

## KIUC Puts the Spotlight on Accomplishments and Member Benefits at Annual Meeting

*Līhu'e, Kaua'i, HI – 07/26/2018* – A year of making headlines around the world while taking significant strides toward a renewable energy future was spotlighted at KIUC's 16th Annual Meeting last night. KIUC board members presented highlights from 2017, distributed the cooperative's annual report, and mingled with members who attended at the Kaua'i Veterans Center.

Roughly 200 people attended the meeting, during which an update on cooperative activities was provided followed by questions and answers and then public testimony. After the meeting, members were provided chili and rice and had an opportunity to talk directly with board members and staff. Some of the highlights from the presentation include:

**Renewable progress:** KIUC closed 2017 with 44 percent of its energy mix coming from renewable sources. Utility scale solar was the largest portion of the renewable portfolio at nearly 50 percent, with distributed (rooftop solar) comprising one-third of Kaua'i's renewable power. The remainder was supplied by hydropower and biomass. The Tesla project, the world's first utility scale solar-plus-battery storage facility, garnered worldwide attention when it opened in March 2017. When operating at peak efficiency, Tesla's 13 megawatt (MW) battery storage system moves 52 megawatt hours of solar power to Kaua'i's evening peak usage period. KIUC estimates that by the end of 2019, when two additional solar-plus-battery storage facilities are expected to be operational, roughly 65% of the island's peak nighttime demand will be met by stored solar energy.

**Path to 70 percent renewable and beyond:** Three projects in various stages of development are expected to bring KIUC well beyond its strategic goal of reaching 70 percent renewable by 2030:

- AES Distributed Energy, Inc. (Lāwa'i) – This facility, which will be roughly twice the size of the Tesla plant, is currently under construction and is expected to be operational by the end of 2018. The AES Lāwa'i facility will boast 20 MW of storage with a five-hour dispatch capability. KIUC secured a 25-year power purchase agreement (PPA) with AES for this project at a cost of 11 cents per kilowatt hour (kWh), which is well below the current cost of oil.
- AES Distributed Energy, Inc. (PMRF) – In late 2017 KIUC was awarded a lease by the Department of Defense to develop a 14 MW solar-plus-battery storage facility at the Pacific Missile Range Facility at Barking Sands. The project recently received approval from the Hawai'i Public Utilities Commission, and should be operational by the end of 2019. The PPA for this project was signed with AES at 10.85 cents per kWh.

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- Pu‘u ‘Ōpae Pumped Storage Hydro (Waimea) – A landmark mediation agreement that was reached in April 2017 between KIUC and four other parties has laid the groundwork for development of a facility that could provide a full 15 percent of our energy needs. The agreement set 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. Aside from renewable power, the project will provide valuable infrastructure for DHHL and allow it to open up more of its lands on the westside.

**Rate stability:** As KIUC continues to replace diesel and its volatile pricing with lower-priced long term PPA’s, rates are expected to become more stable over time. KIUC has not had a rate increase since 2009, and does not anticipate filing for a rate increase in the near future. It was noted during the presentation that over the past 16 years since becoming a cooperative, the rate differential between KIUC’s rates and those on the other islands has decreased significantly. For example, in 2003, KIUC’s rates were 68.8 percent higher than Hawaiian Electric Company’s rates on O‘ahu. As of 2017, that gap had closed to about 17 percent. The differences between KIUC rates and those on Maui and Hawai‘i Island have also compressed. As of 2017, rates on Kaua‘i and Maui were roughly even (versus Kaua‘i being 35 percent higher in 2003), and Kaua‘i rates were lower than those paid by customers on Hawai‘i Island, as compared to being 10 percent higher in 2003.

**Member service enhancements:** More and more KIUC members are paying their bills, tracking their usage, and reporting outages on-line by using Smart Hub and other on-line services offered by KIUC. In fact, the proportion of payments made either on-line or via the new customer service kiosk was up a more than 44 percent in 2017 versus the previous year. KIUC issued roughly 2,600 rebates for energy efficient appliances and 71 rebates for new solar water heater installation. Our Energy Services staff conducted 41 home visits for efficiency consultations, and worked with 80 large customers on commercial retrofit programs throughout 2017.

**Solid financial results:** By the end of 2017, KIUC had reached 33 percent equity: a significant accomplishment given that, when the cooperative was formed in 2002, it was 100 percent debt financed. Another notable achievement is that the weighted average cost of debt has dropped from more than 4 percent in 2002, to 2.67 percent today. Additionally, implementation of various cost saving measures along with robust sales in 2017 led to a year-end margin of \$3.2 million, which was recently returned to members in the form of patronage capital retirements.

“We appreciate our members coming out to the Annual Meeting, giving us a chance to have a productive dialogue,” stated Board Chair Allan Smith. “KIUC’s board members are elected by our member-owners, and we take that accountability to the membership very seriously.”

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Attendees received a copy of KIUC's 2017 Annual Report, which is available on the cooperative website: [www.kiuc.coop](http://www.kiuc.coop).

*KIUC is a member-owned cooperative serving 33,000 customers on the island of Kaua'i. Governed by a nine-member, elected board of directors, KIUC is one of 900 electric co-ops serving more than 42 million people in 47 states.*

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L-R: Board Vice Chair Jan TenBruggencate, Chair Allan Smith and President and CEO David Bissell



KIUC Board and President and CEO David Bissell thank the members for attending the 16<sup>th</sup> Annual Membership Meeting.