



September 16, 2021

Proposed Electric Rate Increases Resolution 1441 – Second Reading



Proposed Electric Rate Increases

- Three consecutive 3% rate increases
- Effective April 2022, April 2023, and April 2024
- Fund Century II improvements and fiber network
- Total impact is \$10.80 on monthly bill for average residential electric customer
 - \$7.20 for Century II
 - \$3.60 for fiber network
- Commercial/industrial customer impacts will vary

Residential Bill Impacts

- Rate increases applied solely to usage rate
- Bill impacts will vary based on electric usage
- Total impact for average residential customer is around \$10.80
- More than half of residential customers use less than the system average

Monthly kWh	Current Bill	FY 24 Bill	Total Increase	% of Customers
300	\$46.89	\$49.86	\$2.96	10%
500	\$64.48	\$69.42	\$4.94	10%
800	\$90.87	\$98.77	\$7.90	20%
1,000	\$108.46	\$118.34	\$9.88	12%
1,100	\$117.26	\$128.11	\$10.85	6%
1,500	\$152.44	\$167.26	\$14.82	17%
2,000	\$196.42	\$216.18	\$19.76	12%

Resolution 1441 (Second Reading)

- Adopts electric rates reflecting 3% rate increases effective April 2022, April 2023, and April 2024



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Purchased Power Adjustment Amendment Resolution 1446 – First Reading



TVA Pandemic Recovery Credit

- TVA Board approved extension of pandemic relief financial assistance for an additional year
- \$220 million in Pandemic Recovery Credits for local power companies (LPCs) and TVA direct-served customers
- LPC credits have two components
 - 2.5% credit for standard service power costs
 - 2.5% credit for non-standard service power costs (large commercial and industrial customers)
- Credits provided on monthly TVA invoice for 12 months beginning October 2021

Proposed Use of Credits

- Credits for non-standard service must be applied directly to customers' monthly bills
- KUB standard service credits estimated at \$7.3M
- \$1.3M available for customers with payment arrangements for past due bills
 - Requires amendment to Purchase Power Adjustment (PPA)
- \$6M flowed through to all standard service customers via the PPA
 - Lowers average residential customer monthly bill ~ \$1.40 for twelve months

Resolution 1446

- Amends PPA to address use of standard service power cost credits
- Requires two readings
- Second reading in October 2021



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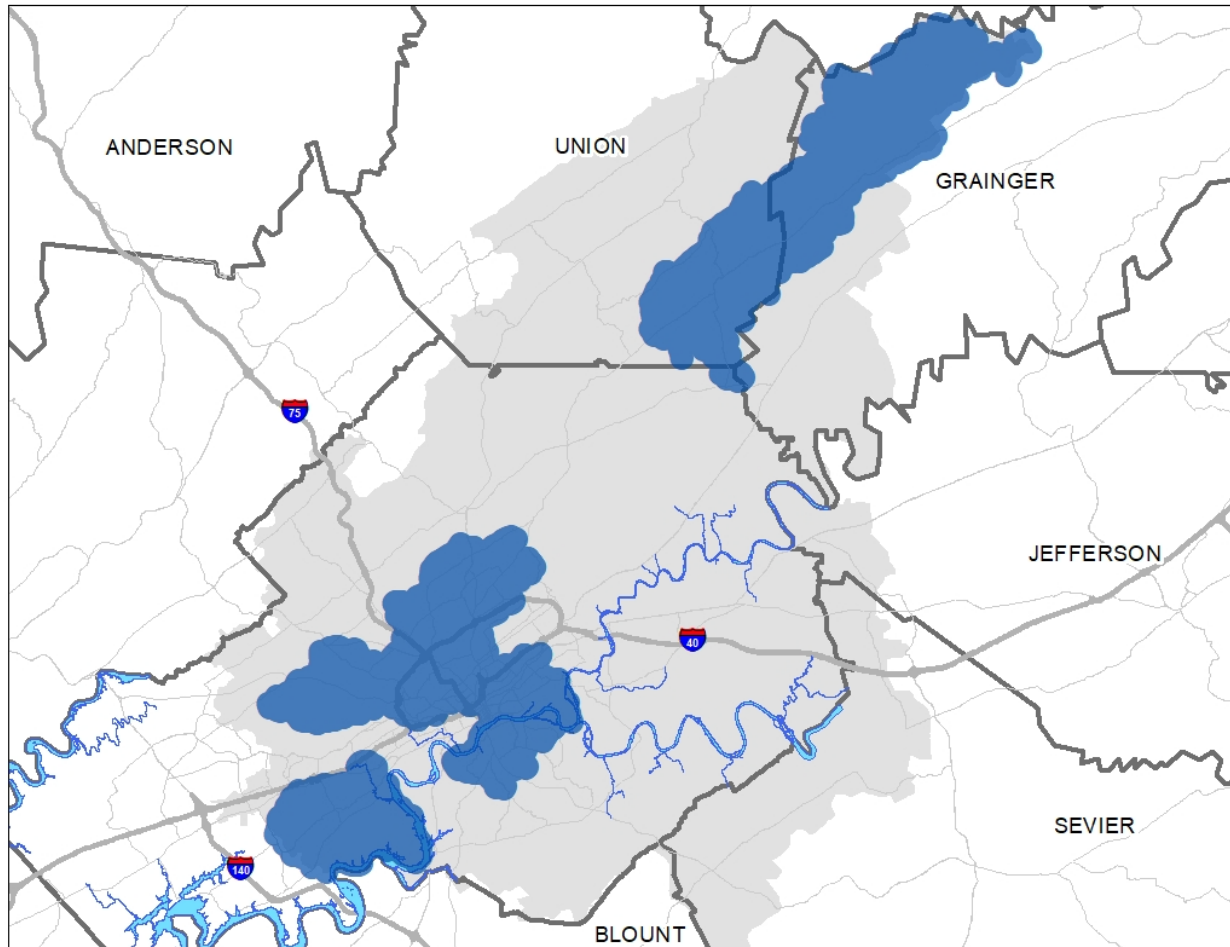
Broadband Update



Guideposts for Deployment

- Leveraging existing fiber infrastructure
- Opportunities for improved utility performance
- Positively impacting many customers early
- Meeting the needs of unserved and underserved populations
- The availability of grants

Phase One Deployment Areas



- Areas are general in nature
- Reaches approximately 25% of KUB electric customer base
- 1000 miles of fiber
- Projected timeline of 18-24 months
- Timeline & area could change depending on grant availability

Phase One Deployment Fast Facts

Schools

- 25 of 75 Knox County schools
- 9 of 16 Community Schools
- UTK's 3 flagship high schools



Reliability

- 11 of the lowest performing circuits
- 3.8 hours of interruption annually per household



Addressing the Need

- Average 55 customers per mile
- 17 of 20 distressed census districts in KUB service territory



Grants

- \$5M projected eligible for state grant program



Grant Outlook

- Federal government proposing \$65 billion for broadband
 - \$42.5B for deployment
 - \$14.2B for Emergency Broadband Benefit (\$30/month)
 - Details yet to be determined and timing uncertain
- State government designated \$500 million for broadband
 - \$400M for deployment
 - \$100M for adoption including community anchor institutions
 - Awaiting US Treasury final rules
- KUB has hired resource to lead grant activities

Looking Forward

- Continue working to define phase two and three using existing guideposts
- Set proper timing expectations for all customers
- Develop interactive platforms for customers to easily access information related to deployment



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TeenWork Program



Program History and Overview

- Began in 1995 as a partnership with Austin-East High School
- Educates high school juniors on KUB careers and workplace-success skills
- Offers enrichment and community service activities
- Includes classroom sessions and summer work experience
- Nearly 450 students have successfully completed the program



1995 - 2017 Logo



2017 - 2021 Logo

2021 TeenWork Class Persevered through Challenges

- First completely virtual classroom environment
- Consisted of juniors and seniors (2020 and 2021 classes combined)
- Small-yet-mighty group of students
- Created “My Life Matters” public service announcement to speak out against gun violence



Program Enhanced Over Time

- Investing in qualified students and mentors
- Capturing and evaluating feedback on effectiveness
- Recruiting for long-term employment
- Partnering for expansion



What's Next for TeenWork

- Offering TeenWork programming to additional high schools
- Revising program structure to accommodate more students
- Exposing students to KUB and program prior to junior year



Austin-East Magnet High School



Fulton High School



Central High School

How We Plan to Expand

- All students meeting in centralized KUB location for classroom sessions
- Compressed schedule (16 sessions reduced to 7 sessions)
 - Four Saturday sessions
 - Two student holiday sessions
 - In-school field trip
- Revised program curriculum to combine related topics
- Early program introductions
 - Freshman year – KUB career spotlights
 - Sophomore year – Job shadow day at KUB

More Enhancements

- Engaging more employment partners
- Finding opportunities to remain in contact
- Focus on recruiting and retaining college-students and full-time employees

Partnering Employers

- First Utility District
- Fresenius Medical Care
- Knoxville Chamber
- Tennessee Valley Authority
- West Knox Utility District

Success Beyond TeenWork: 2021 Internship Recipient

“They (TeenWork staff) recruited me to come back as a college student intern and have shown that they have **my best interest at heart.**”

Jarett Kyle,
Engineering Student



Success Beyond TeenWork: Utility Apprenticeship

“Rick Rice (TeenWork mentor) took me under his wings and **helped me to develop my potential**. I could see opportunities to grow with a **stable organization** and with the support of **people I trust**.”

Kalen Jones,
Utility Apprentice





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APGA 2021 SOAR Award Recipient



APGA System Operational Achievement Recognition (SOAR) - 2018



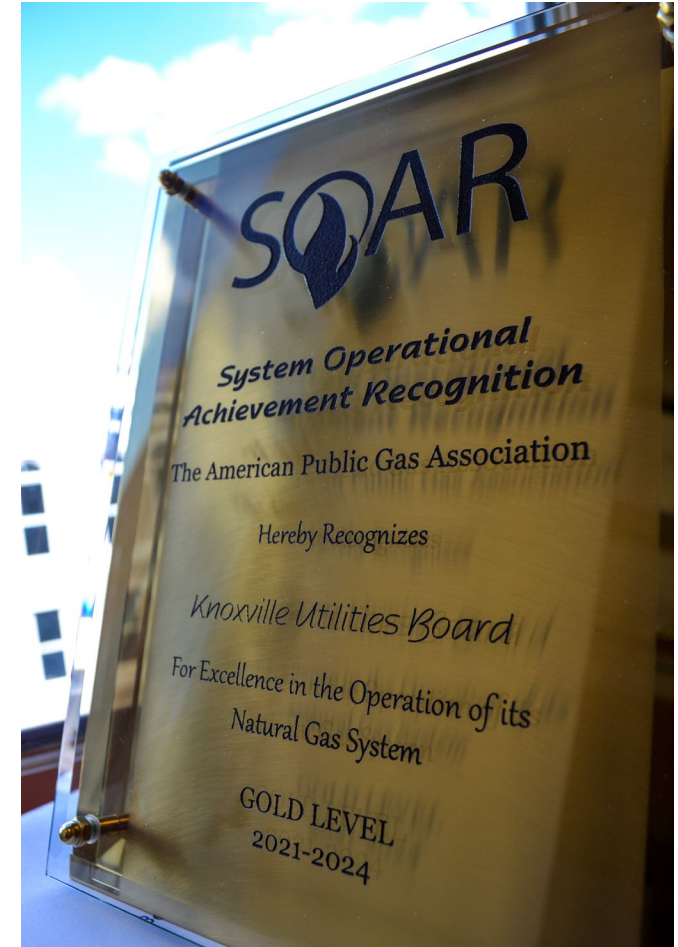
- Areas of evaluation
 - System Integrity
 - System Improvement
 - Employee Safety
 - Workforce Development
- 2018 SOAR Award
 - Gold 97-100%
 - **Silver 90-96%**
 - Bronze 80-89%

Significantly Expanded Application for 2021 Submittal

- New/expanded categories
 - Diversity, Equity, and Inclusion
 - Community involvement
 - Succession planning
 - Support of economic development
 - Environmental programs
 - Financial stability
 - Pipeline Safety Management System
- First group to submit under expanded application



2021 KUB Recognized as Gold



KUB