

KUB

Bond Refinancing Results

April 15, 2021



\$415M in Bonds Refinanced Saving Customers \$79.5M

- Bonds sold competitively on March 24-25
- Replaced bonds originally sold in 2010-2014
- Good bids and a high number of bidders
- Life of debt not extended
- \$79.5M in savings - reduced outstanding debt levels for all systems
- High-quality bond ratings affirmed by Standard & Poor's and Moody's

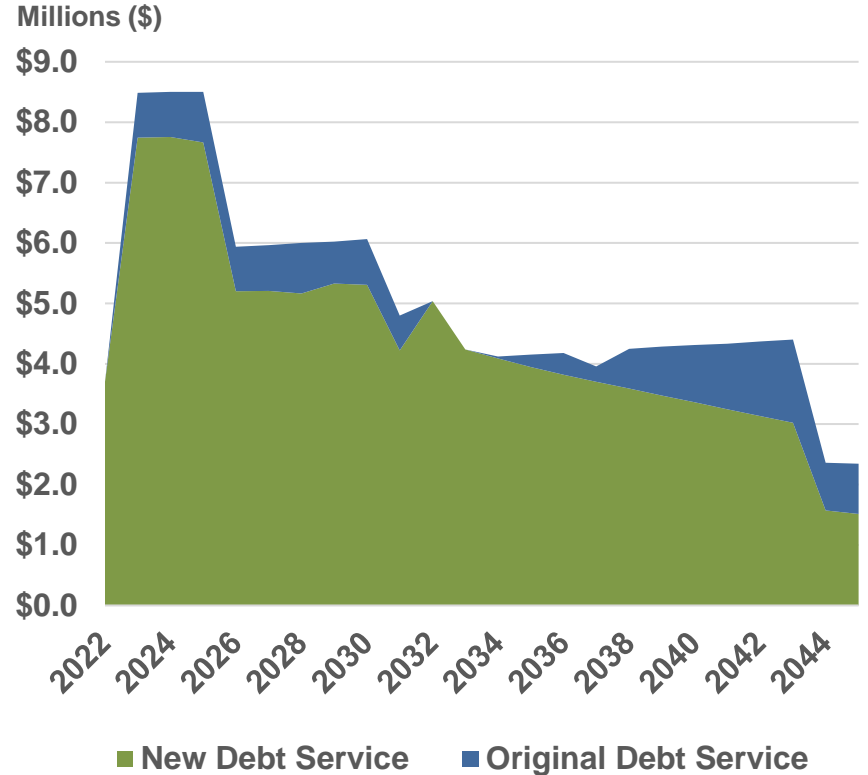
Bids on \$70.2M Electric Bonds

Bidder	True Interest Cost
Jefferies LLC	1.988
J.P. Morgan Securities LLC	1.990
Piper Sandler & Co.	1.993
Citigroup Global Markets, Inc.	1.996
Hilltop Securities, Inc.	2.008
Bank of America Merrill Lynch	2.013
Raymond James & Associates, Inc.	2.016
TD Securities	2.023
Mesirow Financial, Inc.	2.024
Wells Fargo Bank, NA	2.055
Robert W. Baird & Co., Inc.	2.057

Electric Bond Refinancing Saves \$14.3M

Current Debt Service	\$117,935,000
New Debt Service	\$103,628,000
Savings	\$14,307,000

- Bonds fully mature in July 2044
- Electric outstanding debt reduced \$16.2M



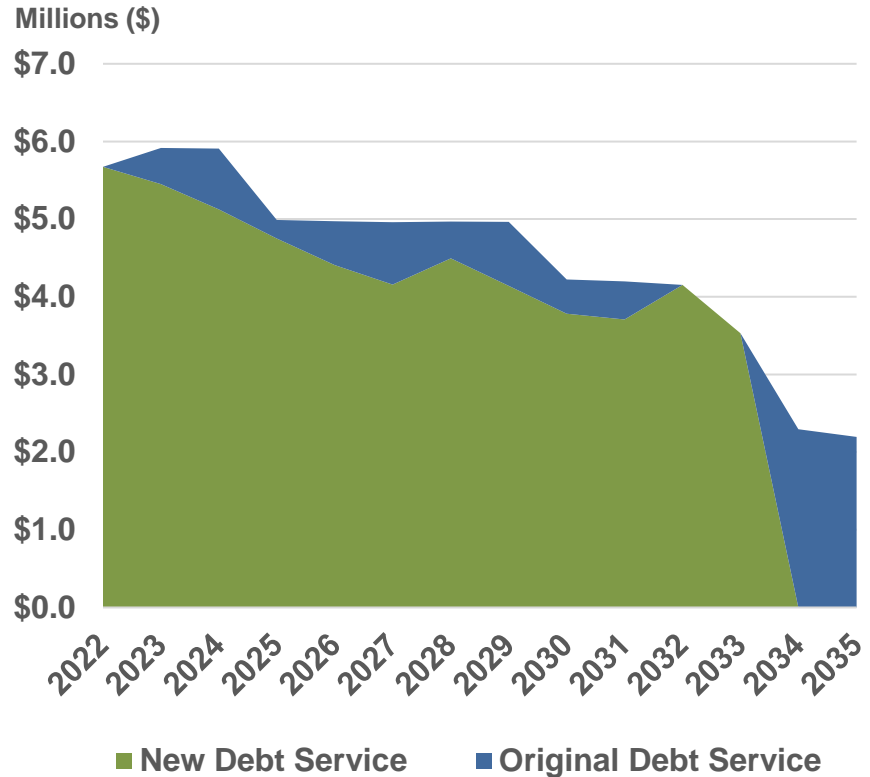
Bids on \$41.9M Gas Bonds

Bidder	True Interest Cost
J.P. Morgan Securities LLC	1.467
Raymond James & Associates, Inc.	1.472
Hilltop Securities, Inc.	1.474
Bank of America Merrill Lynch	1.483
TD Securities	1.492
Jefferies LLC	1.497
Citigroup Global Markets, Inc.	1.498
Piper Sandler & Co.	1.508
Wells Fargo Bank, NA	1.518
Mesirow Financial, Inc.	1.519
Robert W. Baird & Co., Inc.	1.532
Huntington Securities, Inc.	1.545

Gas Bond Refinancing Saves \$7.9M

Original Debt Service	\$61,250,000
New Debt Service	\$53,378,000
Savings	\$7,872,000

- Bonds fully mature in March 2033
- Gas outstanding debt reduced \$7.2M



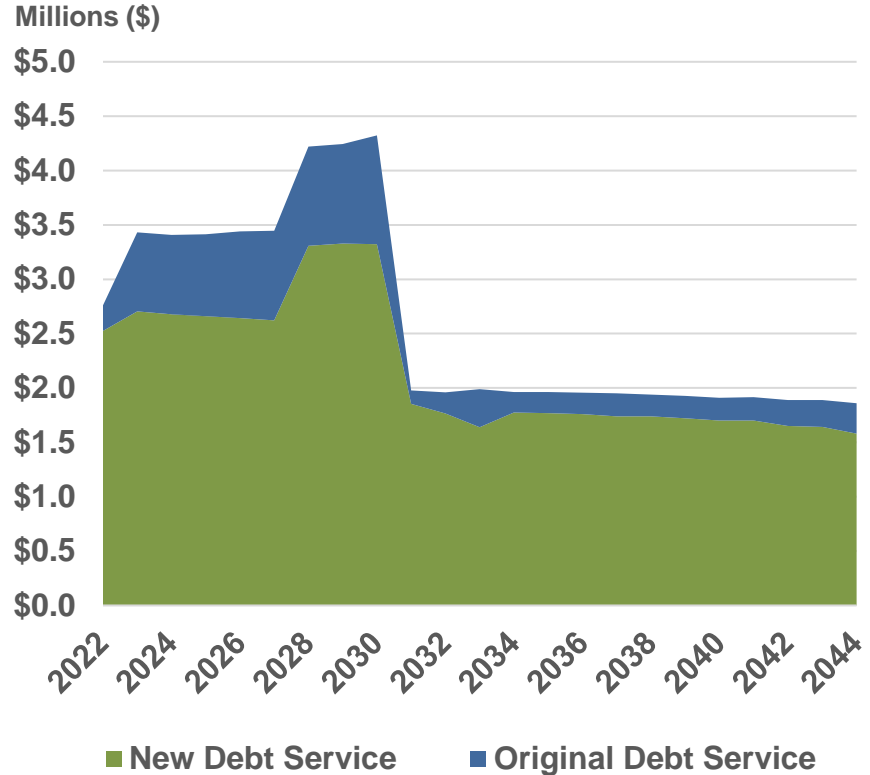
Bids on \$33.2M Water Bonds

Bidder	True Interest Cost
Piper Sandler & Co.	1.902
Morgan Stanley & Co., LLC	1.919
J.P. Morgan Securities LLC	1.926
Barclays Capital Inc.	1.933
Hilltop Securities, Inc.	1.942
Bank of America Merrill Lynch	1.949
Citigroup Global Markets, Inc.	1.953
Jefferies LLC	1.958
Mesirow Financial, Inc.	1.960
TD Securities	1.977
Robert W. Baird & Co., Inc.	1.991
Wells Fargo Bank, NA	2.010
KeyBanc Capital Markets	2.018

Water Bond Refinancing Saves \$10.2M

Original Debt Service	\$59,981,000
New Debt Service	\$49,819,000
Savings	\$10,162,000

- Bonds fully mature in March 2044
- Water outstanding debt reduced \$8M



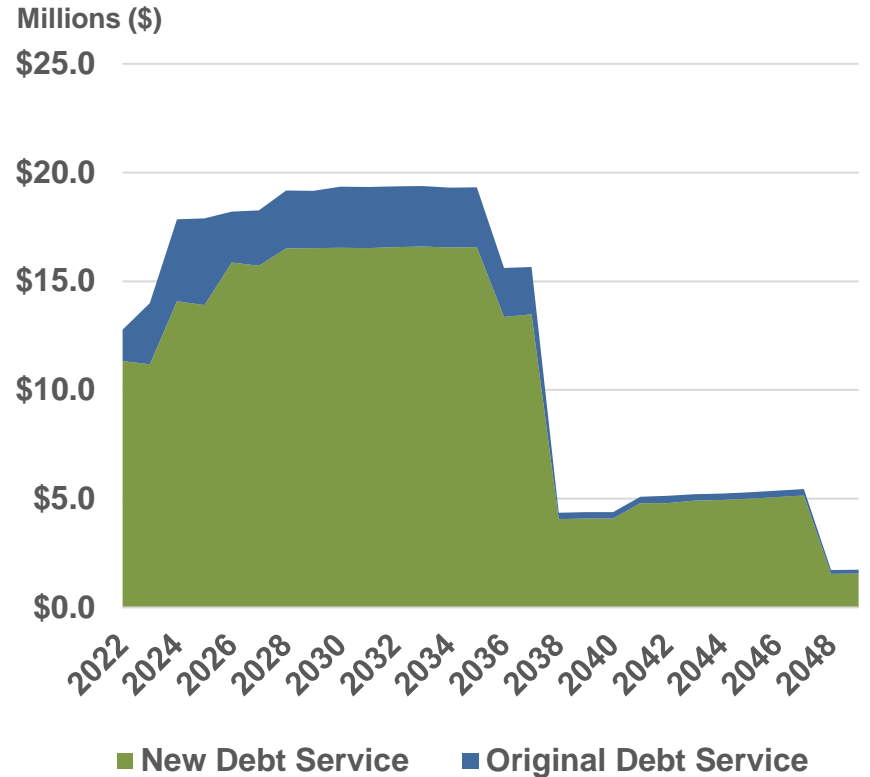
Bids on \$190.8M Wastewater Bonds

Bidder	True Interest Cost
Barclays Capital Inc.	1.9026
Bank of America Merrill Lynch	1.9029
J.P. Morgan Securities LLC	1.905
Jefferies LLC	1.911
Morgan Stanley & Co., LLC	1.920
Citigroup Global Markets, Inc.	1.929
Mesirow Financial, Inc.	1.951
Wells Fargo Bank, NA	1.953
Hilltop Securities, Inc.	1.953
Robert W. Baird & Co., Inc.	1.972

Wastewater Bond Refinancing Saves \$47.2M

Original Debt Service	\$338,414,000
New Debt Service	<u>\$291,258,000</u>
Savings	\$47,156,000

- Bonds fully mature in April 2049
- Wastewater outstanding debt reduced by \$47.8M



Professional Fees

Cost	Professional Firm	Fee
Financial Advisor	Cumberland Securities	\$350,000
Bond Counsel	Bass, Berry & Sims	\$225,000
Rating Agency	Moody's	\$201,000
Rating Agency	Standard & Poor's	\$159,800
Paying Agent	Regions Bank	\$2,800
		<hr/>
		\$938,600
Other Costs (POS, OS, Advertising, Misc.)		\$57,670
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		\$996,270

KUB

Long-Range Financial Plan

April 15, 2021





Our Vision:

KUB exists to serve its customers, improving their quality of life by providing utility services that are safe, reliable and affordable.

Shared Values:

- We value the safety and well-being of our customers and employees.
- We value fairness, and try always to make decisions that provide the greatest good for the most people.
- We are in a position of trust and hold ourselves to high ethical standards.
- We improve the value of our services through efficiency, innovation and communication.
- We value the commitment and hard work of our employees.
- We are environmentally responsible in our operations and support the sustainability of our communities' natural resources.
- We participate in the communities we serve.

Our Mission:

Our mission is to act as good stewards of our communities' resources: utility assets, customer dollars, and the environment. We work to safeguard those resources and enhance their value for the people of the communities we serve and generations to come.

We Measure Our Success by:

Customer Satisfaction

System Performance

Financial Performance

Safety Performance

Keys to Success:

Managing Our Utility System Infrastructure

Electric

Natural Gas

Water

Wastewater

Improving The Customer Experience

Managing Our Finances Effectively

Meeting Or Exceeding Regulatory Standards

Investing in A Skilled, Diverse Work Force

Partnering For Economic Development

Being Environmentally Responsible

KUB Met the Challenges of Fiscal Year (FY) 21

- COVID response
 - Operations maintained while protecting employees
 - Customers were supported through a comprehensive array of services and assistance
- Award-winning performance
- Continued environmental leadership
- Sound financials despite economic challenges

Looking Forward to FY 22

- Continued commitment to Century II
- Continued focus on affordability
 - No natural gas increase
 - No wastewater increase – eliminated due to savings from refinancing
 - No electric increase (pending broadband decision)
 - Water rate increase kept as low as possible
- Continued support for customers

Today's Focus: FY 22 Plans

- Century II System Plans
 - John Williams
 - Derwin Hagood
- Financial Plan
 - Mark Walker

KUB

Utility Systems

April 15, 2021



2021 ASCE Infrastructure Report Card

National Scores



Century II Puts KUB Ahead of the Curve

AP

Southern exposure: Cold wrecks havoc on aging waterworks

By MELINDA DESLATTE and LEAH WILLINGHAM February 25, 2021

In Memphis, residents in the city of 650,000 were told for nearly a week to boil water...

...at least 7 million Texans were told to boil their water

In Shreveport, where about 200,000 people were being told to boil their water, Mayor Adrian Perkins pointed to “old, aging infrastructure, just like most American cities.”

Mayor Chokwe Antar Lumumba (Jackson, MS) said close to \$2 billion is required to modernize its water system...Monday was the first time in a week that residents could line up for water outside of Madonna Manor, a 13-floor apartment complex for seniors and people with disabilities. People brought laundry pails, bowls, buckets and wastebaskets.



Overview

- Century II
 - Purpose
 - History
 - Evolution
 - Accomplishments
- Major upcoming projects and programs
- Electric budget does not include broadband (separate)

Century II



KUB Investing for
Another 100 Years

Electric System

Customers: 211,812

Service Territory:
688 square miles

Electric Lines: 5,425 miles
Distribution Overhead: 4,053 miles
Distribution Underground: 1,106 miles
Transmission: 266 miles

Infeed Substations: 9

Substations: 63

System Capacity: 3,030 MVA

Peak Hourly Demands:
Winter: 1,332 MW (Feb. 2015)
Summer: 1,235 MW (Aug. 2007)



County Lines

City Limits

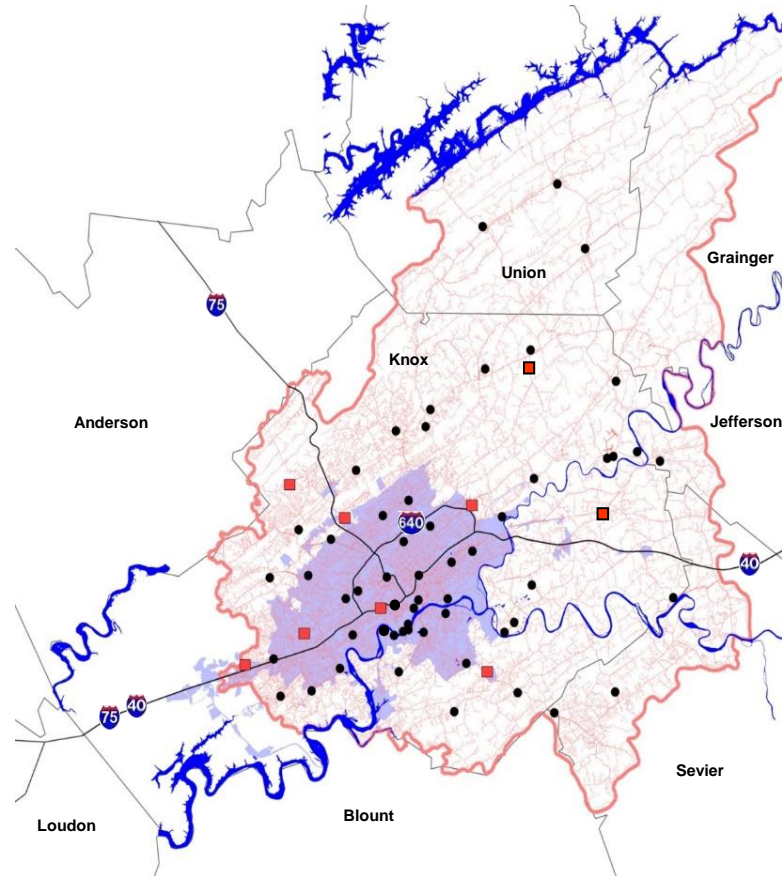
Service Area

Existing Lines

Infeed Stations

Distribution

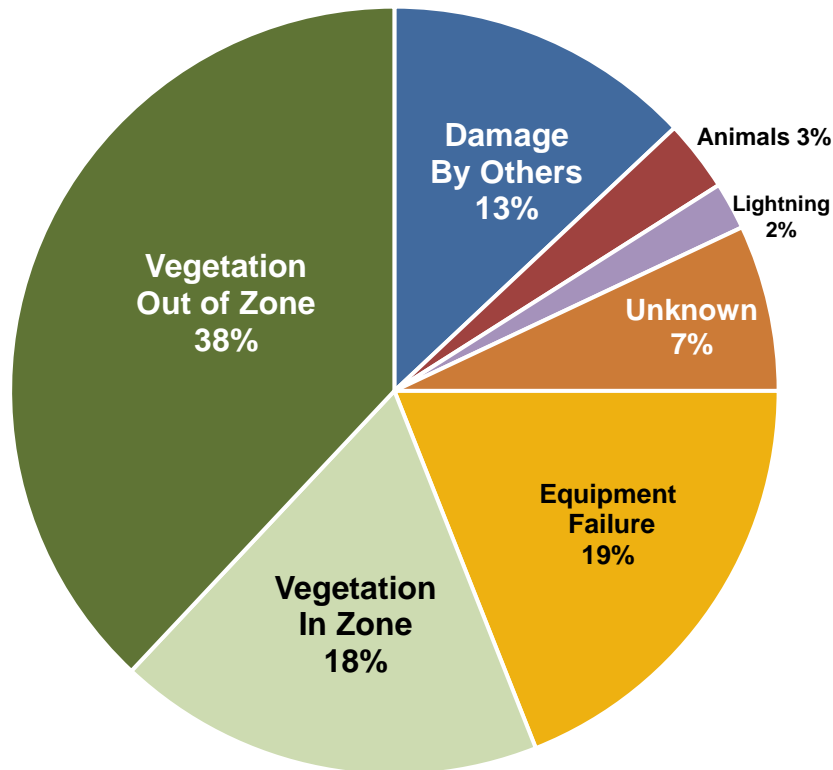
Stations



Electric Century II Focuses on Reliability

- Data driven
- Requires investments in maintenance, infrastructure, and technology
- System maintenance
 - Vegetation – 56% of outages
 - Inspection
- Century II infrastructure replacement
- Grid Modernization and system automation

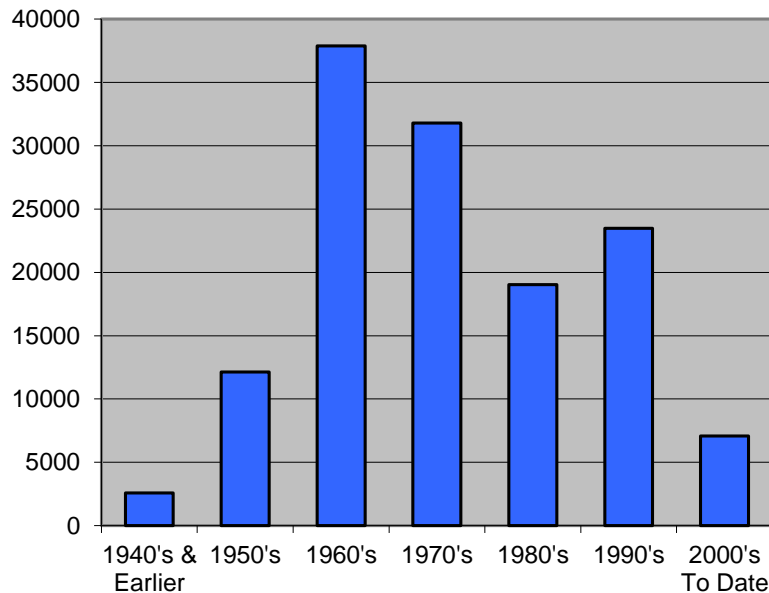
FY 20 Outage Causes



Century II Funding for Electric Began in 2011

- Substation transformers
 - Prioritized upgrades
 - 65% had contingency capacity
- Transmission lines: improve links between substations
- Poles: 50-year cycle
- Underground cable: initial focus on direct buried cable
- Downtown network: began with vault upgrades

KUB Wood Poles by Installation Decade



Source: 2008 Comprehensive Assessment

Century II Electric Has Evolved

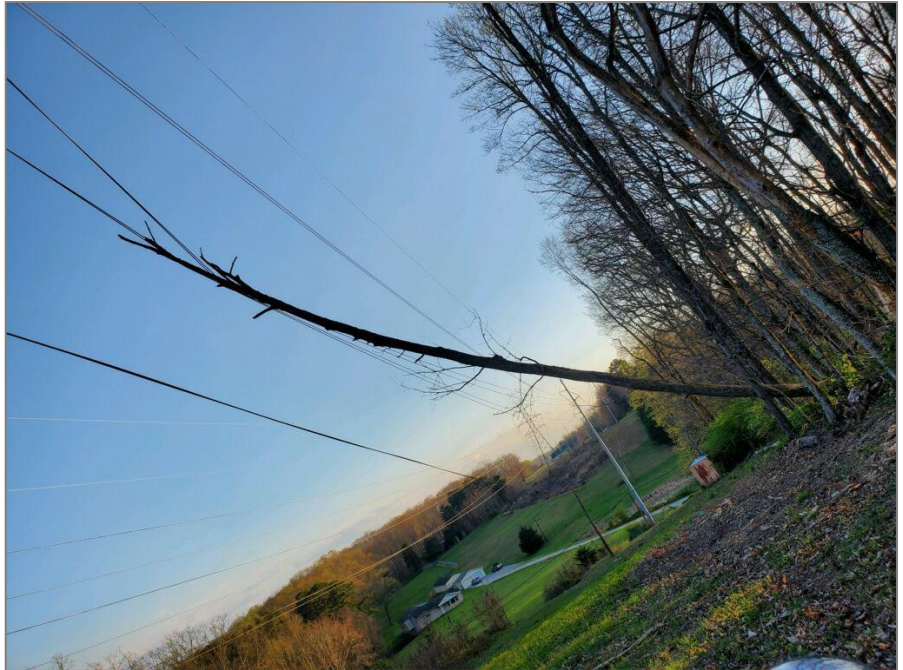
- Poles: 2,600 annual replacement target modified based on evolution of data and planning
 - Initial work replaced oldest, worst poles
 - Circuit based approach considers pole condition, conductor size, vegetation needs, etc.
 - Prioritize circuits by outages (customer interruptions)
- Substations: comprehensive evaluation extended replacement timeline from 10 to 20 years

Century II Accomplishments

- Substations: 50+ percent upgraded
- Poles: 23,000+ poles replaced
 - First cycle replaced 2,600 poles/year
 - Current Long-Range Plan (LRP) replacement rate 1,400/year
 - Future rate based on upcoming pole assessment
- Underground cable: 90 percent direct buried replaced; cable in conduit next
- Transmission lines and fiber optic cable: 145 of 266 miles complete; remainder by FY 30

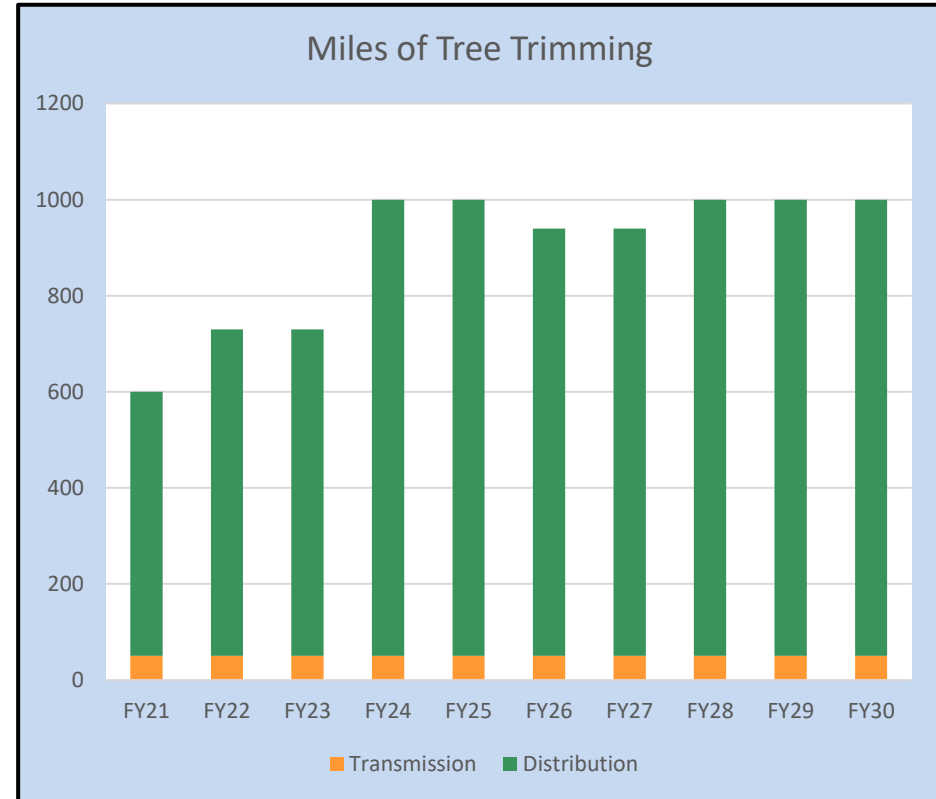
Grid Modernization Investments Necessary to Improve Reliability, Reduce Outage Time

- Outages and minutes improving this FY
- Century II + Grid Modernization
 - Substation upgrades
 - Transmission, distribution circuit rebuilds
 - Distribution automation
 - Vegetation management

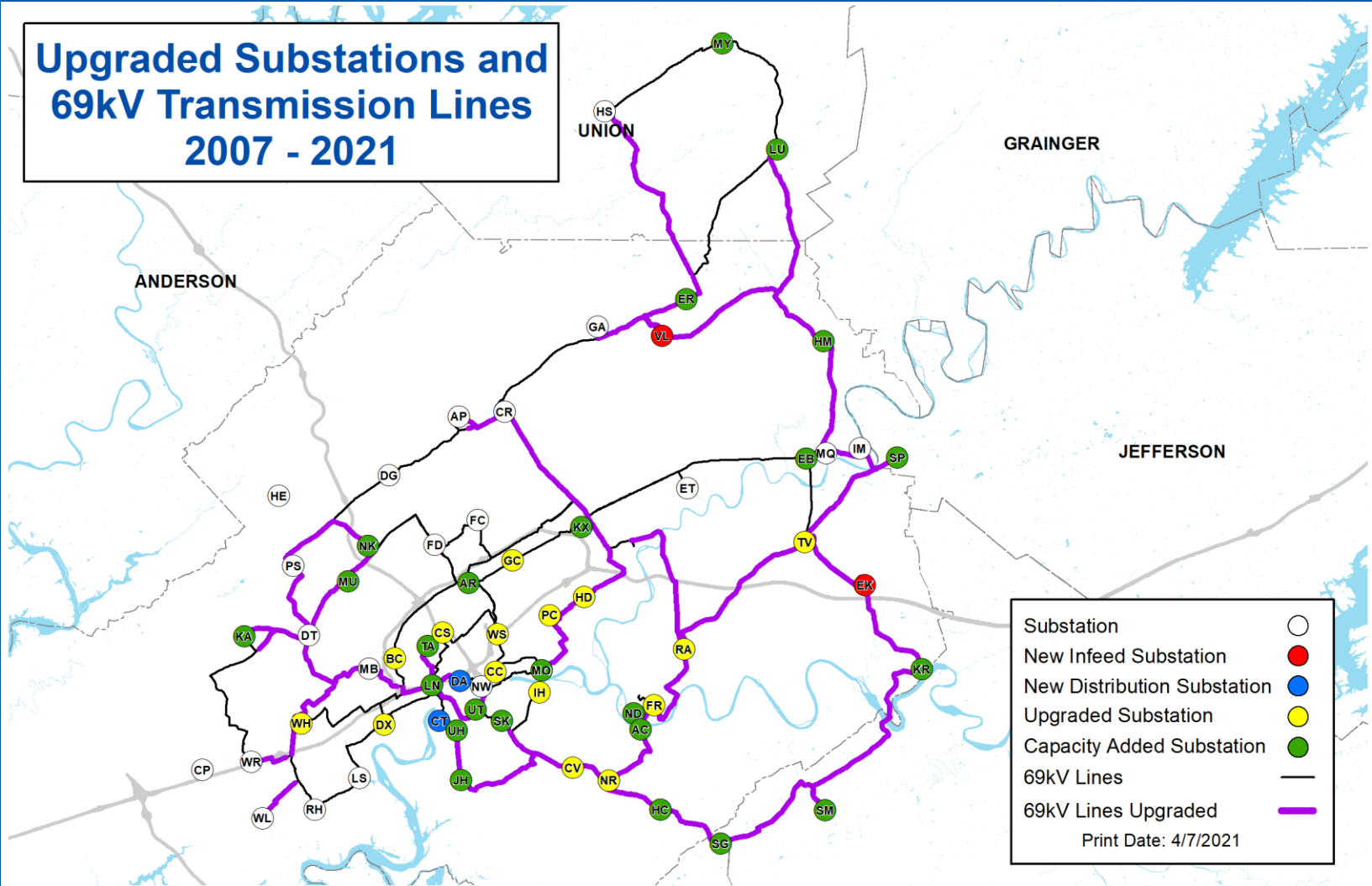


Vegetation Causes Nearly 60 Percent of Outages

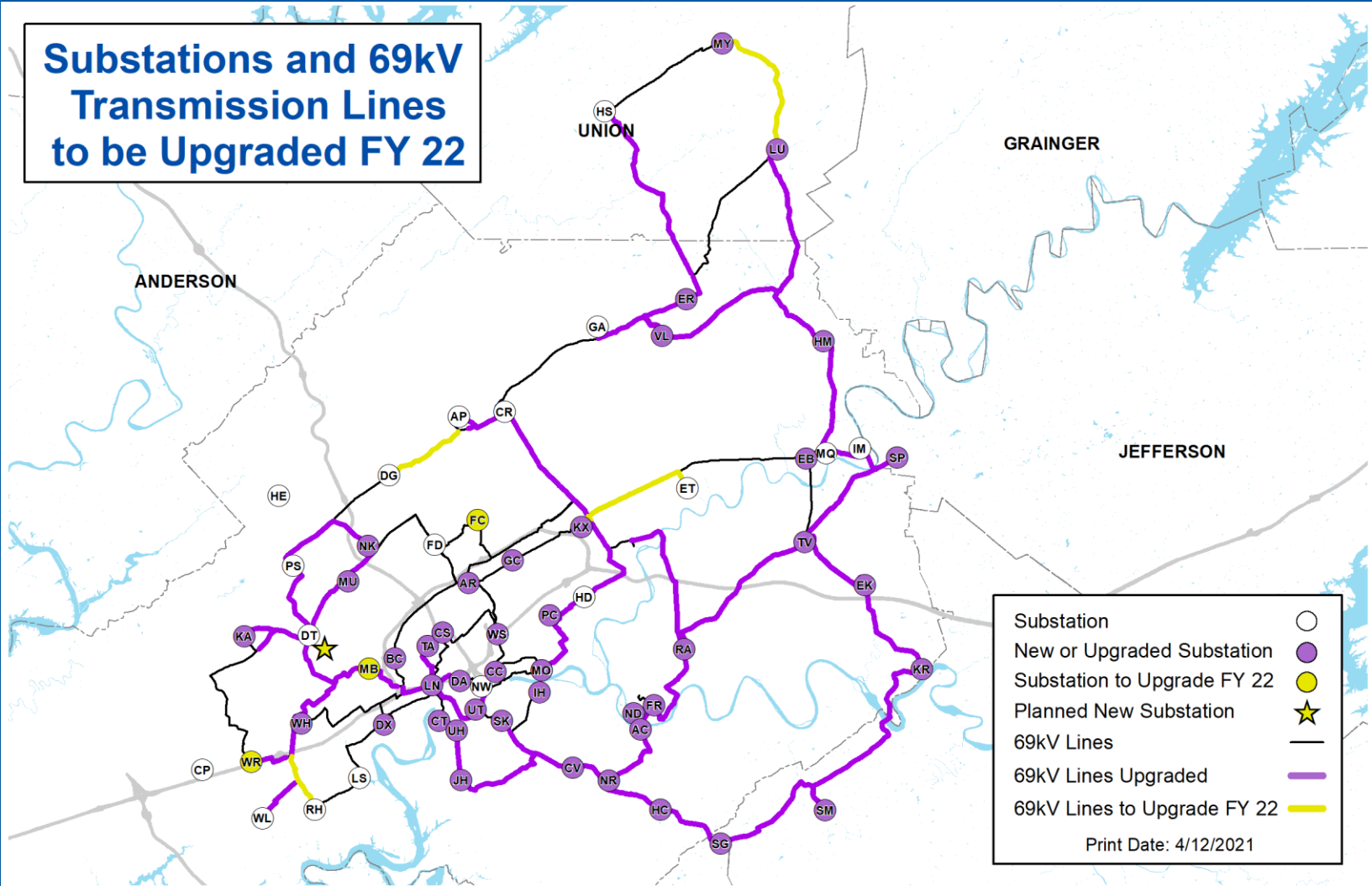
- Ramping up to \$14M/year (\$12.9M FY 22)
- Returning to historic trim levels ~ 1,000 miles/year
- Hazardous tree removal outside trim zone
- Strategic insourcing
 - Foresters
 - Vegetation crew



Upgraded Substations and 69kV Transmission Lines 2007 - 2021



Substations and 69kV Transmission Lines to be Upgraded FY 22



Substation	○
New or Upgraded Substation	●
Substation to Upgrade FY 22	●
Planned New Substation	★
69kV Lines	—
69kV Lines Upgraded	—
69kV Lines to Upgrade FY 22	—

Print Date: 4/12/2021

New Western Avenue Infeed Substation

- 5983 Western Avenue
- Adds capacity and operational flexibility
- Partnering with TVA
 - TVA lines cross property
 - TVA building adjacent switching station
- \$17M in FY 21 – FY 23
(\$3.5M FY 22)



Public Meeting and Communication Plan

- Public Meeting: April 29, 2021
- Customer mailings in early April
- KUB Major Construction Projects
 - www.kub.org/projects
 - Send your e-mail address to blog@kub.org (reference Western Avenue Substation) for weekly updates
- Facebook, Twitter, Nextdoor



Other Major Upcoming Projects FY22

■ Transmission lines: \$10.7M

- Millertown Pike area
- Morrell Road area
- Cunningham Road/Halls area

■ Distribution lines: \$7.1M

- Outage prioritization for circuits
- Includes distribution automation

■ Pole inspection: \$1.5M

- Paused during pandemic
- Completion date Dec. 2021

■ Community solar: \$1.5M



Knoxville's First Community Solar Project

- \$1.5M investment
- Up to 700 kW of solar on City-owned site
- Provides option for customers to invest in local solar
- In partnership with City of Knoxville and Tennessee Valley Authority
- Green Invest solar purchase (502 MW; \$1.6M annually)



Grid Modernization Investments Growing

- New and higher expectations of electric grid
- Fiber is key to modernizing KUB electric facilities
 - Provides instant, reliable communication platform
 - Supports system reliability, load management, efficiency
- Future applications
 - Wider adoption of electric vehicles
 - Expansion of solar utilization
 - Home batteries
 - Next generation of advance metering

Industry Recognition for Electric System

- Reliable Public Power Provider (RP3)
Diamond Level Designation
- Tree Line USA



“The American Public Power Association’s Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement.”

Natural Gas System

Customers: 105,382

Service Territory:
293 square miles

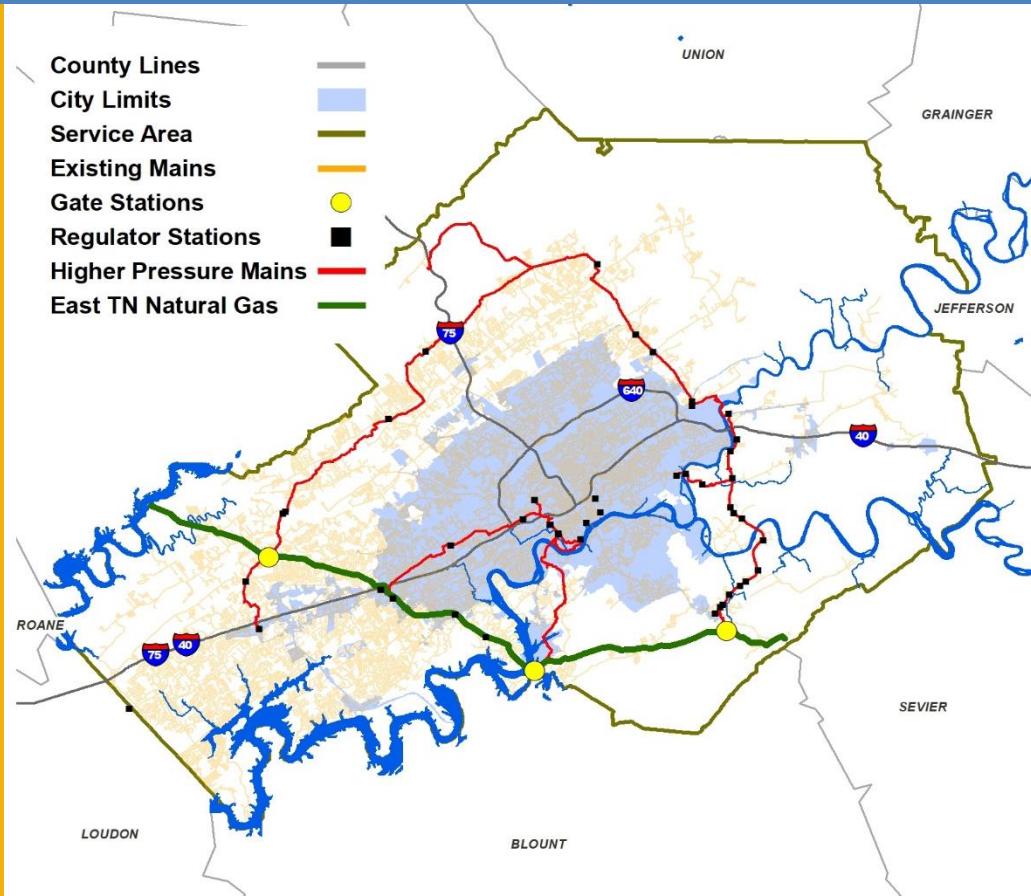
Mains: 2,517 miles
Distribution
Steel: 154 miles
Plastic (MDPE): 2,288 miles
Higher pressure
Steel: 69 miles
Plastic (HDPE): 6 miles

Gate Stations: 3

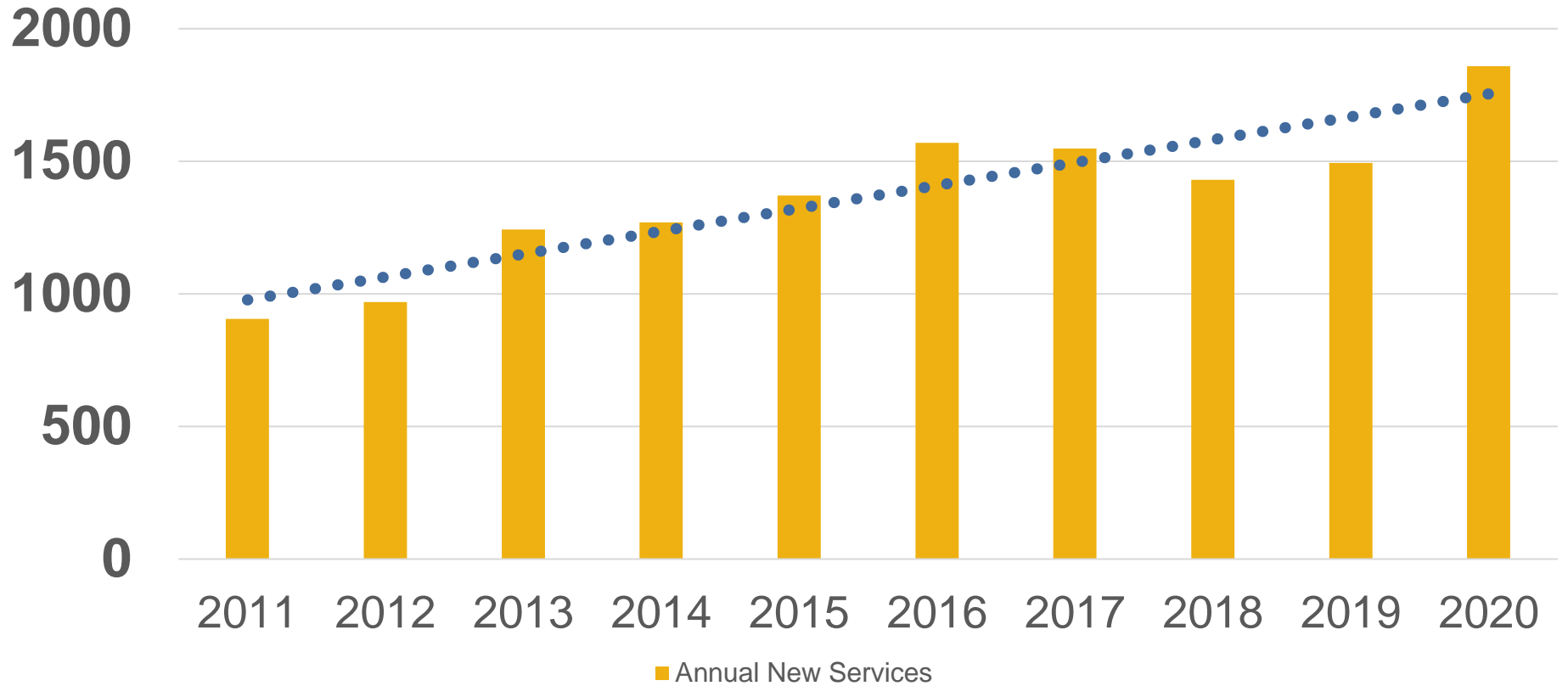
Regulator Stations: 48

System Capacity: 157,381 dth

Peak Demand: 140,204 dth (Jan. 2018)



Customer Demand Growing



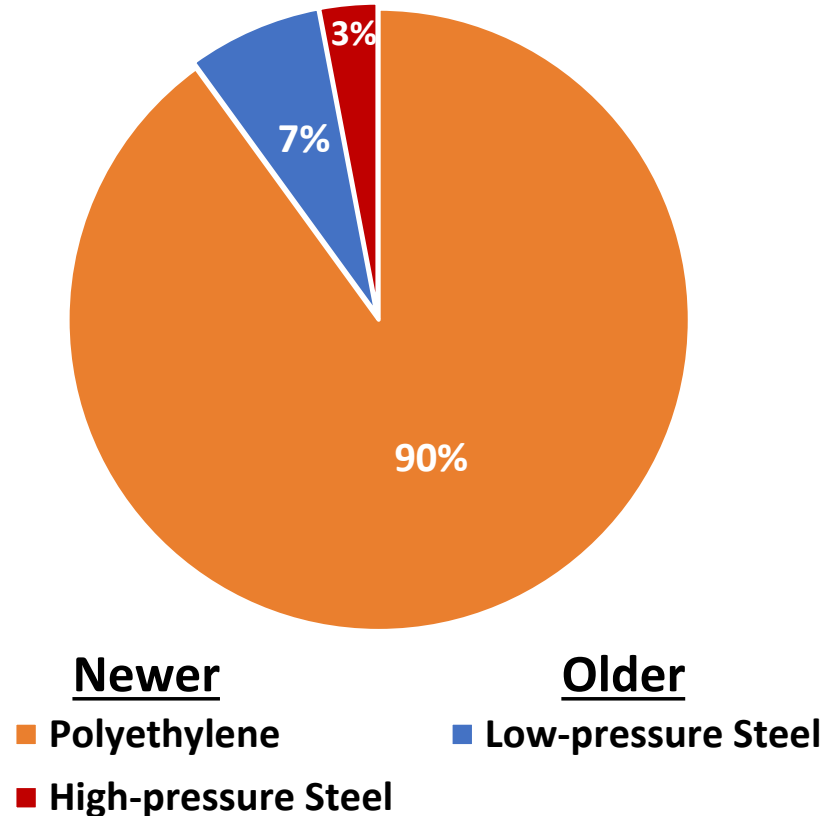
Natural Gas Century II Supports Growth

- Pipeline extensions provide customer choice
 - Choto community
 - Northern expansion to Raccoon Valley
 - Hardin Valley
- Connect to Comfort
- Customer choice offers economic and environmental opportunities



Century II Funding for Natural Gas Began in 2012

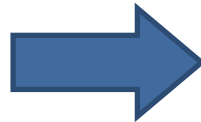
- Newest system
- Original priority replacement of cast iron/ductile iron pipe
- Distribution Integrity Management Program (DIMP) now drives Century II investments



Distribution Integrity Management Program Drives Century II Investments

DIMP Objectives

- Know your system
- Identify risk
- Evaluate and rank priorities
- Identify and implement measures
- Measure and evaluate performance for effectiveness
- Evaluate and improve if needed
- Report results



DIMP Programs

- Low Pressure Steel Replacement
- Resiliency Program
- Leak survey
- Cathodic protection
- Records management

Major System Projects FY 22

- Low-pressure steel (\$2.3M)
 - Crestwood Hills (\$1M)
 - Belmont West (\$800K)
- John Sevier Highway (\$2.5M)
 - \$2.2M for construction in FY 22
- Downtown West (\$2.4M)
- Lovell Road Phase 1 (\$10.1M)
 - Knox County Highway project
 - \$600K for design, easements in FY 22



Gas Master Plan

- Prepared by Kimley-Horn (2020)
- Scope
 - Operations
 - Regulatory
 - System integrity
 - Growth
 - Resiliency
- Reinforced current priorities
- Provides strategic considerations for longer-term system resiliency

“Overall, it was shown that KUB operates a very robust natural gas system and incorporates the best industry practices into its operations.”

“KUB’s system is currently in excellent operational condition.”

- Michael Alexander, P.E.
Kimley-Horn

Industry Recognition for Gas System

American Public Gas Association
System Operational Achievement Recognition



- Silver Award 2018
- Awaiting 2021 application
- Honors excellence in
 - System integrity
 - System improvement
 - Employee safety
 - Workforce development

KUB

Wastewater System

Customers: 72,505

Service Territory: 243 square miles

Treatment Plants: 4

Lift Stations: 63

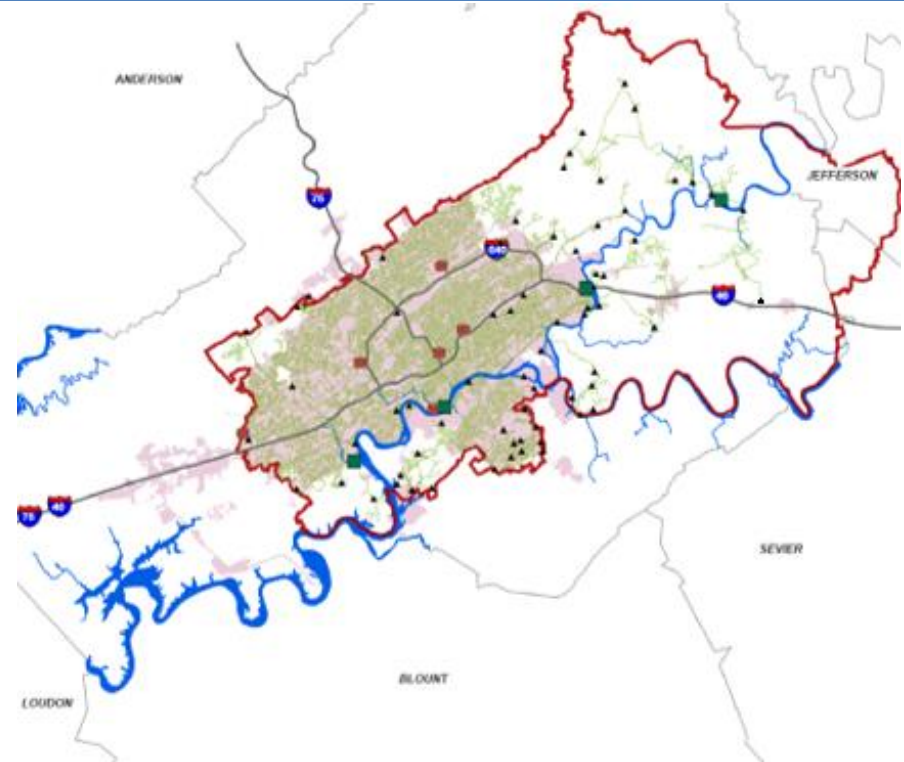
Collection Mains: 1,318 miles

Storage Capacity: 34 MG

Plant Maximum Capacity: 173 MGD

Average Flow: 45.62 MGD

Consent Decree: 2005 – 2021



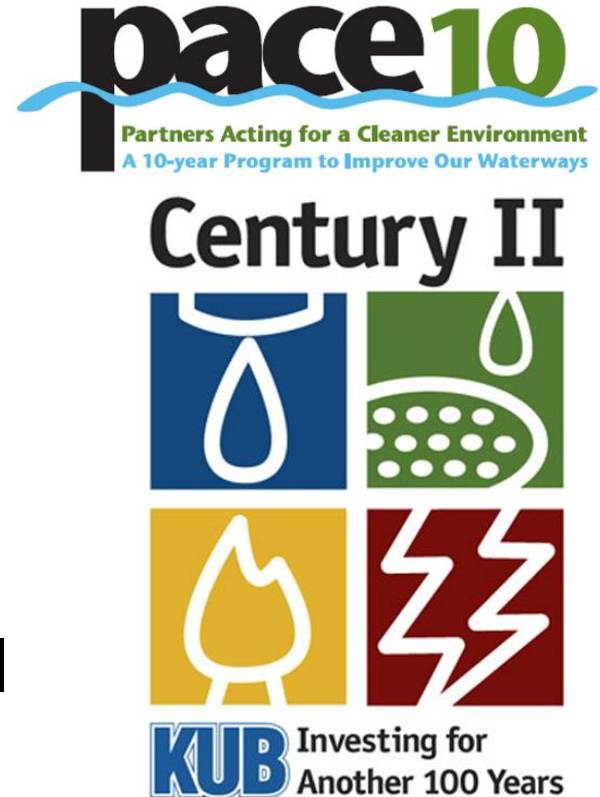
Focus on Reducing Overflows at Manholes

- Wastewater plants
 - Finalizing Consent Decree
 - Modernizing treatment disinfection methods
- Collection system
 - Continuing to upgrade lines
 - Expanding and updating pump stations



History of PACE10 and Century II for WW

- PACE10 started in 2004
 - EPA Consent Decree (CD)
 - \$530M for 134 collection system projects
 - \$120M for upgrades at two wastewater treatment plants
 - Inspections/monitoring programs
- Now incorporated into Century II



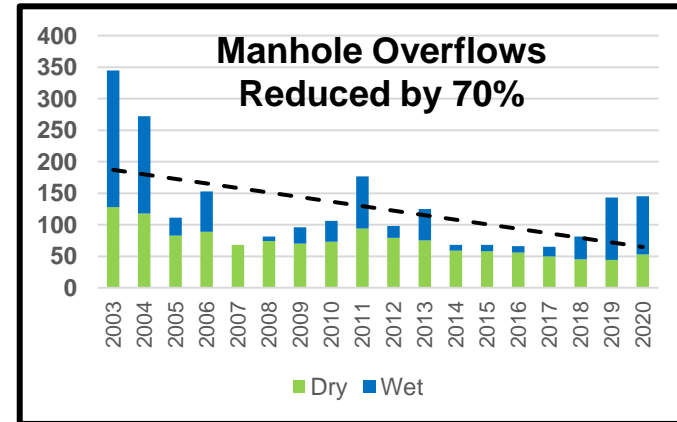
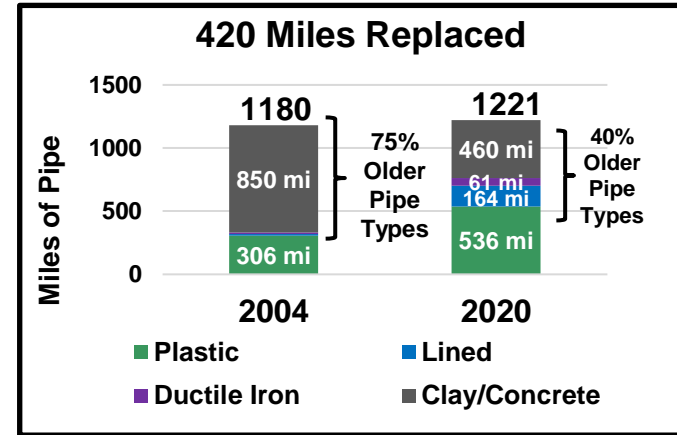
Century II for Wastewater Has Evolved

- Consent Decree projects near completion
- Plant inspections formalized
- Tank and pump station prioritized by modeling and inspections
- Focus on areas with repeat manhole overflows
- Utilize hydraulic modeling for solutions

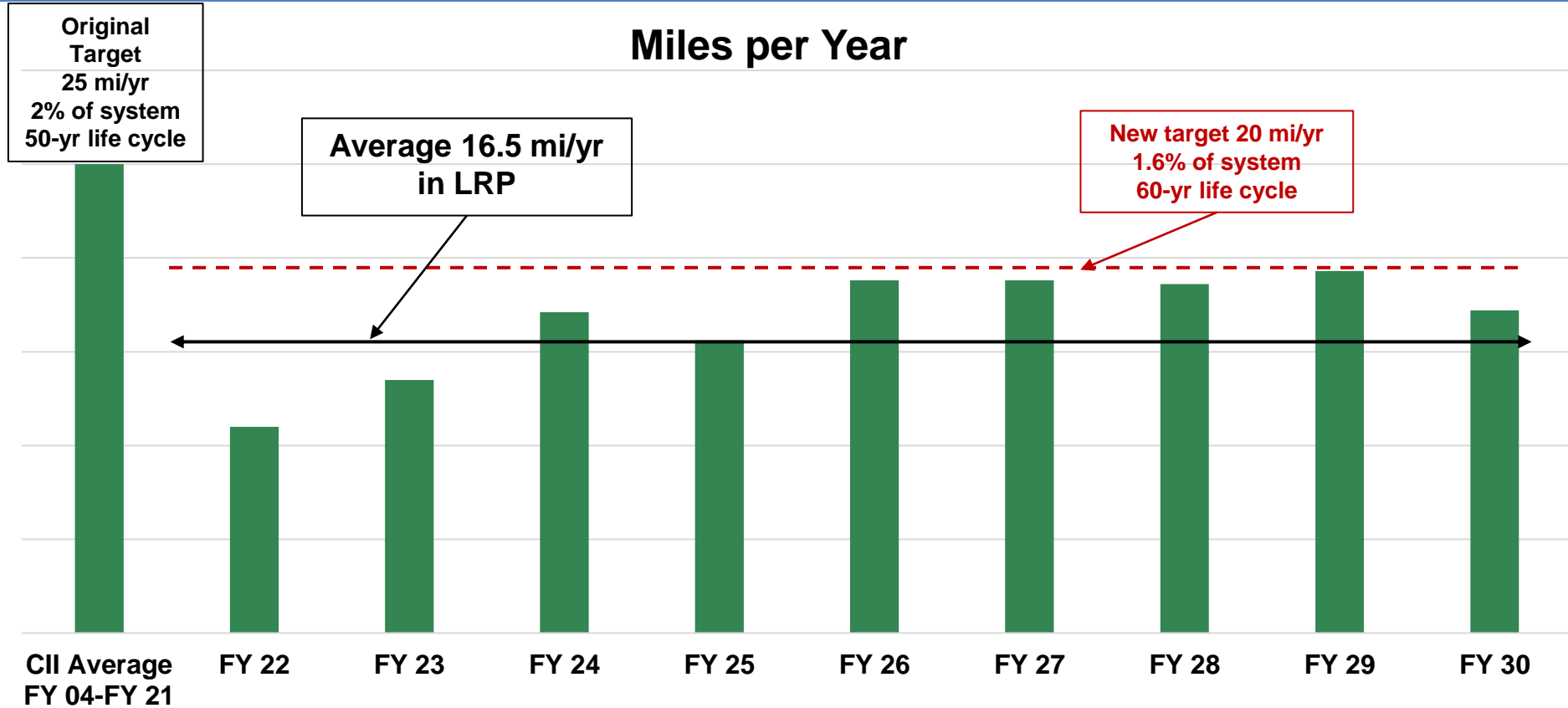


Century II Improves Wastewater System

- 35% of system upgraded
- Reduced older pipe types from 75% to 40%
- 83% of pump stations upgraded
- Installed six storage tanks
- Invested \$120M in plant improvements
- Significant reduction in manhole overflows



Sustainable Pace of Century II Sewer Rehab



Closing Out the Consent Decree

- Complete final Consent Decree project
- Incorporate programs into O&M Manual
 - Inspection of system
 - Blockage abatement
 - Flow-monitoring
- Formally finalize CD with EPA
- Reduced reporting requirements
- Budget decreases and levels out
- Commitment to Century II remains

Project	Cost	Status
Kuwahee WWTP CCP Phase I	\$51M	✓
Fourth Creek WWTP CCP Phase I	\$20M	✓
134 Collection System Projects	\$530M	✓
Fourth Creek WWTP CCP Phase II	\$4.7M	✓
Kuwahee WWTP CCP Phase II	\$48M	75%



Major Upcoming Projects

- Wastewater pipe upgrades \$14.6M FY 22 - \$250M LRP
- Jones Street Pump Station & Force Main \$15.5M FY 21-22
- Kuwahee Primaries Deck \$ 6.7M FY 21-23
- Fourth Creek Disinfection \$ 4.1M FY 21-23
- Loves Creek Electrical \$ 5.8M FY 21-23
- Walker Springs Pump Station & Force Main \$ 6.2M FY 23



Positive Relationship with Regulators

- All CD requirements nearly complete
 - Budget of \$650M on track
 - Final project in progress
- 54 plant operational awards from National Association of Clean Water Agencies in past 15 years
- Maintained Platinum level Biosolids Reuse Program



“KUB has shown tremendous progress in controlling unpermitted discharges since entering into the Consent Decree.”

- **Dennis Sayre**, EPA
Acting Chief Municipal and
Industrial Enforcement
Branch, 2018

Water System

Customers: 81,225

Service Territory:
188 square miles

Treatment Plant: 1

Pump Stations: 26

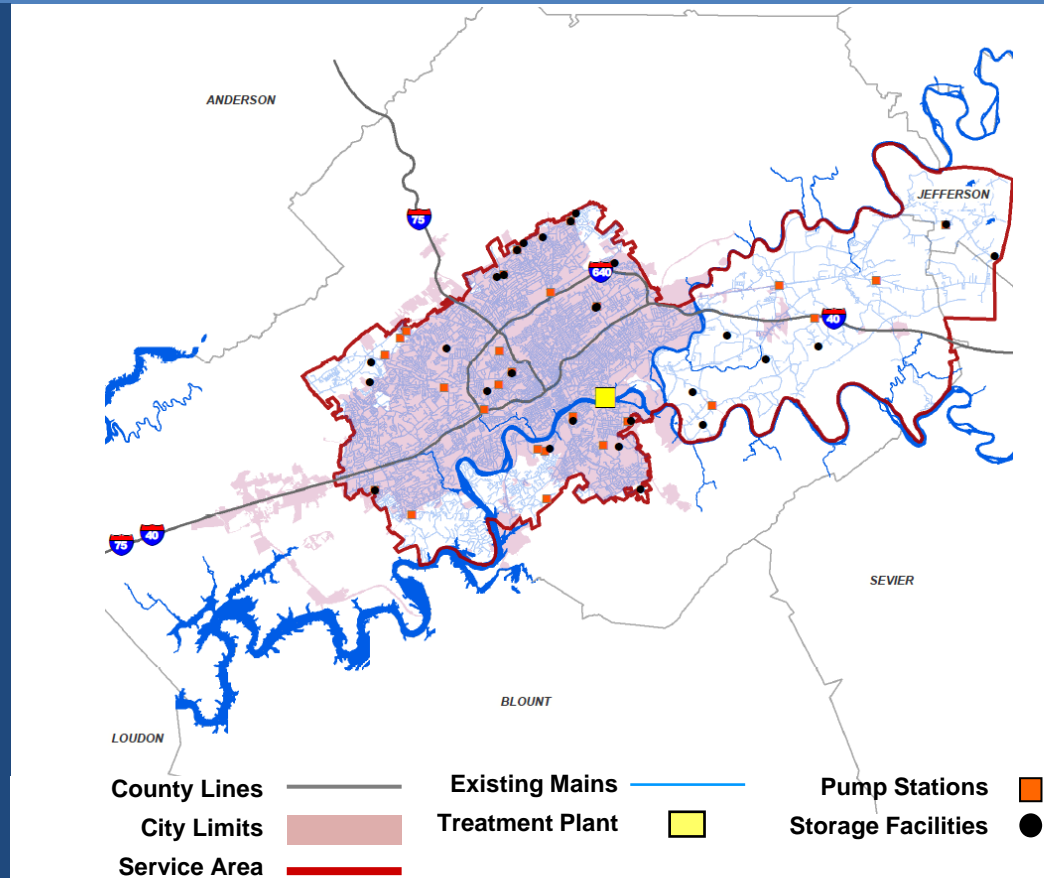
Storage Facilities: 28

Distribution Mains: 1,410 miles

Plant Capacity:
62.9 million gallons/day (MGD)

Reservoir Capacity: 36.9 million gallons

Treated Water: 12.7 billion gallons annually



Focus on Resiliency

■ MBW Water Plant

- Single source of water for community
- Multi-year plan to provide dual treatment train

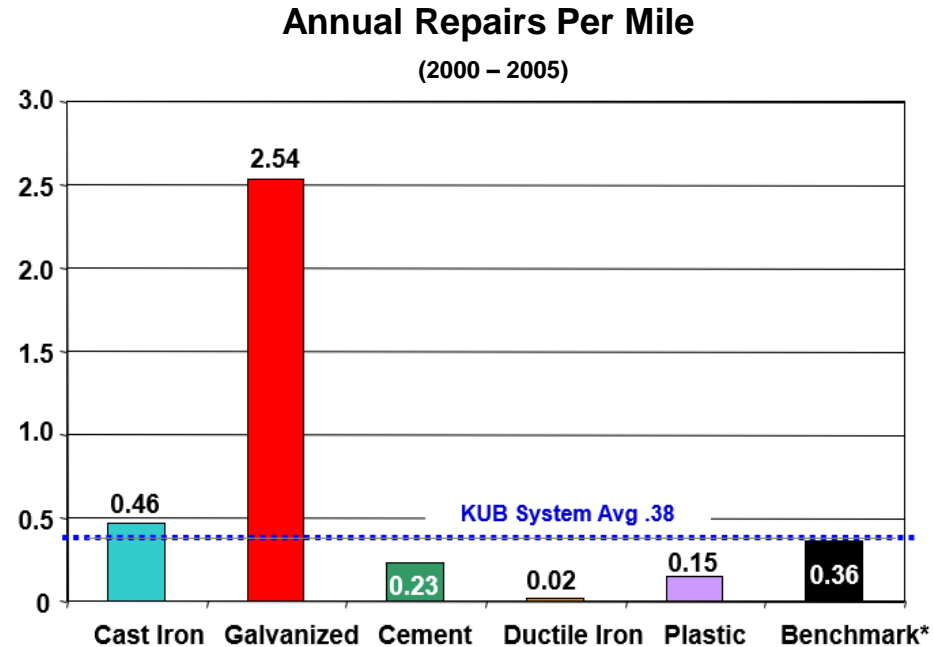
■ Distribution system

- Building system resiliency
- Using new technology to reduce water main repairs



History of Century II for Water

- Developed in 2006 due to increase in main breaks
- Modeled after PACE10
- Review of assets with focus on pipe
- Pipe prioritization based on available data
 - Repair history by pipe type
 - Pipe size, type, and age
 - Industry pipe life expectancy



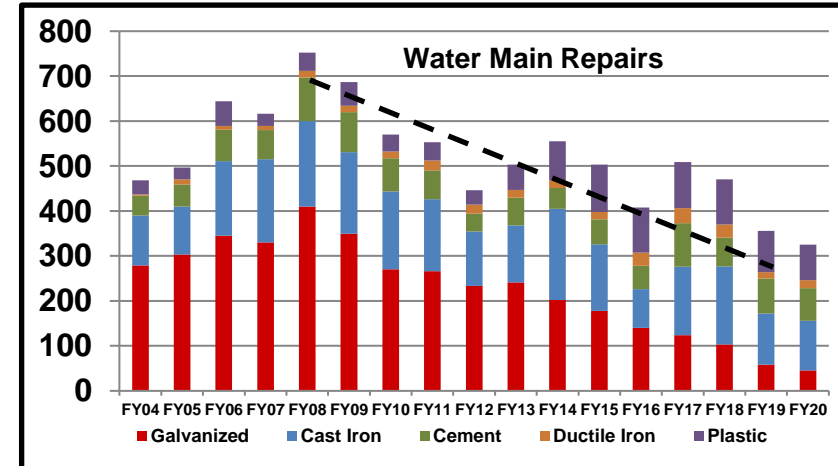
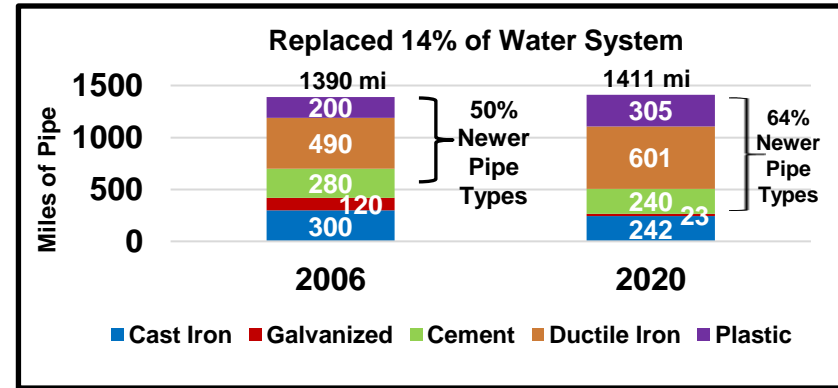
Century II for Water Has Evolved

- Water Supply Master Plan developed
- Tanks and pump stations prioritized by data
- Expanded valve inspections
 - Distribution 5-year cycle
 - Transmission 2-year cycle
- Inspections by KUB vs. contractor
- New programs for pipe prioritizations
 - District Metering Areas
 - Find and fix



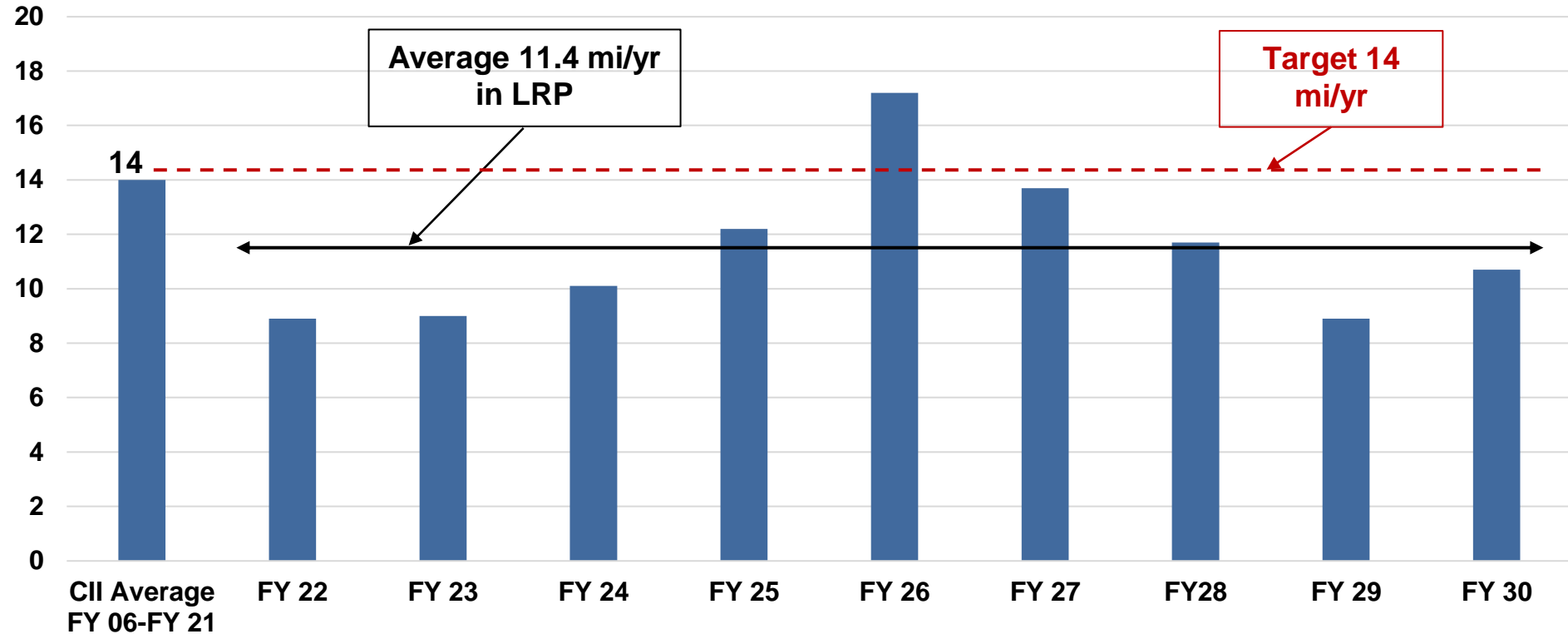
Century II Improves Water System

- Upgraded 200 miles of pipe
 - System composed of 64% newer pipe vs 50% in 2006
 - Galvanized nearly eliminated
- Pipe repairs down by 57%
 - Enhanced data-driven replacement of pipe
 - Extreme weather increases breaks on older pipe types



Temporary Reduction in Pace of Pipe Upgrades

Miles per Year



Major Upcoming Projects

■ Filters

- Six new filters provide 38 MGD treatment capacity
- Cost estimate: \$58.9M
- Bid this summer
- Construction in FY 22 – FY 24

■ Century II pipe replacement

- Complete galvanized by FY24
- Increased data drives cast iron and cement pipe replacement
- \$5.5M FY 22 - \$95.8M LRP

Process	Cost Estimate	Timeframe
High Service Main	\$2.2M	FY17 – FY18
Ph 1 EL upgrades	\$2.3M	FY17 – FY18
Generators	\$12.9M	FY19 – FY21
Filters	\$58.9M	FY22 – FY24
Raw Water Main	\$8.6M	FY24 – FY25
Ph 2 EL upgrades	\$4.1M	FY25 – FY26
High Service Pump Station and Clearwell	\$30.2M	FY26 – FY29
Source Water Resiliency	TBD	TBD

Complete

Design Complete

Planning Phase

Industry Recognition for Water System

- Tennessee Department of Environment and Conservation (TDEC) inspection
 - 2019 score was 99.8%
 - Next inspection in 2021
- Water Quality Lab
 - Perfect scores on past two inspections (every three years)
 - Certified for more tests than any other public water system in Tennessee



KUB

Long-Range Financial Plan, FY 22 Budget, and Funding Recommendations

April 15, 2021



Long-Range Financial Plan Update

- Continued funding for Century II, Water Plant Resiliency, and Sustainability initiatives
- Capital project deferrals and bond refinancing savings eliminate/reduce planned rate increases
- Wastewater debt reduction plan on target
- Debt reduction strategy for Gas Division
- Enhanced Grid Modernization for electric system not included in today's discussion
- Proposed FY 22 budget of \$934M

Noteworthy Changes

- \$57 million in capital project deferrals
- Bond refinancing lowered outstanding debt by \$79M
- Vegetation management increased \$27M
- Investment income down \$16M
- Eliminated various customer fees – reduced revenue \$10M
- Fully reflects TVA Partnership Credits
 - Funds home weatherization and Green Invest solar
 - Deferred future electric rate increase one year
- Eliminated wastewater rate increase for FY 22
- Reduced water rate increase for FY 22

Rate Recommendations for FY 22

- No gas rate increase
- No wastewater rate increase
- 2% water rate increase
- Electric rate action pending decision on Broadband

Proposed Water Rate Increase for FY 22

- Lowered to 2%; originally planned for 5%
- \$0.65 increase on average monthly residential bill
- Applied to usage rate – no increase in residential basic service charge
- Impacts on business customers will vary depending on monthly use
- Needed to maintain funding for Century II and Water Plant Resiliency programs
- Reflected on August 2021 bills

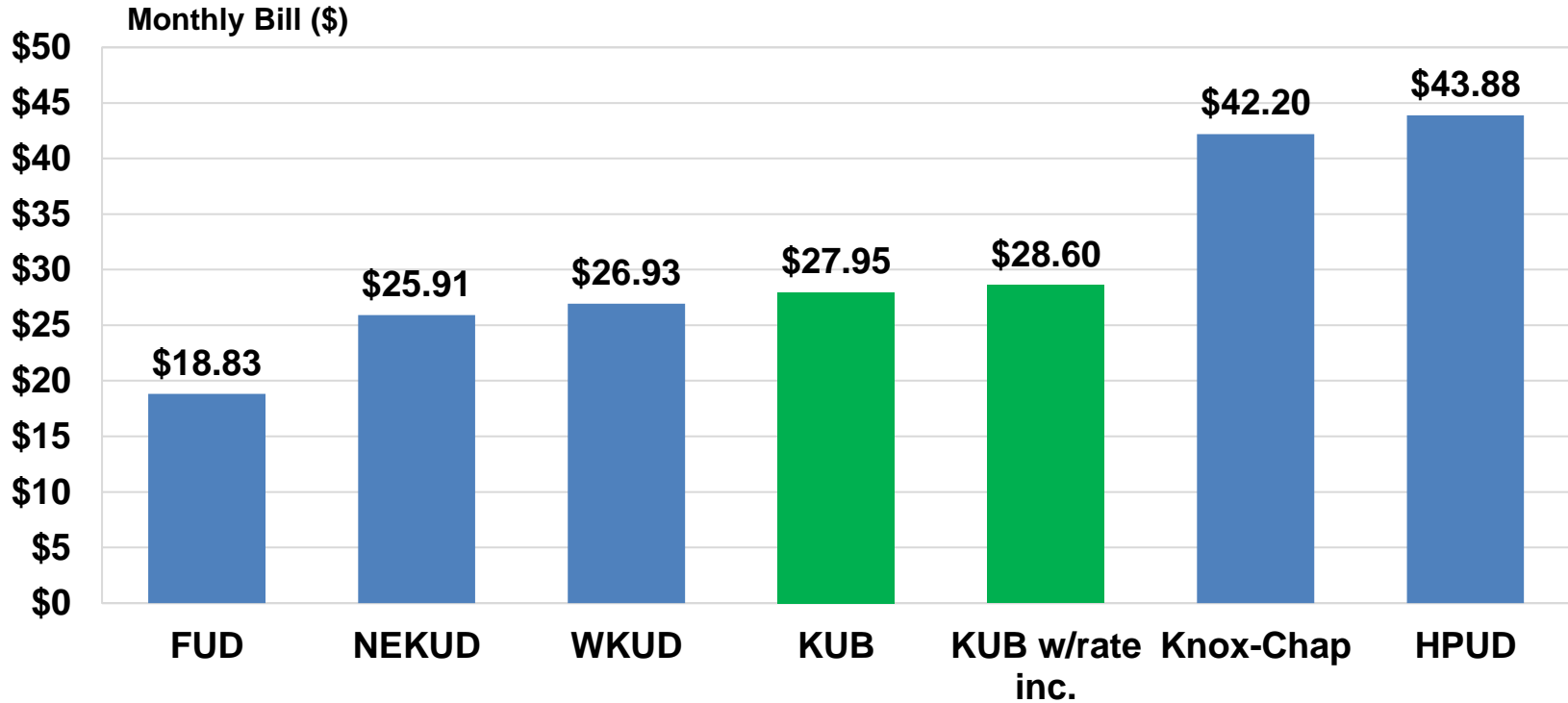
Water Cost of Service Summary Results

Rate Schedule	Customers in Class	Cost of Service	Projected Revenues	% Under (Over) Collected
Residential	69,831	\$ 29,610,960	\$ 24,481,617	21.0%
Nonresidential	9,037	\$ 22,969,521	\$ 28,014,855	(18.0)%
Fire Protection	1,580	\$ 8,142,453	\$ 8,226,382	(1.0)%
Wholesale	2	\$ 1,055,066	\$ 1,055,415	0.0%
Total		\$ 61,778,000	\$ 61,778,000	0.0%

Water Basic Service Charge Components

Water System Cost Components	5/8" Inside Meter
Meters	\$ 3.81
Distribution Facilities	\$ 6.71
Distribution Operations & Maintenance	\$ 5.77
Customer Service	\$ 2.48
Basic Service Charge – Cost of Service (2021)	\$ 18.77
FY 22 KUB Basic Service Charge	\$ 18.00

Water Residential Bill Comparison



Based on 3,740 gallons of monthly water use

Water Long-Range Plan Summary

Year	Capital	Bonds	Total Outstanding Bonds	Debt Ratio	Debt Coverage	Rate Increase
2022	\$27M	---	\$192M	46%	2.19	2%
2023	\$36M	\$17M	\$201M	46%	2.29	6%
2024	\$39M	\$23M	\$216M	47%	2.16	6%
2025	\$23M	\$ 5M	\$213M	45%	2.35	6%
2026	\$40M	\$20M	\$223M	44%	2.38	6%
2027	\$46M	\$23M	\$237M	44%	2.44	6%
2028	\$38M	\$13M	\$239M	43%	2.53	6%
2029	\$38M	\$ 9M	\$237M	41%	2.64	6%
2030	\$38M	\$ 9M	\$235M	39%	2.78	6%
2031	\$38M	---	\$223M	35%	3.00	6%

Wastewater Long-Range Plan Summary

Year	Capital	Bonds	Total Outstanding Bonds	Debt Ratio	Debt Coverage	Rate Increase
2022	\$47M	\$12M	\$474M	56%	1.75	---
2023	\$36M	\$12M	\$471M	55%	1.82	4%
2024	\$28M	\$ 4M	\$461M	53%	1.85	4%
2025	\$28M	---	\$446M	51%	1.98	4%
2026	\$35M	\$ 4M	\$435M	49%	1.99	2%
2027	\$39M	\$ 7M	\$426M	47%	1.96	2%
2028	\$43M	\$15M	\$425M	46%	1.91	2%
2029	\$47M	\$21M	\$428M	46%	1.84	1%
2030	\$40M	\$16M	\$425M	45%	1.79	1%
2031	\$43M	\$22M	\$427M	44%	1.71	1%

Natural Gas Long-Range Plan Summary

Year	Capital	Bonds	Total Outstanding Bonds	Debt Ratio	Debt Coverage	Rate Increase
2022	\$30M	---	\$85M	23%	3.68	---
2023	\$25M	\$8M	\$86M	23%	3.66	---
2024	\$25M	---	\$79M	21%	3.70	---
2025	\$22M	---	\$72M	19%	3.70	---
2026	\$22M	---	\$66M	17%	3.99	2%
2027	\$24M	---	\$59M	15%	4.37	2%
2028	\$26M	---	\$52M	13%	4.92	2%
2029	\$28M	---	\$46M	11%	5.33	1%
2030	\$33M	---	\$40M	10%	5.68	1%
2031	\$26M	---	\$34M	8%	6.50	1%

Electric Long-Range Plan Summary

Year	Capital	Bonds	Total Outstanding Bonds	Debt Ratio	Debt Coverage	Rate Increase
2022	\$73M	\$16M	\$277M	38%	3.57	---
2023	\$72M	\$25M	\$287M	37%	3.48	---
2024	\$64M	\$17M	\$288M	36%	3.39	1%
2025	\$75M	\$27M	\$298M	36%	3.24	1%
2026	\$70M	\$20M	\$303M	36%	3.52	1%
2027	\$72M	\$20M	\$307M	35%	3.47	1%
2028	\$69M	\$11M	\$301M	34%	3.58	1%
2029	\$73M	\$12M	\$298M	33%	4.00	1%
2030	\$69M	\$ 4M	\$286M	31%	3.98	---
2031	\$77M	\$14M	\$288M	30%	4.42	---

Proposed FY 22 Budget: \$934M

	Electric	Gas	Water	Wastewater	Total
Energy Cost	\$406.1	\$57.5	\$ ---	\$ ---	\$463.6
O&M	\$70.3	\$24.1	\$32.6	\$40.1	\$167.1
Capital	\$73.2	\$30.1	\$26.9	\$47.5	\$177.7
Debt Service	\$24.8	\$10.9	\$14.1	\$33.9	\$83.7
Taxes and Equivalents	\$21.5	\$8.8	\$5.1	\$6.2	\$41.6
	\$595.9	\$131.4	\$78.7	\$127.7	\$933.7

\$ in Millions

Proposed FY 22 Budget Down 3%

	FY 22	FY 21	Increase	
	Proposed	Budget	(Decrease)	
Energy Cost	\$463.6	\$467.8	(\$4.2)	TVA Partnership Agreement Credit
O&M	\$167.1	\$158.1	\$9.0	Labor-related; Vegetation management
Capital	\$177.7	\$211.2	(\$33.5)	Capital deferrals; BEHRC work in FY 21
Debt Service	\$83.7	\$85.9	(\$2.2)	Refunding savings
Taxes & Equivalentents	\$41.6	\$39.1	\$2.5	Increased plant values
	\$933.7	\$962.1	\$(28.4)	

\$ in Millions

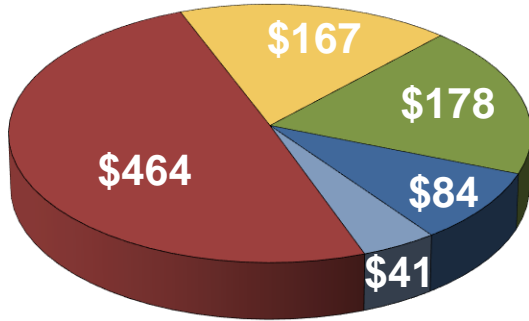
FY 22 Key Programs and Projects

Program/Project	FY 22 Budget \$
Vegetation Management	\$12.9M
MBW Water Filter Project*	\$10.9M
Jones Street WW Pump Station*	\$ 8.9M
Sustainability Initiatives	\$ 4.7M
Western Avenue Electric Substation*	\$ 3.5M
Gas System South Loop – Phase 5*	\$ 2.8M

* Multi-year projects

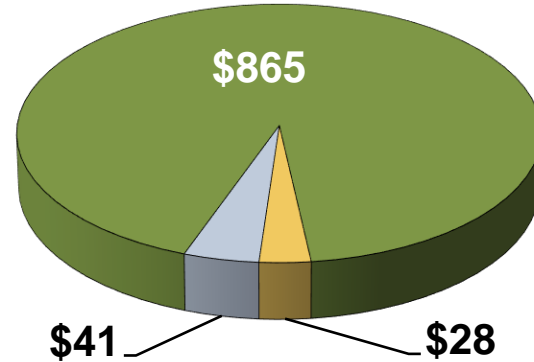
Funding FY 22 Budget

Budget = \$934M



- Wholesale Energy = 50%
- O&M = 18%
- Capital = 19%
- Debt Service = 9%
- Taxes and Equivalents = 4%

Funding = \$934M



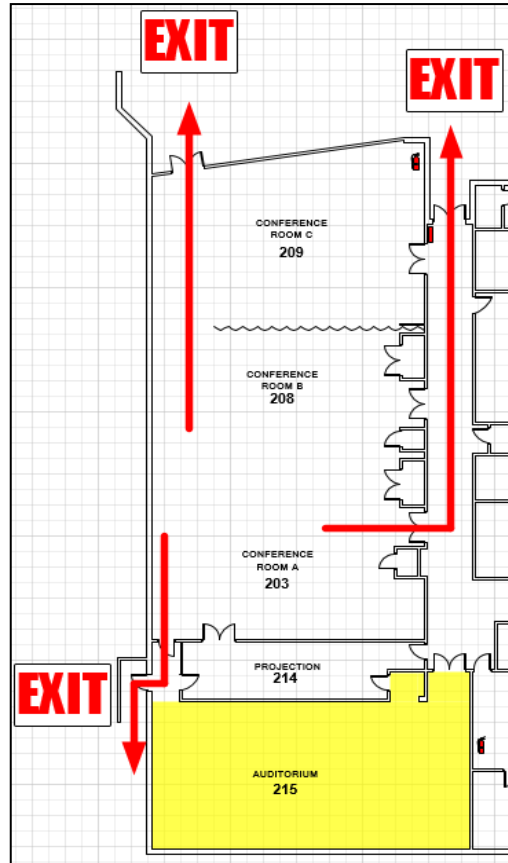
- System Revenues = 93%
- Bonds = 3%
- Cash on Hand = 4%

May 2021 Board Meeting: Official Action

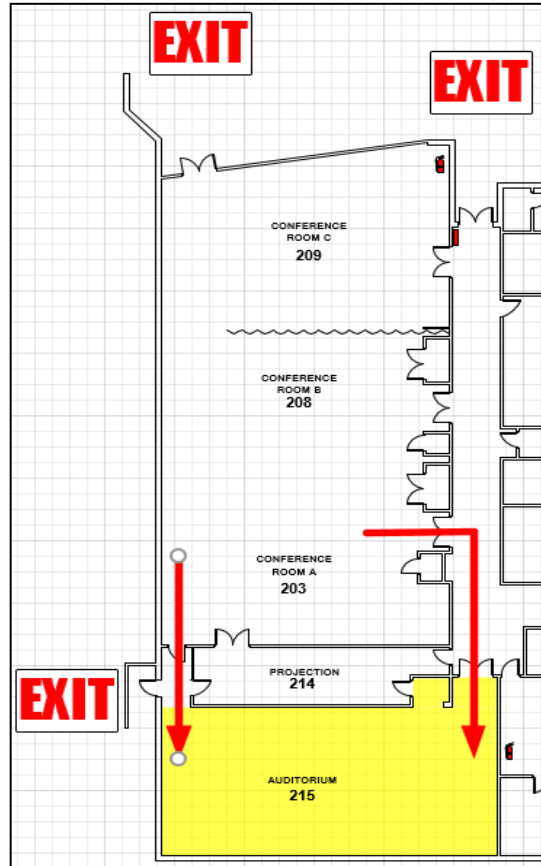
- FY 22 budget appropriations
- FY 22 commitment appropriations
- \$12M wastewater bonds
 - Action on \$16M electric bonds deferred pending decision on Broadband
- 2% water rate increase – first reading

KUB

Evacuation of Building



Shelter Within Building



KUB