

KIUC Reacts to Favorable PUC Ruling

Līhu'e, Kaua'i, HI – 08/03/2020 – The Hawai'i Public Utilities Commission today approved a proposal from Kaua'i Island Utility Cooperative that is designed to help stabilize the cooperative's financial position and temporarily buffer the economic impacts of COVID-19.

The PUC's Decision and Order No. 37252 allows KIUC to utilize deferred accounting treatment to establish regulatory assets to record and accrue lost gross margins (LGM) associated with the COVID-19 pandemic, while also confirming KIUC's ability to also defer increased bad debt expenses.

“This is great news for our cooperative and ensures that we can minimize the financial impact of COVID-19 losses on our members during this period when the impacts on our community from the pandemic are being so severely felt,” said KIUC's President and Chief Executive Officer, David Bissell. “We're extremely grateful to the PUC and the Consumer Advocate for recognizing the critical need for this action and for ruling so quickly on our request.”

“It is important for our members to know that the PUC's approval does not authorize any increases to customer bills,” added Bissell. “What the PUC's approval today does is allow KIUC to not have to seek a rate increase at this time, and to instead defer the consideration of when and how to recover these COVID-related impacts to future years when the full impacts of the pandemic are known and are no longer deemed to present an immediate financial risk to KIUC.”

The LGM proposal is one of several actions taken by KIUC to address financial challenges created by the unprecedented COVID-19 pandemic. Other measures taken by KIUC include:

- Reducing non-essential spending and implementing a hiring freeze for all but essential positions, which has produced year-to-date savings of nearly \$800,000
- Receiving a Paycheck Protection Program forgivable loan of \$2.8 million
- Restructuring debt, which is estimated to reduce debt service by \$2.7 million in 2020 and \$5.5 million annually from 2021 through 2035
- Submitting a Request for Public Assistance to HI-EMA/FEMA in response to President Trump's COVID-19 Emergency Declaration for all states, allowing for a 75% federal cost share of eligible costs under the agency's Public Assistance program

A link to the full text of the PUC's Decision and Order No. 37252 can be found in the COVID-19 information box on the home page of KIUC's website: www.kiuc.coop.

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