

**14<sup>TH</sup> ANNUAL MEETING OF THE MEMBERS  
OF THE**

**KAUAI ISLAND UTILITY COOPERATIVE**

Held at Kauai Community College, Performing Arts Center

Lihu'e, Kaua'i, Hawai'i

July 27, 2016

**MINUTES**

**1. Call to order and roll call.**

1.1 The meeting was called to order at 6:00 p.m.

1.2 **Directors Present:** Jan TenBruggencate (Chair), Dennis Esaki, David Iha, Calvin Murashige (Vice Chair), Allan Smith, Teofilo Tacbian (Secretary) and Peter Yukimura (Treasurer).

1.3 **In attendance:** David Bissell (CEO & President); Karissa Jonas (CFO & Financial VP), and General Counsel Laurel Loo); KIUC Members (150 approximately); numerous KIUC staff; and Members of the Press

1.4 **Excused:** Director Patrick Gegen

1.5 Chair TenBruggencate recognized special guests including former KIUC Board Chair Gregg Gardner, Roland Sagum and Nadine Nakamura.

**2. Invocation** – Directors David Iha and Allan Smith sang the Doxology and Queens Prayer.

**3. Pledge of Allegiance** – Director Peter Yukimura

**4. Approval of Minutes.**

4.1 A motion by Director Iha seconded by Director Smith to approve the minutes of the July 23, 2015 Annual Meeting of the Members carried unanimously.

**5. Chairman's Report.** Chair Jan TenBruggencate.

5.1 Kellen Paik of Kūpaoa was thanked for his music before the meeting.

5.2 The new SolarCity/battery project will move solar power to night use and further reduce KIUC's dependence on oil.

5.3 Chair TenBruggencate introduced each member of the Board and thanked them for their dedication and making tough choices when needed for the Cooperative. Newly appointed director Dee Crowell will be sworn in at the August Board meeting.

5.4 In 2008, the strategic plan goal was set to achieve 50% renewable by 2023. KIUC achieve this goal by 2017.

5.5 Director Esaki reported KIUC is an electric cooperative success story across the nation among other cooperatives. The Strategic Plan is being edited and will be presented at community meetings for member input.

6. **President's Report.** CEO, David Bissell reported.

- 6.1 CEO Bissell acknowledged the Directors and their contributions as members of the board and as community oriented individuals. Members of KIUC's Management team were recognized and introduced individually.
- 6.2 100% is the new renewable target for Hawaii by 2045. KIUC is currently at 40% renewable compared to 8% in 2006. It cost KIUC, developers and members \$350 million to achieve this goal. The increase in renewable power has reduced KIUC's fossil fuel consumption by 10 million gallons. Greenhouse gas emission levels are at 1990 levels.
- 6.3 2015 projects include Green Energy biomass which produces 13% of the islands energy and is the only closed loop biomass plant in the United States.
- 6.4 The Anahola solar project went into service in August of 2015. It is 12 megawatts (MW) the largest on Kauai and in Hawaii. This was built in cooperation with the Hawaiian community of Anahola beneficiaries and the Department of Hawaiian Home Lands. At the end of 25 years it will be owned by the beneficiaries. The project also includes 6MW of battery storage. The Koloa solar project came online in 2014.
- 6.5 The oldest technology on Kauai is the hydro plants. The upper and lower Waiahi plants offer the lowest cost of energy on the island.
- 6.6 KIUC has hit as high as 97% renewable penetration for a few minutes on a sunny day. Port Allen Generation Station (PAGS) is being routinely shut down for several hours during the day.
- 6.7 The newest project, SolarCity/Tesla, is designed to take solar generated during the daylight hours, store it in batteries, and release 52MWh at night. This is the first project of its type to be done in the utility industry. Projects similar to this might provide the answer to get to 100% renewable.
- 6.8 KIUC will continue to work hard to let members continue to put PV on their homes but we are asking members to right size their systems to their needs and not overbuild with the intention to sell power. There is just not enough daytime load to utilize all the PV being generated by the solar farms and rooftop systems.
- 6.9 A new customer information system was completed this year. As a cooperative, KIUC can leverage other cooperative resources for cutting edge technology at very reasonable costs. The new CIS system cost KIUC \$250,000 in comparison to the HECO companies cost of \$5 million. Members are being encouraged to sign up and utilize SmartHub and the kiosk machine in Lihue to avoid the long lines to pay their bills. Additional kiosks will be installed on the westside (Eleele) and eventually on the north shore. The accounting systems and member services operations systems now all work together.
- 6.10 Cost savings measures – Tomorrow the remaining balance on the original debt to purchase the coop of \$130M will be refinanced from a government lender to a private lender. This will save KIUC and its members \$1.2M per year in interest

expense. In addition, Kauai legislators, worked hard and succeeded in passing a permanent naphtha fuel highway tax exemption for KIUC. Mahalo to Senator Ron Kouchi and Representatives Kawakami, Tokioka and Morikawa.

- 6.11 KIUC is looking at its current 1990 rate structure and is considering modernizing it to be more in line with today's renewable energy and fixed costs. Community meetings will be held near the end of the year to educate members about the proposed changes. These will be a redesign in structure to balance everyone's needs.
- 6.12 Also under consideration is the use of propane as an alternative fuel for the Kapaia Power Station (KPS). It will provide more cost stability than the naphtha currently being used.
- 6.13 Work is still progressing on a hydro and pumped storage project on Kauai's west side. This is a long term process and, if built, will be a legacy energy project for Kauai. Water use is under mediation now.
- 6.14 KIUC has a good relationship and is providing support to the newest cooperative in Hawaii, Hawaii Island Energy Cooperative (HIEC).
- 6.15 Continue to expend millions of dollars for endangered species mitigation (\$2.5M) and minimization projects. KIUC's incidental take permit expired this year. Currently operating on an interim while working on a long term permit. A lot of money was spent on data capture of these endangered bird species with a potential for \$10M more for fencing and growing more birds.
- 6.16 A full copy of the President's presentation can be viewed online at [www.kiuc.coop](http://www.kiuc.coop).

## 7. **Financial Report.**

- 7.1 CFO Jonas reviewed the 2015 financial results published in the Annual Report. (The copy of the 2015 Annual Report, consolidated audited financial statements, and other information can be viewed online at [www.kiuc.coop](http://www.kiuc.coop).)

## 8. **Public Testimony.**

- 8.1 Oral testimony was received from Marj Dente.

## 9. **Adjournment.** The meeting was adjourned at 6:54 p.m.

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Teofilo Tacbian  
Secretary