

TVA Long Term Partnership Agreement

March 12, 2020



Resolution 1410

Key Provisions of the Agreement

- Extends term from five years to 20 years, with annual extensions
- Partnership credit of 3.1 percent on wholesale base rates
- Five percent power supply flexibility
- Limitations on TVA rate increases
- Deeper engagement with TVA on long-term planning
- Protections if TVA is sold



Local Power Companies

- 20-year Contract
- 10-year Contract
- 5-year Contract

KUB Review Process – Contract Language

- Reviewed language and identified concerns
 - Limitations on natural gas system
 - Limitations on KUB support of customer self-generation
 - Rate protections limited to initial 20 year term
 - Other terms related to giving notice
- Engaged with Chattanooga and Huntsville to seek amendments
- TVA agreed to the changes requested

KUB Review Process – Customer Input

- Input received in person and in writing by members of the public
- Key areas of focus
 - Length of contract limits KUB's influence with TVA
 - 3.1 percent credit is not significant
 - 5 percent power supply flexibility is insufficient
- Staff reviewed and considered each concern

Length of Contract

- Two primary concerns
 - Limitation on alternate power supply
 - Impact on TVA responsiveness
- KUB's power supply options are limited
 - TVA Fence
 - Geographic location
- New agreement gives partner LPCs preferential involvement in TVA planning process

Value of the Wholesale Rate Credit

- 3.1 percent is approximately \$9.5M annually
- Funds can be used for
 - Reliability improvements
 - Deferral or elimination of planned rate increases
 - Low-income assistance programs
 - Environmental programs
 - Other electric system needs

Flexibility for Renewable Generation

- Five percent flexibility gives KUB the opportunity to build its own generation
- TVA has indicated additional flexibility may be possible
- Beyond the five percent, KUB has other options
- KUB proposing to use a portion of the Partnership Credit (\$825K) toward renewable purchases

Green Invest Program Agreement

- KUB agreement is the first of its kind in the Valley
- Secures 212MW of new solar in the Valley
- Will provide 465 million kWh per year of solar output
 - Enough to serve 35,000 homes
 - Approximately eight percent of KUB's system load
- Does not preclude other renewable projects
 - Self generation under the five percent flexibility provision
 - Community solar project already in development

Resolution 1410

- Authorizes the President and CEO to execute the Partnership Agreement
- Authorizes the President and CEO to execute a Green Invest agreement to secure renewable resources for customers

KUB

NACWA Awards

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National Association of Clean Water Agencies

- NACWA is nation's leader in legislative, regulatory, and clean water advocacy
- Membership nationwide
- KUB member since 1990
- KUB received two awards in December
 - Public Information and Education
 - Workforce Development



Public Information & Education Award

- Honored for “Inventive efforts in educating public”
- Water quality video
 - Shared KUB’s water quality story
 - Provided water quality and conservation tips at www.kub.org/water



Workforce Development Award

- Recognized for “outstanding solutions for ensuring a knowledgeable workforce”
- Plant Operator Qualification Program
 - Trains new employees
 - Ensures technical competency
 - Maintains qualified workforce
- Trained and qualified 14 operators through the program



KUB