTS DRINKS, JUICE, BEER

COMPOST AT HOME












FRUIT & VEGETABLE SCRAPS, EGGSHELLS, COFFEE GROUNDS, CARDBOARD, LEAVES, SHREDDED PAPER, YARD WASTE*

LANDFILL








MEAT, FISH, BONES, DAIRY PRODUCTS, CHEESE, WHOLE EGGS, CAPS, LIDS & TOPS, STYROFOAM, UTENSILS, DIAPERS, PET WASTE, KITTLY LITTER, PLASTICS 3 4 5 6 7

*See Green Waste section.

County of Kaua'i, 4444 Rice Street, Lihue, HI 96766 (808) 241-4841



WHERE TO GO



RESIDENTIAL RECYCLE DROP BINS

- HANAPEPE** Hanapepe Transfer Station
4380 Lele Road, Hanapepe
 - HANAIEI** Hanalei Transfer Station
5-3751 Kūhi'ō Highway
 - KAPA'A** Kapa'a near the football field
4900 Kahau Road
 - KEKAHA** Kekaha Landfill
6900-D Kaumuali'i Highway
 - LĀWA'I** Lāwa'i behind U.S. Post Office
2-3675 Kaumuali'i Highway
 - LĪHU'E** Līhu'e in back of Kmart 4303
Nāwiliwili Road
Kaua'i Resource Center* 3460
Ahukini Road
 - PO'IPŪ** Brennecke's Beach Broiler
2100 Hoone Road
 - WAIMEA** Waimea Canyon Park
4643 Waimea Canyon
- *Commercial accepted

PROGRAMS ARE FOR RESIDENTS ONLY, EXCEPT WHERE NOTED

HI5 REDEMPTION CENTERS

- KAPA'A** Kaua'i Community Recycling Services
962 Kipuni Way..... 645-1676
- KAPAHI** Reynolds Recycling
5675B Kawaihau Rd..... (808) 754-8985
- KEKAHA** Kaua'i Community Recycling Services
Kekaha Road (across from mill)..... 645-1676
- KĪLAUEA** Kaua'i Community Recycling Services
5-2723 Kūhi'ō Hwy..... 645-1676
- KŌLOA** Kaua'i Community Recycling Services
2810 Po'ipū Road..... 645-1676
- NĀWILIWILI** Reynolds Recycling
- HARBOR** Nāwiliwili Harbor (Wilcox & Kanoa)..... 245-7233

APPLIANCES & SCRAP METAL

- Hanalei Transfer Station**
5-3751 Kūhi'ō Hwy, Hanalei..... 826-7070
 - Hanapepe Transfer Station**
4380 Lele Road, Hanapepe..... 335-0624
 - Kapa'a Transfer Station**
5051 Kahi Road, Kapa'a..... 822-7334
 - Kekaha Landfill**
6900-D Kaumuali'i Hwy, Kekaha..... 337-9213
 - Līhu'e Transfer Station***
3450 Ahukini Road..... 241-6854
 - Puhi Metals Recycling**
3951 Puhi Road, Līhu'e..... 245-6919
- *Scrap metal only

GREEN WASTE*

- Hanalei Transfer Station**
5-3751 Kūhi'ō Highway, Hanalei.... 826-7070
- Hanapepe Transfer Station****
4380 Lele Road, Hanapepe..... 335-0624
- Heart & Soul Organics*****
6020 Koolau Road, Moloa'a..... 823-1007
- Kapa'a Transfer Station**
5051 Kahi Road, Kapa'a..... 822-7334
- Kaua'i Nursery & Landscaping******
3-1550 Kaumuali'i Hwy, Līhu'e..... 245-7747
- Kekaha Landfill**
6900-D Kaumuali'i Hwy, Kekaha..... 337-9213
- Līhu'e Transfer Station**
3450 Ahukini Road..... 241-6854

*Tipping fee coupons required of commercial
 **Obtain free mulch (shredded green waste)
 Commercial only *Tipping Fee

ADDITIONAL RECYCLABLES

- Batteries Alkaline* Lithium, NiCad:** Kaua'i Resource Center
 - Books, Clothes and Household Items:** Thrift Stores
 - Bubble Wrap & Foam Peanuts (bagged):** Kaua'i Resource Center or The UPS Store
 - Cell Phones:** Verizon Wireless or AT&T
- *9 volt or higher place tape on terminals

- Compact Florescent Bulbs (CFLs):** Home Depot in Līhu'e
 - Electronic Waste:** Kaua'i Resource Center (2nd Fri/Sat of month, 7:45 - 4:15)
 - Lead Acid Batteries:** Costco, E-H International, Napa, PS&D Tires & Puhi Metals
 - Motor Oil & Filters:** Transfer Stations & Landfill*
 - Propane Tanks:** Transfer Stations and Puhi Metals
- *Motor oil only

Call Recycling Office at (808) 241-4841 or visit www.kauai.gov/recycling for current Transfer Station(s) and Landfill operation hours, and for up-to-date Electronic Waste (eWaste) collection dates.



Save Our Shearwaters

Kaua'i Humane Society

The official Save Our Shearwaters season begins September 15 and runs through December 15. SOS staff collects the birds and rehabilitates them until they are ready to be released into the wild.

You can help by:

- Keeping a ventilated box and towel in your vehicle.
- If you find a downed bird, gently pick it up with the towel covering the head, and completely around its back and wings. Place in the container.
- Keep the bird covered and quiet in a shaded area. Do NOT feed it or give it water.
- Take the bird to the nearest aid station listed below as soon as possible. Please do NOT attempt to release the bird yourself.
- Please record the information requested at the aid station.

For more information, contact the Kaua'i Humane Society at 632.0610 extension 109.

If you have found a bird or have a question regarding seabirds, please call the SOS hotline at 635.5117.

SOS Aid Station Locations

West

Hanapēpē Fire Station
Kalāheo Fire Station
Kōloa Fire Station

South

Waimea Fire Station

Central-East

Kapa'a Fire Station
Kaua'i Humane Society
Līhu'e Fire Station

North

Hanalei Fire Station
Hanalei Liquor Store
Kaiākea Fire Station
Kīlauea Medical Group

KAUA'I ISLAND UTILITY COOPERATIVE

HYDRO

BIO MASS

SOLAR

2016 ANNUAL REPORT



Chairman & CEO

"We are honored to be recognized as a leader in energy transformation – from being almost entirely dependent on imported oil for power generation to leading the industry in adoption of renewable energy."

*– David Bissell
President and Chief Executive Officer*

"We need to continue to explore today's commercially available technology to achieve our renewable goals. In the process, we remain forward thinking, fiscally responsible, respectful of our environment and Hawaiian place."

*– Allan Smith
Chairman of the Board*

2017 Board of Directors



Allan Smith
Board Chairman



Jan TenBruggencate
Board Vice Chairman



Peter Yukimura
Board Treasurer



Calvin K. Murashige
Board Secretary



Dee Crowell
Board Member



Pat Gegen
Board Member



David Iha
Board Member



Jim Mayfield
Board Member



Teofilo "Phil" Tacbian
Board Member

Board Committees

Executive

Chairman: Jan TenBruggencate
Members: Calvin K. Murashige, Allan Smith,
Peter Yukimura

Finance & Audit

Chairman: Peter Yukimura
Members: Pat Gegen, Jim Mayfield

Government Relations/ Legislative Affairs

Chairman: Teofilo "Phil" Tacbian
Members: Dee Crowell, David Iha

International

Chairman: David Iha
Members: Teofilo "Phil" Tacbian,
Jan TenBruggencate

Member Relations

Chairman: Pat Gegen
Members: Teofilo "Phil" Tacbian,
Jan TenBruggencate

Policy

Chairman: Dee Crowell
Members: Jim Mayfield, Calvin K. Murashige

Strategic Planning

Chairman: Jim Mayfield
Members: Dee Crowell, Calvin K. Murashige

Introduction

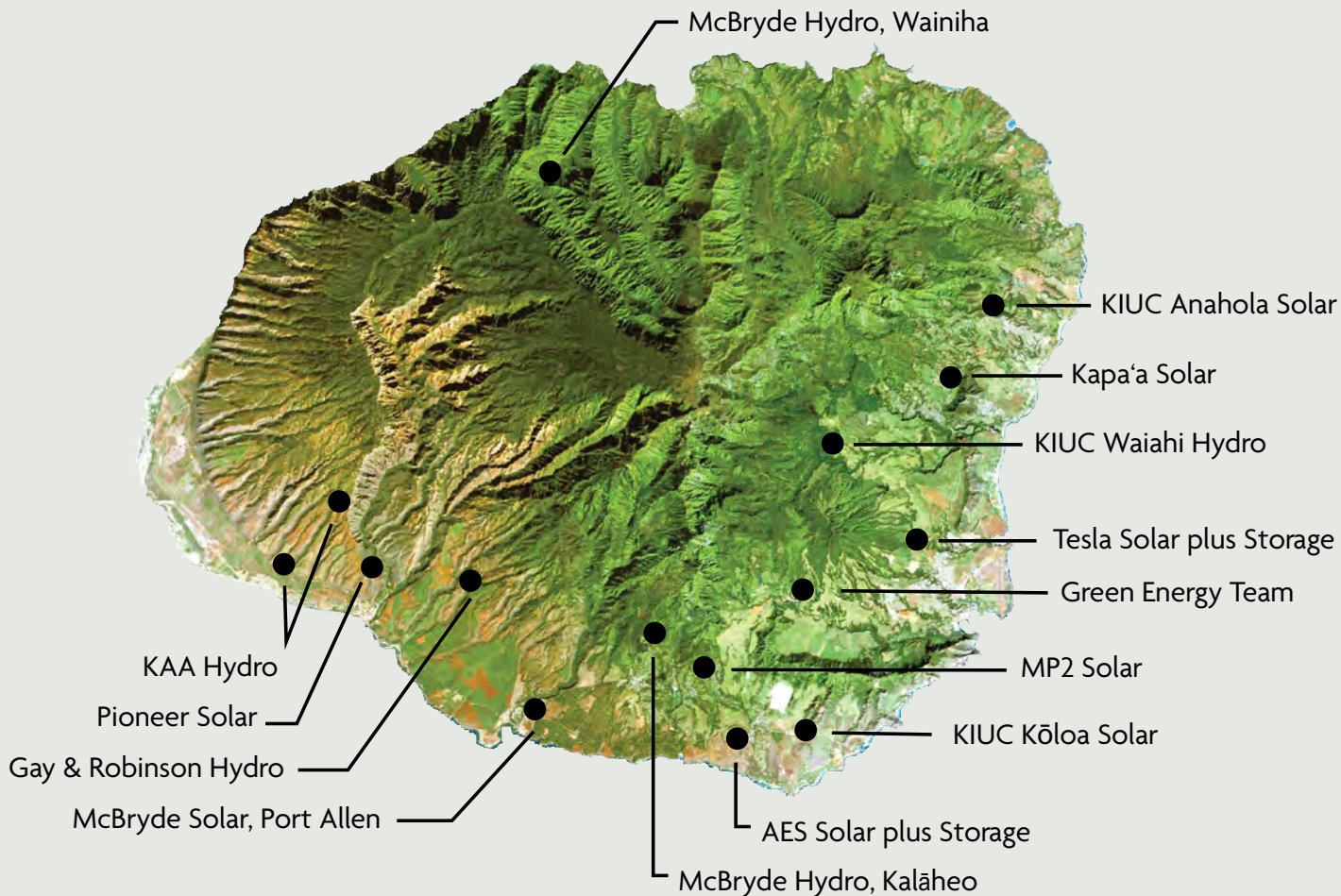


In 2008, KIUC embarked on perhaps the most ambitious shift to renewable energy sources anywhere in the American electric utility industry. Between 2007 and 2016, renewables increased from six percent of sales to 36 percent.

The KIUC Board of Directors is confident the cooperative will reach its goal of 70 percent renewable by 2030—a full decade ahead of the Hawai'i statewide goal.

It is notable that in 2016, on some individual days, KIUC derived 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.

Due to a variety of factors, KIUC is left largely with solar and small hydro to achieve its renewable goals. Even with these challenges, fifteen years after our formation as a co-op, KIUC is regarded as one of the nation's most progressive, forward-thinking electric utilities.

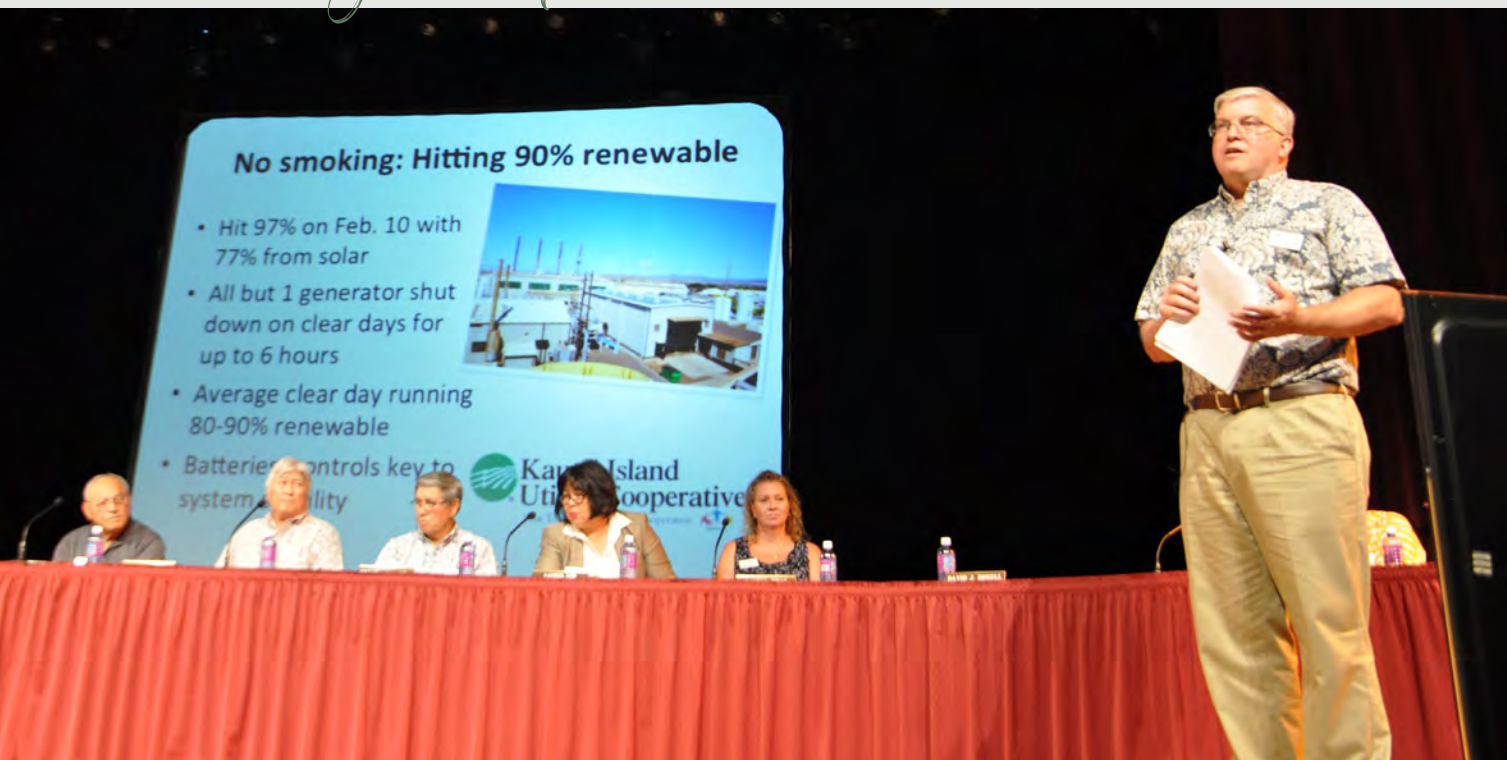


	Type	MW	% of Sales
Active In Use			
KIUC, Kōloa	Solar	12.0	5.0
KIUC, Anahola	Solar	12.0	5.0
Green Energy Team	Biomass	7.0	11.4
McBryde, Port Allen	Solar	6.0	2.7
McBryde, Wainiha	Hydro	4.0	3.6
KIUC, Waiahi	Hydro	1.5	2.0
McBryde, Kalāheo	Hydro	2.0	1.0
Gay & Robinson, Olokele	Hydro	1.3	0.9
KAA, Waimea/Kekaha	Hydro	1.5	0.9
Pioneer, Waimea	Solar	0.3	0.1
Kapa'a Solar	Solar	1.0	0.4
Tesla Solar Storage	Solar	13.0	5.0
MP2, 'Ōma'o	Solar	0.3	0.1
Customer Solar	Solar	22.0	4.5
Under Construction/Permitting			
Gay & Robinson, Olokele	Hydro	6.0	4.2
AES Lāwa'i Solar Storage	Solar	20.0	11.0
Customer Solar	Solar	5.0	1.0
Under Consideration			
Westside Pumped Hydro Storage	Hydro	25.0	14.0
Solar plus Storage	Solar	12.0	7.0

**Total Renewable
Energy in Service 2017**
83.9 MW/42.6%

**Potential Renewable
Energy in Service 2025**
151.9 MW/79.8%

Strategic Goals and Actions



In 2016, the KIUC Board of Directors undertook the task of updating its Strategic Plan 2013-2025. After a series of public meetings in the fall, the following strategic goals and actions were drafted for inclusion in the updated plan:

- ❖ 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.
- ❖ 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.
- ❖ Hold controllable cost increases at or below the actual level of inflation, and maintain system reliability at 99.96 percent or better availability.
- ❖ 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.
- ❖ 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.
- ❖ Maintain a prudent financial structure and access to capital.



- ❖ 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.”
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.

2016 Accomplishments



Renewable Energy

- ❖ Green Energy Biomass plant, the nation's first closed-loop "bio-mass to electricity" plant in Kōloa, begins operation in January 2016, producing enough energy to power 8,500 homes daily
- ❖ The Hawai'i Public Utilities Commission approves two new renewable energy projects:
 - ◆ 13MW, Tesla solar-plus-battery storage project
 - ◆ 6MW Gay & Robinson hydroelectric project
- ❖ Cumulative residential rooftop solar installations total 3,390; nearly 13 percent of KIUC customers
- ❖ Tesla's 13MW solar-plus-battery storage project nears the end of construction: the first of its size and scale in the world
- ❖ A power purchase agreement is signed with AES Distributed Energy to develop a 20 MW solar-plus-battery storage facility, slated to be operational by the end of 2018
- ❖ KIUC Board drafts Strategic Plan update with new renewable target of 70 percent by 2030
- ❖ 2016 ends with 36 percent renewable energy

Going Green

- ❖ KIUC cuts amount of carbon dioxide (CO₂) released by power plants to 225,000 tons, well below the 247,000 tons released in 1990
- ❖ Diesel use is reduced by one-third, or 10 million gallons, from 2008 to 2016
- ❖ In a partnership with the County of Kaua'i, KIUC undertook installation of LED streetlights on all 3,500 fixtures throughout Kaua'i
- ❖ Renewable penetration for Kaua'i reaches 97 percent on most sunny days beginning mid-2016

Focus on Member Benefits

- ❖ Installed a new customer information system, “SmartHub,” allowing members to view their energy use online, giving those who register the option to pay their bills online
- ❖ Began a rate design “Time of Use” rate study
- ❖ Collaborated with the County of Kaua’i on Home Efficiency Program providing energy and water efficiency items free of charge to 66 eligible homes
- ❖ The average price per kilowatt hour for KIUC members was down 18 percent in 2016 when compared to 2008

Increased Financial Stability

- ❖ Refinanced \$130 million of original acquisition debt, reducing interest expense by \$1.2 million a year and more than \$10 million over the life of the loan
- ❖ Long term power purchase agreements with Tesla and AES, at 13.9 cents and 11 cents per kWh respectively, come in below the current cost of diesel and provide downward pressure on rates

Environmental Stewardship

- ❖ Continued work on seabird mitigation efforts with expenditures of \$2.5 million yearly; tested lasers as part of seabird protection efforts

Award Winning

- ❖ Smart Electric Power Alliance (SEPA) ranked KIUC No. 7 on list of U.S. electric utilities that added the most new solar power onto their systems on a watts-per-customer basis in 2015
- ❖ Awarded the energy technology award at the 8th Annual Hawai’i Clean Energy Day Conference on August 16
- ❖ KIUC Power Supply Manager Brad Rockwell was recognized with an Energy Storage North America 2016 Utility Champion Award for his innovation and leadership in energy storage and positive impact on the energy storage industry
- ❖ Received Contractors Association of Kaua’i 2016 Robert H. Rask Community Service Award





Summary of Operations

For the period 01/01/2016 through 12/31/2016

The KIUC results of operations for the year ended December 31, 2016 remained strong. Revenues were the same as the prior year despite a 1.6% increase in electricity usage on the island. The offset was due to a 4% decrease in fuel and purchased power costs. In 2016, KIUC's members spent \$2.5 million less in fuel and purchased power costs than in the prior year. This was primarily due to KIUC shifting approximately 58,900 MWh of generation from fossil fuel to renewable energy as compared to the prior year. The cooperative 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 \$143.5 million, \$136.9 million, and \$6.6 million, respectively, for the twelve-month period ending December 31, 2016.

As is the case for all electric utilities, the cost of power generation is the largest expense, totaling \$74.0 million or 51.6% of revenues. Commodities, which are fuel and purchased power costs, are the largest component of power generation totaling \$57.3 million or 39.9% of revenues. Currently, fossil fuel is the largest component of commodities totaling \$34.5 million or 24.1% of revenues. Other commodities include hydro power totaling \$4.6 million or 3.2% of revenues, solar power totaling \$5.4 million or 3.7% of revenues, and biomass power totaling \$12.8 million or 8.9% of revenues. The remaining \$16.7 million or 11.7% of revenues represents the cost of operating and maintaining the generating units.

The cost of operating and maintaining the electric lines totaled \$5.9 million or 4.1% of total revenues. The cost of servicing our members totaled \$2.0 million or 1.4% of revenues. 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 \$16.9 million or 11.8% of revenues.

Being very capital intensive, depreciation and amortization of the utility plant costs \$18.5 million or 12.9% of revenues. Although not subject to federal income taxes, state and local taxes amounted to \$12.1 million or 8.4% of revenues. Interest on long-term debt, at a very favorable sub-5% interest rate, totals \$7.7 million or 5.3% of revenues. Non-operating net margins added \$0.2 million to overall net margins. Revenues less total expenses equal margins of \$6.6 million or 4.6% of total revenue. Margins are allocated to consumer members and paid when appropriate.

The financial benefit (direct and indirect) to KIUC members is significant. Since 2002, KIUC has returned \$33.9 million to members in the form of Patronage Capital Retirements and billing credits. Also, KIUC contributed \$71,452 to local nonprofits and community organizations in 2016.

In addition, the indirect financial benefits (i.e., ownership) include patronage capital that is held by KIUC on behalf of its members to potentially be distributed at future dates as determined by the KIUC Board of Directors. This amounts to \$102.6 million in indirect financial benefits to KIUC members as of December 31, 2016.

Balance Sheet

December 31, 2016 and 2015

	December 31,	
	2016	2015
Assets		
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 531,571,236	\$ 546,374,192
Electric Plant Acquisition Cost	54,852,453	54,852,453
Accumulated Depreciation and Amortization	(277,043,994)	(265,316,187)
Net Electric Plant in Service	309,379,695	335,910,458
Construction Work in Progress	10,497,169	8,311,847
Net Utility Plant	319,876,864	344,222,305
OTHER INVESTMENTS		
Investments in Associated Organizations	1,035,816	889,780
Rural Economic Development Loans	1,162,866	873,750
Total Other Investments	2,198,682	1,763,530
CURRENT ASSETS		
Cash & Cash Equivalents	11,059,315	19,447,410
Restricted Cash & Cash Equivalents	2,267,151	2,126,117
Accounts and Notes Receivable (Less allowance for doubtful accounts of \$225,000 in 2016 and \$688,103 in 2015)	10,066,400	9,423,591
Accrued Unbilled Revenue	7,560,590	6,599,036
Inventories	13,796,978	14,538,474
Other Current Assets	1,340,101	1,431,463
Total Current Assets	46,090,535	53,566,091
POST-RETIREMENT BENEFIT ASSET	864,300	1,252,400
DEFERRED DEBITS	11,436,894	10,509,802
Total Assets	\$ 380,467,275	\$ 411,314,128
Equities and Liabilities		
EQUITIES		
Memberships	\$ 499	\$ 483
Patronage Capital	102,596,914	96,389,604
Other Equity	577,525	397,441
Post-retirement Benefit Obligation Gain (Loss)	(194,000)	(259,000)
Controlling Equity Interest	102,980,938	96,528,528
Capital Account - A&B KRS II LLC	21,517,825	22,702,967
Non-Controlling Equity Interest	21,517,825	22,702,967
Total Equities	124,498,763	119,231,495
LONG -TERM DEBT, Less Current Maturities	208,649,723	187,819,625
ASSET RETIREMENT OBLIGATIONS	2,362,254	2,278,249
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	14,802,318	13,952,739
Line of Credit	5,308,600	59,500,000
Accounts Payable	5,276,775	5,617,070
Energy Rate Adjustment Clause	355,924	1,259,609
Consumer Deposits	1,674,548	1,593,707
Accrued Employee Compensation	1,839,328	2,047,106
Accrued Taxes	6,185,140	6,218,963
Other Current and Accrued Liabilities	611,585	729,181
Total Current Liabilities	36,054,218	90,918,375
DEFERRED CREDITS	8,902,317	11,066,384
Total Liabilities and Equities	\$ 380,467,275	\$ 411,314,128

Statement of Income and Patronage Capital

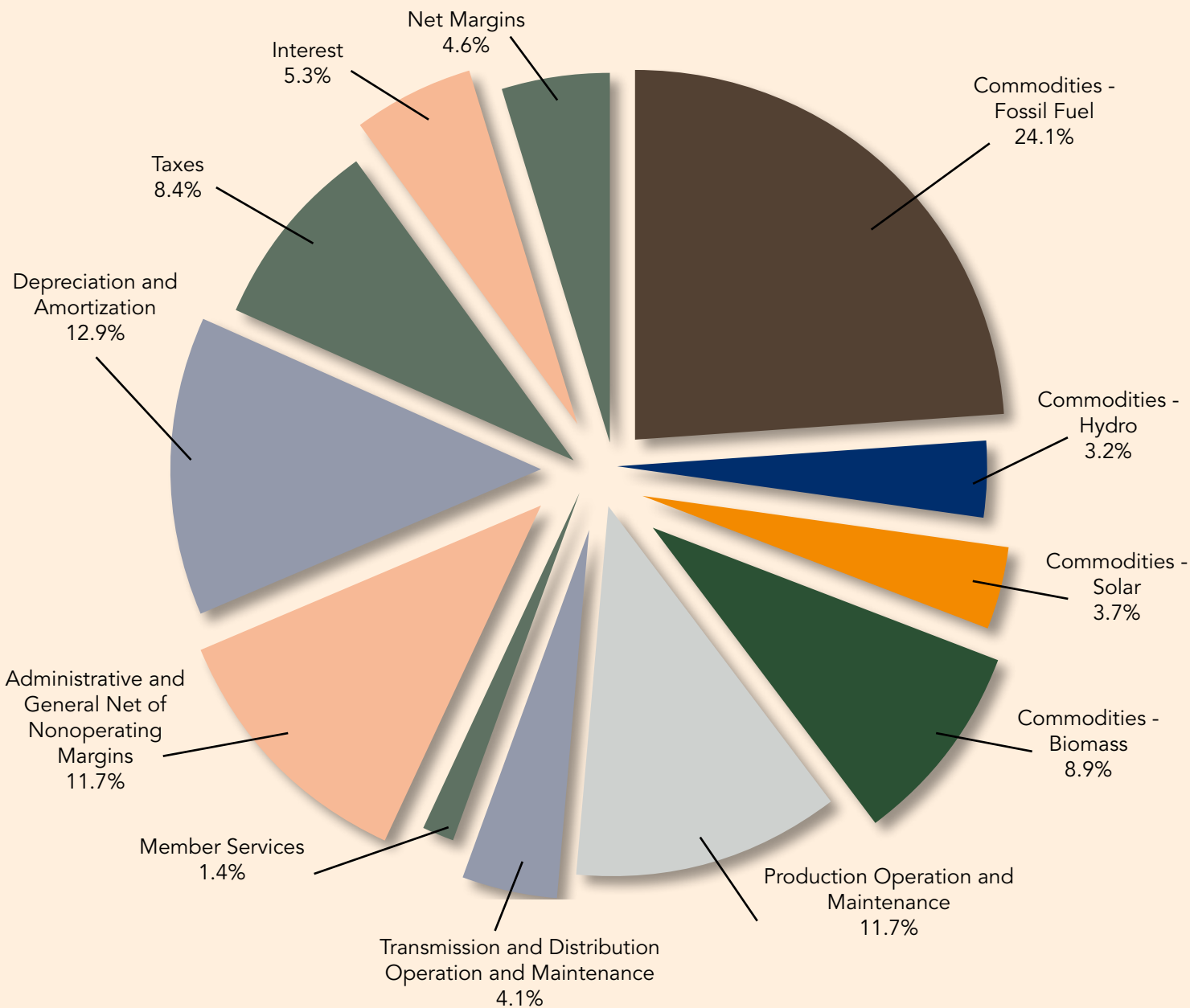
For the years ended December 31, 2016 and 2015

	Year Ended December 31,	
	2016	2015
OPERATING REVENUES		
Residential	\$ 55,787,616	\$ 55,512,573
Irrigation	16,264	59,629
Commercial and Industrial	85,934,227	86,013,501
Public Street and Highway Lighting	1,268,893	1,362,924
Other Operating Revenues	491,563	508,142
Total Operating Revenues	<u>143,498,563</u>	<u>143,456,769</u>
OPERATING EXPENSES		
Power Cost	74,024,340	75,873,417
Transmission - Operation	383,830	408,792
Transmission - Maintenance	776,727	576,009
Distribution - Operation	1,380,267	1,264,327
Distribution - Maintenance	3,389,191	3,058,602
Customer Accounts	1,555,263	2,278,950
Customer Service and Information	442,917	597,264
Administrative and General	16,927,136	16,717,504
Depreciation and Amortization	18,472,511	17,018,391
Taxes	12,060,249	12,100,554
Accretion Expense	84,005	41,053
Other Interest Expense	533,276	1,371,908
Total Operating Expenses	<u>130,029,712</u>	<u>131,306,771</u>
OPERATING MARGINS - Before Interest	13,468,851	12,149,998
INTEREST ON LONG-TERM DEBT	7,657,491	7,529,211
OPERATING MARGINS	5,811,360	4,620,787
NONOPERATING MARGINS		
Interest Income	683,733	613,607
Allowance for Funds Used During Construction	-	1,098,704
Capital Credits	143,430	97,309
Other Nonoperating Income (Expense)	36,996	(534,698)
Total Nonoperating Margins	<u>864,159</u>	<u>1,274,922</u>
NET MARGINS	<u>6,675,519</u>	<u>5,895,709</u>
Net Loss (Margins) Attributable to Non-controlling Interest	(78,602)	55,172
NET MARGINS - COOPERATIVE	<u>\$ 6,596,917</u>	<u>\$ 5,950,881</u>
PATRONAGE CAPITAL - BEGINNING OF YEAR	\$ 96,389,604	\$ 92,527,762
Allocation of Net Margins	6,596,917	5,950,881
Patronage Capital Retired	(389,607)	(2,089,039)
PATRONAGE CAPITAL - END OF YEAR	<u>\$ 102,596,914</u>	<u>\$ 96,389,604</u>

Statement of Cash Flows

For the years ended December 31, 2016 and 2015

	December 31,	
	2016	2015
OPERATING ACTIVITIES		
Net Margins	\$ 6,596,917	\$ 5,950,881
Adjustments to Reconcile Net Margins to Net Cash from Operating Activities		
Depreciation and Amortization	19,004,772	17,510,336
Accretion of Asset Retirement Obligation	84,005	41,053
Interest Earned on Cushion of Credit	(666,463)	(634,155)
Capital Credit Allocations	(143,430)	(97,309)
Net Margins Attributable to Non-controlling Equity Interest	78,602	(55,172)
Change in Assets and Liabilities:		
Accounts Receivable and Unbilled Revenue	(1,604,363)	2,197,639
Energy Rate Adjustment Clause	(903,685)	149,839
Inventories and Other Current Assets	832,858	(354,980)
Deferred Debits	(927,092)	(2,979,055)
Post Retirement Benefit Obligation	453,100	(492,700)
Payables and Accrued Expenses	(1,114,250)	(3,457,170)
Deferred Credits	(2,164,067)	(544,895)
Net Cash from Operating Activities	19,526,904	17,234,312
INVESTING ACTIVITIES		
Additions to Utility Plant, net	(12,855,132)	(33,371,749)
Grant Funds and Tax Credit Applied to Utility Plant	18,691,400	-
Rural Economic Development Loans	(289,116)	199,563
Other Investments	(2,606)	(676)
Net Cash used for Investing Activities	5,544,546	(33,172,862)
FINANCING ACTIVITIES		
Borrowings from Long-Term Debt	166,082,640	10,961,000
Principal Payments on Long-Term Debt	(143,736,500)	(12,626,467)
Net Activity on Line of Credit	(54,191,400)	20,500,000
Distribution to Non-controlling Equity Interest	(1,263,744)	(1,170,852)
Memberships	16	16
Other Equities	180,084	1,108
Retirement of Patronage Capital	(389,607)	(2,089,039)
Net Cash from Financing Activities	(33,318,511)	15,575,766
CHANGE IN CASH AND CASH EQUIVALENTS	(8,247,061)	(362,784)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	21,573,527	21,936,311
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,326,466	\$ 21,573,527
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	8,190,767	8,902,286
Income Taxes	25,500	31,508
Noncash Investing Activities:		
Liabilities Incurred for Asset Retirement Obligations	-	1,097,446
Liabilities Incurred for Utility Plant Additions	495,599	-



Commodities - Fossil Fuel	34,559,063
Commodities - Hydro	4,615,887
Commodities - Solar	5,371,486
Commodities - Biomass	12,763,157
Production Operation & Maintenance	16,714,746
Transmission & Distribution Operation & Maintenance	5,930,015
Member Services	1,998,180
Administrative & General Net of Non-Operating Margins	16,758,860
Depreciation & Amortization	18,472,511
Taxes	12,060,249
Interest	7,657,491
Net Margins	6,596,917

Governor David Ige:

"Kaua'i is really leading the way in showing how a mix of resources – solar, hydro, biomass – can be integrated reliably onto the grid and help move us toward our mandate of being 100 percent renewable by 2045."

Senate President Ron Kouchi:

"Through sound and visionary leadership, KIUC continuously sets, achieves, and exceeds its goals for energy independence through renewable energy sources and has become the benchmark for our state's utility companies. Our Kaua'i Legislative delegation is proud to call KIUC our community partner."

Mayor Bernard P. Carvalho, Jr.:

"The KIUC Board is to be commended for setting an aggressive target and leading the state in progress on renewables over the past eight years. As member-owners of our cooperative we can all be proud that we are stepping up to the plate and being a leader not only in Hawai'i, but in the world."



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

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.



4463 Pahe'e Street, Suite 1, Līhu'e, HI 96766-2000
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Journey Into the Face of History

Each June, four Kaua'i students attend the National Rural Electric Cooperative Association Youth Tour to Washington, D.C. The 2017 students were Riley Davalos of Waimea High School, Emily Sullivan from Island School, Leanna Thesken of Kaua'i High School and Larissa Tsai of Kapa'a High School.

The KIUC delegates travel to Kansas, where we partner with Kansas Electric Cooperatives students to form the Hawai'i/Kansas delegation. Our group of 40 students meet up with nearly 1,700 other students from electric cooperatives across the country, and converge on our nation's capital for the Youth Tour, where they visit monuments and museums, meet with our Congressional representatives, learn about leadership and the cooperative business model, and forge lifelong friendships.

On the following pages are the impressions of Larissa and Emily, as well as a speech that Leanna presented as the Youth Leadership Council delegate from Hawai'i.

By Larissa Tsai

Life is filled with many wonderful opportunities, but sometimes we pass those up because we're scared of the risks, changes and work we have to go through to gain it. Two days before the Youth Tour application deadline, our counselor gathered the juniors and informed them about the KIUC youth tour. Thirty or so had showed up to the meeting with interest, but as they found out that the deadline was in two days, with an application to fill out, a one-page essay to complete, knowledge of the fact that not all applicants would be selected to interview, and that likely there would be only one student from Kapa'a selected to go. Many had, by the end of the meeting, lost interest. For a minute, even I had thought, "I don't stand a chance."

Opportunities like these always seemed to be given to other people. You'd hear something about someone winning a lottery, or a free car, and you'd think, "Wow, I wish I had that kind of luck, but that could never happen to me." I realized that if you don't try, you're already eliminating your own chances of ever succeeding, but if you do try, bet on that slight possibility, because it never hurts to try and give it your best, than to spend eternity wondering what could have happened.

In the end, only four people had put in the work to apply, and they were all interviewed. By the end of that, I had come out as Kapa'a High School's student representative in the KIUC Youth Tour.

I never imagined how much I could learn from this trip, and I never imagined that I would be going on an all-expense-paid trip to Washington, D.C. Here in the heart of the government, here in the face of history and culture, I was there as a small island girl. It was my first trip to the mainland, and I could never imagine that it could be so inspiring.

The military presence on the mainland seemed much more prominent, and visiting the memorials for our fallen soldiers has given me a newfound admiration for the dedication that the armed forces put into protecting the right of our freedom.

Many of the things I've experienced were firsts for me as well. I got to experience a professional baseball game while eating a hotdog, see a live musical of The Sound of Music at




"We don't get unlimited chances to have the things we want, but nothing is worse than missing an opportunity that could have changed our life." --Author unknown

the Kennedy Center, and visit Old Town Alexandria, which was so beautiful and cutely vintage.

The history that filled Washington was overwhelming. We often learn about our country's history in class, but it can all sound far away, kind of like a story, until I was there, witnessing it in the flesh, whether it be at the museums we went to, or the monuments and memorials we visited. These people had left a legacy, they had left a mark on the world, and we were standing in that same spot that made history, today, a couple centuries from then.

Meeting our Congressional representatives was also inspiring, seeing all the work they put into managing our state affairs while being so far away in D.C. It inspired me to become a leader that always works selflessly with their people in mind.

I also met a lot of new people, and made great friends that would someday, hopefully in the future, still stick with me.

The mainland was all so new and inspiring to me, and I can never be thankful enough for this opportunity that had opened itself to me, for those two weeks of adventure, and for an experience of a lifetime. 



By Emily Sullivan

The ZAPS program of 2010 is my first fond memory of Kaua'i Island Utility Cooperative. Other elementary students and I completed all sorts of cool activities revolving around electricity, forms of energy, and renewables. On the last day, I ran a table and explained to parents and members of the community how a solar-powered toy car worked. ZAPS was a great experience! I think I still have the tiny car we used as a demonstration, even if I've now lost my habit of saying KIUC rather than KIUC.

So, seven years later, when I was eligible to participate in the Youth Tour Program that KIUC sponsored, I thought, "Sure! Why not? Free trip to D.C.? Heck yeah!"

I thought Youth Tour would be just that: a great way to get off Kaua'i and explore a new place. I remember packing my suitcase the day before, driving to the airport, and eventually, hours and several flights later, arriving at our hotel, and meeting the Kansas delegation the next day.

Some things in Kansas were different: squirrels, later sunsets, an ability to drive for an hour and still not be at your destination, and discomfort with lei-giving, but for the most part, it was a normal trip. That is, until the next day.

All the Kansas-Hawai'i delegates toured a Kansas electric cooperative, learned about power line safety, took a bucket

ride and tried on lineman gear. This was all fun, but something we didn't hear so much about was renewable energy sources. In Kansas, more energy came from sources like coal. In Kaua'i, more energy comes from projects such as the Tesla solar farm with hard core batteries, five hydro plants across the island, and a high-tech biomass plant with the Green Energy Team. Touring the Kansas cooperative made me realize how much I take KIUC's progressive stance towards renewables for granted. I assumed that if a tiny island like Kaua'i was so focused on renewable energy, then everywhere else must be, too. My assumption didn't seem to be the case. In reality, Kaua'i and KIUC are leaders in the energy field.

The Kansas-Hawai'i delegation toured several other areas in Kansas and flew into Washington, D.C. There, Youth Tour became even more amazing.



The first day in D.C. involved touring the Pentagon Memorial. Over the course of that week, we saw so many other interesting places: Arlington Cemetery, the Peterson House, the Newseum, just to name a few. These places were interesting because of their location and their architecture, and the history behind them, but they were important because of the people they represented.

Seeing these places really helped me to understand the magnitude of historical events—the number of people who

By Leanna Thesken, Youth Leadership Council

Sixty thousand nautical miles. One hundred and fifty ports. Twenty-three nations. And over 100,000 people. All connected through one voyage of the Hokule'a—a three-year sail around the globe that navigated the world's seas through the ways of our ancestors using only the sun, stars, waves and clouds. A remarkable journey representing key values of lokahi (teamwork), kakou (togetherness), alaka'i (leadership), 'ike loa (learning) and ho'oumau (perseverance).

Four thousand eight hundred and eighty-two miles. The distance in which I traveled on Youth Tour to Washington, D.C. While it may just be a fraction of the Hokule'a's distance, Youth Tour led us on a voyage of discovery. Just like the Hokule'a, we were given a once-in-a-lifetime opportunity. The chance to go out into the open sea of possibilities. The ability to reach our wildest dreams beyond the horizons. A journey that taught us it is not only about the destination.

As we prepared for our voyage on Youth Tour, the sea of D.C. seemed like a scary place. Washington was perceived as a frantic metropolis. Politics were generating big waves, city crimes were clouding the skies, and big decisions were shifting the wind's sails. Despite what the big city was being depicted as, kakou, we came together. The Hawai'i and Kansas delegation joined as one crew as we parted on our journey. At first glance, Hawai'i and Kansas may seem like an odd pairing with lots of major differences. But it was in those contrasts that we truly connected. Although we may come from different demographics—like the middle of the ocean and the middle of the nation—we bonded through our dreams and aspirations. We believed that this is our time for our voices to be heard. We helped each other grow as leaders. And we united together.

As we navigated the bustling city streets of D.C., we worked as a team—lokahi. Sure, it was not hard to lose a group of 40 neon-colored shirts, but it was in our week of being together that we


have died in national conflicts, the assassination of the 16th U.S. president, and the bravery of thousands of reporters around the world. It's important to understand that these people are the people who have changed our country's history and legacy today with their decision-making.

KIUC also organized meetings with Congresswoman Colleen Hanabusa, Congresswoman Tulsi Gabbard, and Sen. Brian Schatz which enabled us to see how decision-making functions in our government today.

But the places, people and history that we learned about was still just one of the great parts of Youth Tour. The week that we were in Washington D.C., we met students from all over the country. We got to spend time with them, talking, having discussions, debating, and of course, trading state pins. It was eye-opening to have a dialogue with other students who had been raised in such different places, with different religions, different ideals and different opinions. Allowing students to interact like this is what allows us to learn to consider the opinions of others, to be open-minded to different ideas. I met dozens of people with drastically different opinions on everything, from food preferences to the education system. Learning in an environment where many of your peers share similar ideas and have grown up with similar backgrounds is not an environment in which students change opinions or learn as much as they could otherwise. Our political system is based on a country of diverse individuals that have separate opinions and make their own decisions. KIUC provided a great opportunity to my peers and me that exposed us to different



ideas and places and taught us several important lessons, just as they did years ago with ZAPS.

Now as I'm back home, reflecting on Youth Tour I realize that the most valuable part of this trip wasn't the history in D.C. or the different people and ideas we encountered, but the way they all connect back at home. KIUC plans to become 100 percent renewable energy at some point in the future. To do this, there will need to be leaders in KIUC, leaders in the legislature, leaders in the community who help make this far-off goal reality. This kind of leadership will be achieved by individuals who value good decision-making and are able to communicate with others, despite differences in opinion and background. These individuals will come from my generation, and Youth Tour is a program that can teach students like my peers and me the skills we will need in the future. 




saw each and every person's own true colors. I remember when we visited Fort McHenry and were given the opportunity to unravel the star spangled banner. The flag taught us the worth of our united nation. Just like the massive sails that supported the Hokule'a, the flag stood tall amidst a treacherous battle. After the Hokule'a's journey around the globe, the emotions of their homecoming held similar feelings after the Battle of Baltimore. Feelings of pride and gratitude for those who risked their lives to bring about a greater community of freedom and knowledge. The star spangled banner and the Hokule'a both remain as symbols of culture and history that could've been lost.

Our journey continued as we embraced Capitol Hill and the wonders it had to offer. We let our voices be heard by our congressional members who understand and acknowledge the hardships that our own voyages entail. It was in the capitol that our alaka'i (leadership) shined through. We engaged in 'ike loa (learning) about what it takes to keep our country sailing

smoothly. The simple sight of seeing everything moving at such a fast pace was an incredible observation for us. Nothing like we're used to back at home.

Our days were filled with activities from the brink of morning till the dusk of night. As we experienced all the glory of D.C. in such a short amount of time, we really learned the skill of ho'omau—perseverance. We encountered rough waters during the days of extreme heat and exhaustion, but it was in those moments of trial that we came together as one crew.

My greatest mahalo and thank you to NRECA and Kaua'i Island Utility Cooperative for allowing us to navigate our voyage of the future. We all stand here as testaments of the significance of Youth Tour and how greatly it has impacted our lives. You have invested in us, and we thank you for that. We are the students. We are the navigators. You have given us the stars, and it is now our time to follow them. This is not the end. It is only the beginning of our voyage. Mahalo nui loa. 



Warm Veggie Dip

- 1 large zucchini, grated
- 1 Tablespoon garlic, minced
- 1 can artichoke bottoms, chopped
- 1 can chopped olives
- ¼ cup green olives stuffed with pimentos, chopped
- ½ cup shredded parmesan cheese
- 1 block cream cheese
- 1 cup Greek yogurt
- Heat oven to 350 F.
- Combine all ingredients and bake for 30 minutes. Serve with vegetable sticks, chips or bread.

Zucchini Pie Italian Style

Recipe contributed by Marj Dente

- 4 eggs
- ½ cup vegetable oil
- ½ cup grated parmesan cheese
- 1½ cups regular or gluten-free Bisquick
- 4 zucchinis (about 4 cups), thinly sliced
- 1 large onion, diced
- 5 garlic cloves (at least), pressed or chopped fine
- Salt and pepper to taste
- Paprika

Heat oven to 350 F.

Mix all ingredients. Put into a greased 8-inch-by-8-inch pan. Sprinkle grated cheese on top. Paprika can be added on top for more color.

Bake for 30 to 45 minutes. Cut into squares and serve hot.



Pickled Papaya

- 1 large green papaya, cleaned and sliced
- 1 handful Hawaiian salt
- Water
- 1¼ cup sugar
- 1 cup Japanese rice vinegar
- Red food coloring
- 1 package Family brand dried li hing mui
- Soak the slices of papaya in Hawaiian salt and water overnight. Drain and rinse the papaya. In a pot, boil sugar and vinegar. Let cool and pour over papaya slices. Add li hing mui and food coloring as desired. Let sit for a week before eating.

Baked Rosemary Garlic Chicken with Balsamic Reduction

2 boneless skinless chicken breasts
3 Tablespoons olive oil
Rosemary, chopped
2 cloves garlic, chopped
¼ teaspoon salt
¼ teaspoon pepper
½ cup balsamic vinegar

Heat oven to 450 F.

Sprinkle salt and pepper on the chicken, then marinate in the olive oil, rosemary and garlic for 30 minutes. Bake for 20 minutes.

While chicken is baking, bring vinegar to a boil in a small saucepan. Lower the heat and stir so it doesn't burn or stick to the bottom. Cook for about 10 to 15 minutes or until the vinegar starts to thicken. Take the chicken out of the oven and drizzle with balsamic reduction.



Scalloped Potatoes with a Twist

Recipe contributed by Marj Dente



6 cooked medium-sized potatoes
4 hard-boiled eggs, shelled
1 cup sour cream
1 can cream of chicken or cream of mushroom soup
1 teaspoon salt
¼ teaspoon pepper
¼ teaspoon curry powder
½ cup soft or fine bread crumbs
½ cup grated cheddar cheese
Paprika

Heat oven to 350 F.

Place potatoes in a pan with eggs on top, with sufficient water to cover all. Bring to a boil. After 8 to 10 minutes, remove eggs. Shell them when cool. Continue to boil potatoes until cooked but still firm. When cool, peel and cut into ¼-inch slices. Cut eggs into ¼-inch slices.

Make a sauce out of sour cream, soup, salt, pepper and curry powder. Do not add water to the soup.

Grease a 9-inch-by-11-inch pan. Put a small amount of sauce on the bottom. Alternate layers of potatoes, eggs and sauce. Add cheese and bread crumbs on top. Paprika may be sprinkled on top for more color.

Bake for 30 minutes. This dish can be made ahead of time, refrigerated and baked as needed. Do not freeze, which causes eggs to get rubbery. This dish is particularly good with salmon.

Calling All Student Artists!

2018 KIUC Calendar of Student Art

Encouraging a Lifelong Love of Art

KIUC's 15th Annual Calendar of Student Art Contest is excited for new entries from Kaua'i students. The program was designed in 2003 to inspire and promote young artists on the island. Our 2018 contest will continue to celebrate the arts and showcase each grade level's student talent. It is our hope that participation in the contest will play a part in encouraging a lifelong love of art.

Who Can Enter

Any Kaua'i student attending any public or private school or schooled at home who is in kindergarten through grade 12. Students may enter as often as they wish.

Deadline for submissions is October 17, 2017.

For more information visit, www.kiuc.coop, and look for Calendar of Student Art under the "Community" tab.



Statement of Operations

For the period January 1, 2017, to June 30, 2017

We are pleased to report the KIUC results of operations through June 30, 2017, are favorable. The Tesla dispatchable solar plant is fully constructed and in full operation providing renewable energy to KIUC.

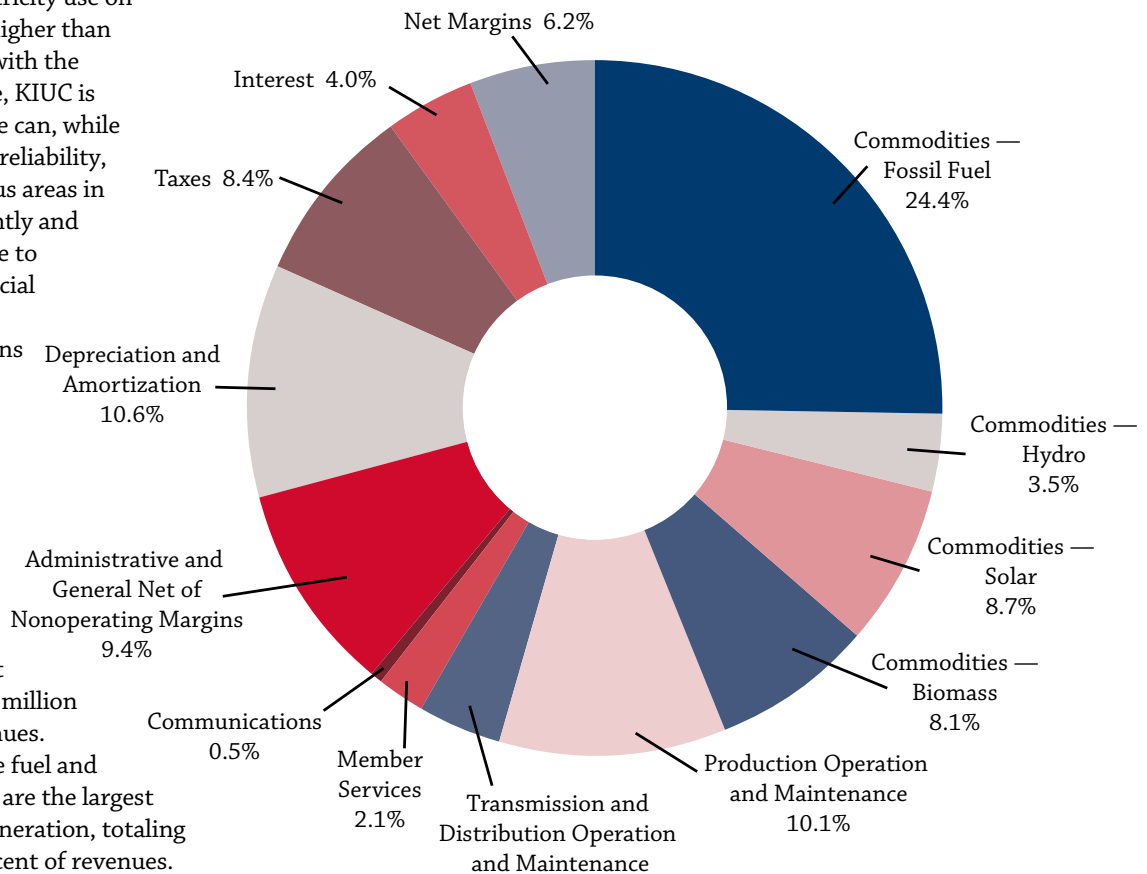
The year-to-date electricity use on the island is 3 percent higher than in the prior year. Even with the increase in sales volume, KIUC is still doing everything we can, while maintaining safety and reliability, to reduce costs in various areas in order to operate efficiently and effectively, and continue to maintain a strong financial position. Revenues, expenses and net margins totaled \$71.8 million, \$67.3 million and \$4.5 million, respectively, for the six-month period ending June 30, 2017.

As is the case for all electric utilities, the cost of power generation is the largest expense, totaling \$39.3 million or 54.8 percent of revenues. Commodities, which are fuel and purchased-power costs, are the largest component of power generation, totaling \$32 million or 44.7 percent of revenues. Currently, fossil fuel is the largest component of commodities, totaling \$17.5 million or 24.4 percent of revenues.


Other commodities include hydropower, totaling \$2.5 million or 3.5 percent of revenues; solar power, totaling \$6.2 million or 8.7 percent of revenues; and biomass power, totaling \$5.8 million or 8.1 percent of revenues. The remaining \$7.3 million or 10.1 percent of revenues represents the cost of operating and maintaining the generating units.

The cost of operating and maintaining the electric lines totaled \$2.9 million or 4 percent of total revenues. The cost of servicing our members totaled \$1.5 million or 2.1 percent of revenues. The cost of keeping our members informed totaled \$0.4 million or 0.5 percent of revenues. Administrative and general costs, which include legislative and regulatory

PERCENTAGE OF TOTAL REVENUE



expenses, engineering, executive, human resources, safety and facilities, information services, financial and corporate services, and board of director expenses, totaled \$7 million or 9.8 percent of revenues.

Being capital intensive, depreciation and amortization of the utility plant costs \$7.6 million or 10.6 percent of revenues. Although not subject to federal income taxes, state and local taxes amounted to \$6 million or 8.4 percent of revenues. Interest on long-term debt, at a favorable sub-5 percent interest rate, totals \$2.9 million or 4 percent of revenues. Non-operating net margins added \$0.03 million to overall net margins. Revenues less total expenses equal margins of \$4.5 million or 6.2 percent of revenues. Margins are allocated to consumer members and paid when appropriate. 

September 2017
Volume 14, Number 3

David Bissell
President and CEO

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Vice Chairman: Jan TenBruggencate
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4463 Pahe'e Street, Suite 1
Lihu'e, Hawai'i 96766-2000
808.246.4300 ■ www.kiuc.coop
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