

KUB

Payments In Lieu of Taxes

December 17, 2020



Resolution 1427

FY 2021 Payments In Lieu of Taxes (PILOTs)

- FY 2021 payments = \$32,469,103
- Increase of \$1.5M or 5%
- Reflects increases in net assets and operating margins
- \$.7M less than budgeted

PILOTs Governance

	Established by	Approved by	Basis	Paid
Electric & Gas	State Law	KUB Board & City Council	Net Plant Value & Avg. Operating Margin	June
Water & Wastewater	City Charter	KUB Board	Net Plant Value	February

FY 2021 PILOTs Up \$1.5M or 5%

	FY 2021	FY 2020	Change
Electric	\$16,891,189	\$16,067,210	\$823,979
Gas	7,166,619	6,828,101	338,518
Water	3,528,135	3,378,895	149,240
Wastewater	4,883,160	4,650,629	232,531
Total	\$32,469,103	\$30,924,835	\$1,544,268

Payments by Jurisdiction

	FY 2021	FY 2020	\$ Change	% Change
City of Knoxville	\$21,003,825	\$20,036,911	\$966,914	4.8%
Knox County	10,467,779	9,900,845	566,934	5.7%
Union County	381,883	367,676	14,207	3.9%
Sevier County	318,398	344,574	(26,176)	(7.6%)
Grainger County	174,002	160,383	13,619	8.5%
Jefferson County	95,058	89,904	5,154	5.7%
Blount County	15,107	13,539	1,568	11.6%
Anderson County	11,515	9,533	1,982	20.8%
Loudon County	1,536	1,470	66	4.5%
Total	\$32,469,103	\$30,924,835	\$1,544,268	5.0%

Resolution 1427

(Electric and Gas PILOTs)

- Requests City Council set electric and gas tax equivalent payments for FY 2021 and provide for their distribution
- Total payments = \$24,057,808

KUB

Wholesale Water Rate Adjustment

December 17, 2020



Resolution 1428
First Reading

Wholesale Water Rate

- “Sales for Resale” service available to water utilities bordering KUB’s water system
- Water sold on an interruptible basis
- KUB cannot be sole water supplier
- Two recurring customers
 - Town of Dandridge
 - Shady Grove Utility District
- Current rate is \$1.70 per Ccf

Dandridge and Shady Grove Water Sales

- 10-year contracts with automatic one-year renewals
- Contracts include minimum take requirements of 100,000 gallons/day
- Sales have averaged 1.6M gallons/day, producing \$1.3M in annual water revenue

Current Situation

- Dandridge and Shady Grove also purchase water from Jefferson City
- Jefferson City rate 13% lower than KUB
- Dandridge has reduced volumes purchased from KUB to minimum level
- \$450K loss in annual revenue for KUB
- If Shady Grove follows course, combined annual revenue loss would be ~ \$1.2M

Proposed Rate Adjustment

- Lower “Sales for Resale” rate from \$1.70 per Ccf to \$1.48 per Ccf
- Equivalent to rate charged by Jefferson City
- Dandridge and Shady Grove have executed commitments to return/remain at historic purchasing levels or higher
- Net annual financial impact is +\$280K

Resolution 1428

- Lowers “Sale for Resale” water rate to \$1.48 per CCF
- Second reading in January 2021
- Effective February 2021

KUB

Long-term Natural Gas Supply Contract

December 17, 2020



Resolution 1429

Long-term Contract Details

- Resolution 1405, as heretofore amended, authorized execution of long-term supply contract with Tennergy
- Tennergy pre-pays for their gas supply
- Pre-pay allows Tennergy to sell to KUB at discount
- Average daily purchases of 2,800 dekatherms (~10% of KUB supply)
- Term up to 31 years
- Discount to gas index minus ~ \$.30

Resolution 1429

- Amends Resolution 1405 to extend contracting authority to December 31, 2021

KUB

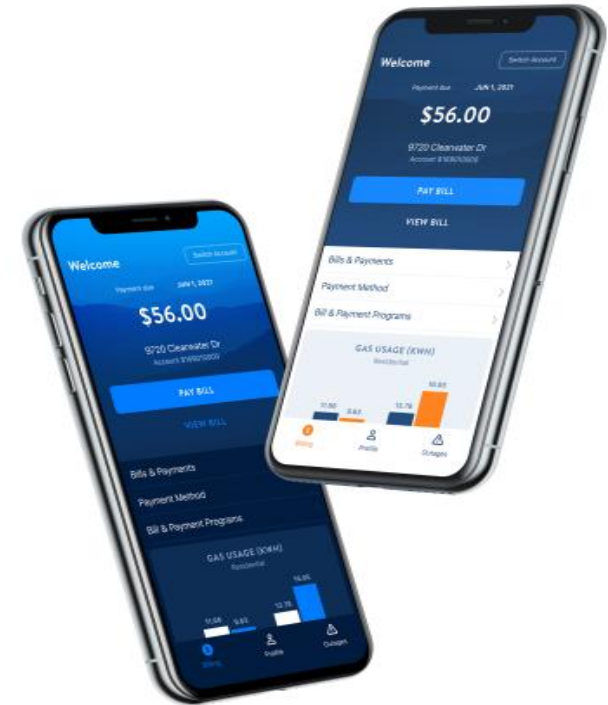
Customer Mobile Application

December 17, 2020



Benefits of a KUB Mobile App

- Available wherever our customers are, on the device they prefer
- Takes advantage of device capabilities
- Provides easy, streamlined customer interactions
 - Personalized to the customer's account(s)
 - Allows for proactive push messaging
 - Transactions are simple with few clicks



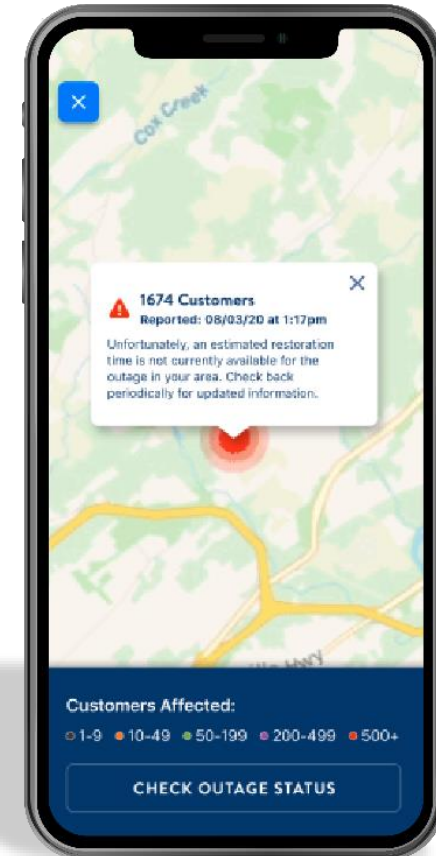
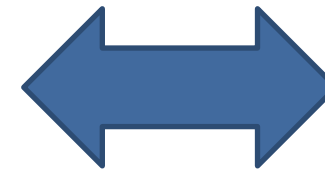
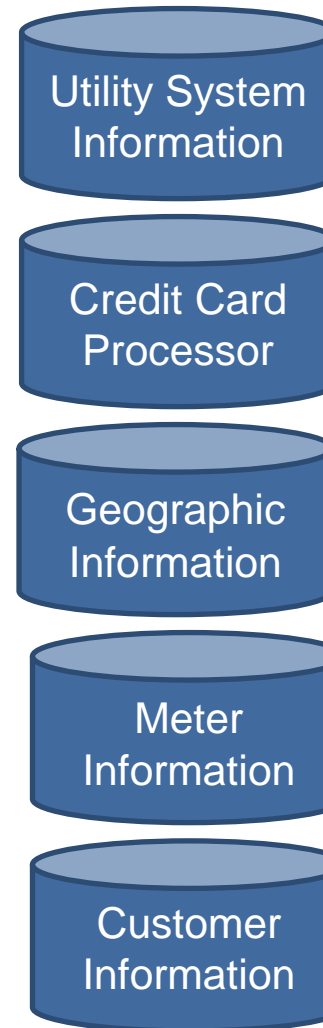
KUB Utilized WillowTree for App Creation

- WillowTree's technical expertise
 - Design: Look and feel
 - Workflows: Simple and intuitive
 - Development: Both iOS and Android platforms
 - Marketing: App Store management and adoption
- KUB staff development
- Project management



Behind the iOS and Android Apps

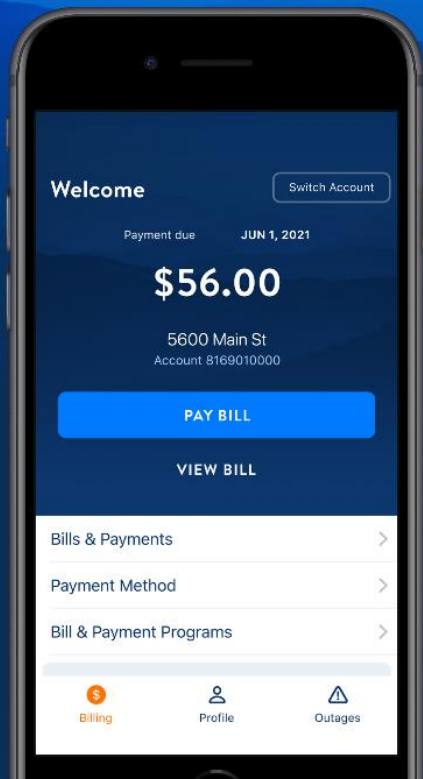
- Integrated: connected to multiple systems for real time processing
- Secure: same secure infrastructure as website
- Aligned: with the new bill and website
- Accessible: for the visually impaired



The App Stores Images

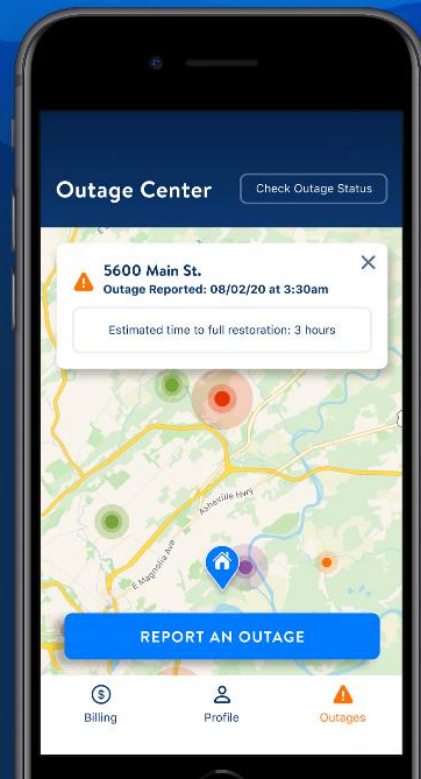
PAY

View and pay your bill with the tap of a button; let AutoPay and Paperless Billing make payments effortless.



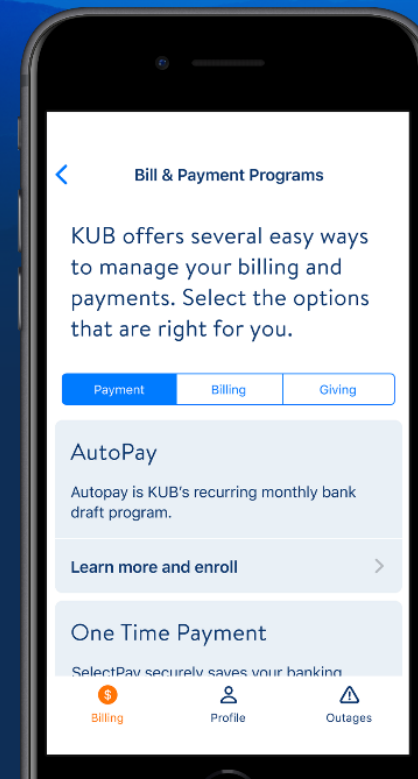
REPORT

Report outages quickly and easily, view power outages in your area, and get restoration updates.



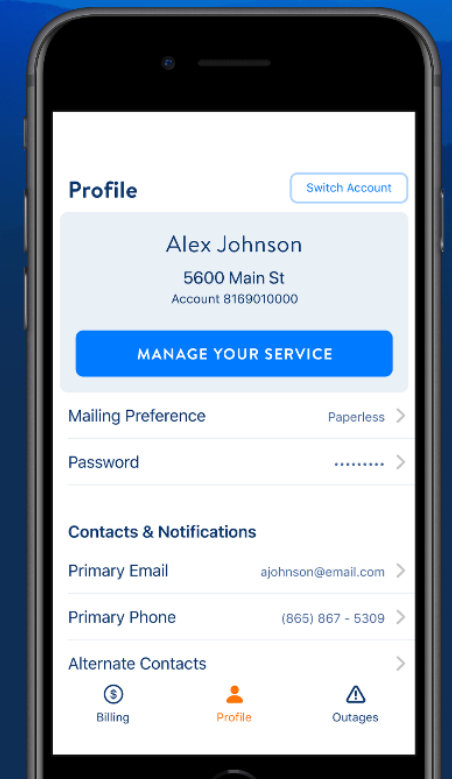
ENROLL

Explore KUB's billing and payment options and choose the programs that work best for you.



MANAGE

Personalize your experience and manage your account in one easy-to-use app.



KUB Customer Mobile App – Bill Pay

Welcome Switch Account

Payment due **JUN 11, 2020**

\$123.00

5600 Main St
Account 8169010000

PAY BILL

VIEW BILL

Bills & Payments >

Payment Method >

Bill & Payment Programs >



Pay Bill ×

Your balance of \$123.00 is due on June 11.

Payment Amount \$123.00 >

Payment Method >

Payment Date Jun 11, 2020 >

PAY BILL

Want to pay your bill in person? See payment locations near you.

PAYMENT LOCATIONS

Pay Bill ×

Thank you!

Your payment has been submitted.

Payment Amount **\$123.00**

Payment Method *****3456
USAA

Payment Date **Jun 11, 2020**

DONE

Welcome Switch Account

Payment due **PENDING**

\$0.00

5600 Main St
Account 8169010000

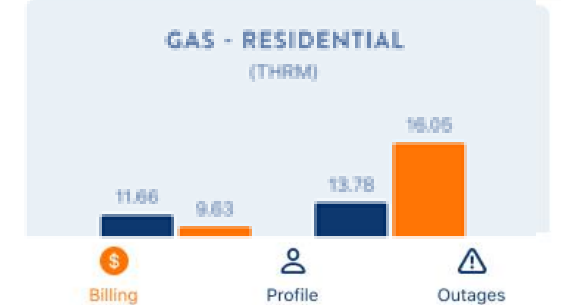
PAY BILL

VIEW BILL

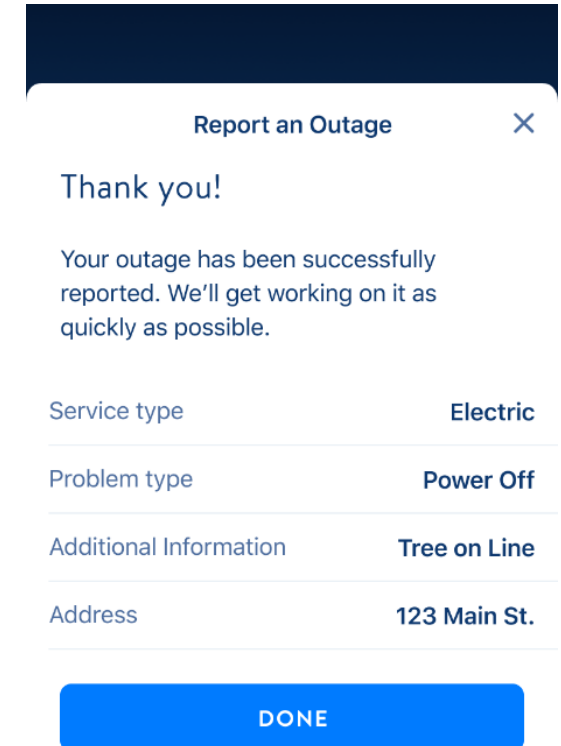
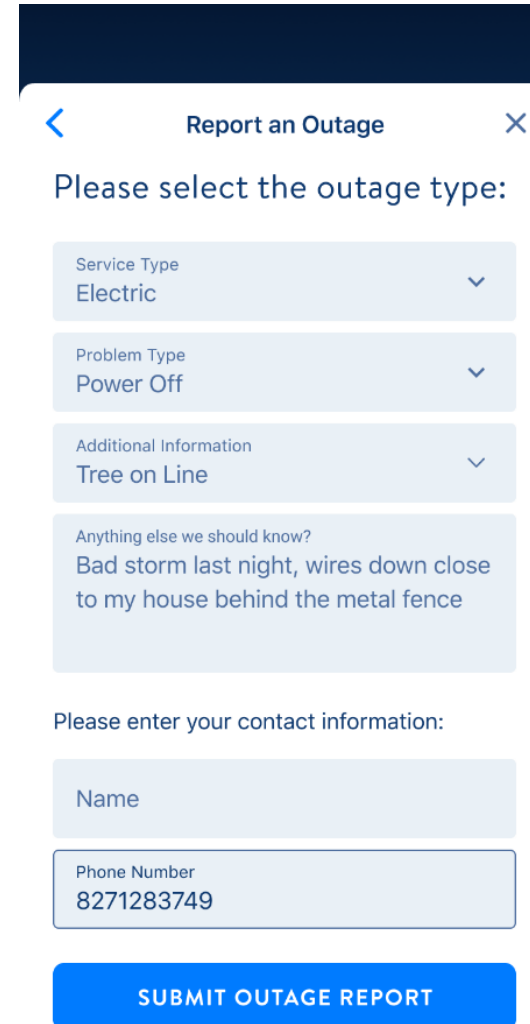
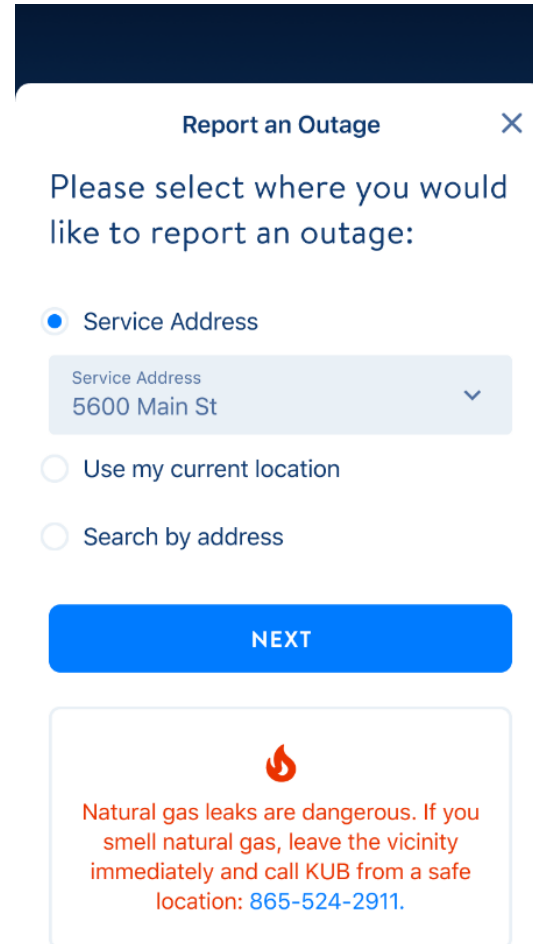
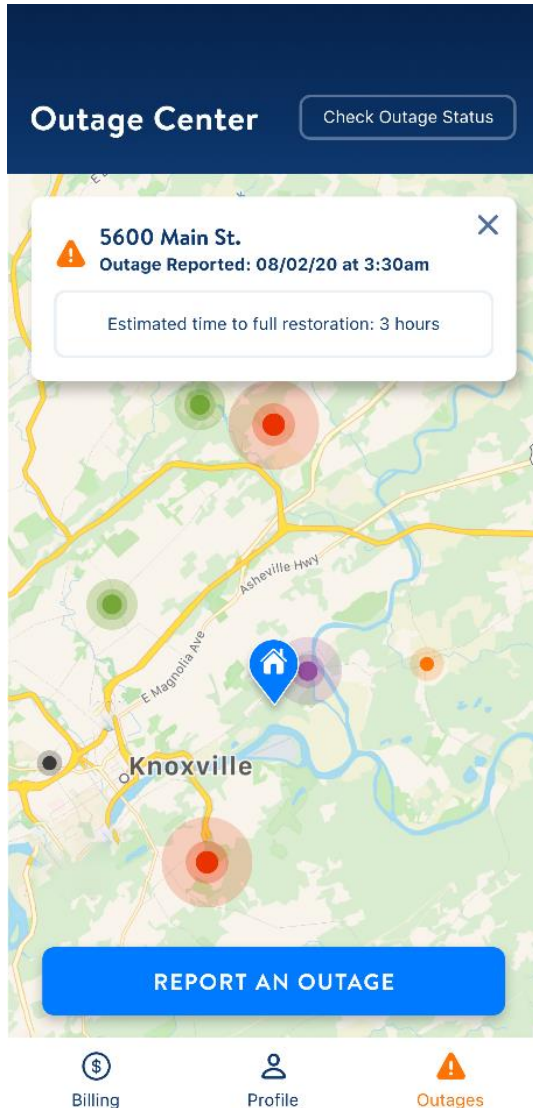
Bills & Payments >

Payment Method >

Bill & Payment Programs >



KUB Customer Mobile App – Report Outage



KUB Customer Mobile App – Programs

Welcome Switch Account

Payment due JUN 11, 2020

\$123.00

5600 Main St
Account 8169010000

PAY BILL

VIEW BILL

Bills & Payments >

Payment Method >

Bill & Payment Programs >



Bill & Payment Programs

KUB offers several easy ways to manage your billing and payments. Select the options that are right for you.

Payment Billing Giving

AutoPay

Autopay is KUB's recurring monthly bank draft program.

Learn more and enroll >

Billing Profile Outages

Bill & Payment Programs

KUB offers several easy ways to manage your billing and payments. Select the options that are right for you.

Payment Billing Giving

Levelized Billing

Enrolled

A smarter way to budget. Your usage can spike during very hot or very cold months. Levelized Billing can help you keep your bills more level, no matter what the weather does. Available only for residential customers.

Manage >

Paperless Billing

Eliminate paper bills and receive electronic bill alerts. It's easy, is more secure, and is good for the environment.

Learn more and enroll >

Billing Profile Outages

Bill & Payment Programs

KUB offers several easy ways to manage your billing and payments. Select the options that are right for you.

Payment Billing Giving

Round It Up

Enrolled

Automatically round your bill up to the next dollar to help others in our community.

Manage >

Project Help

Enrolled

Help members of the community affected by COVID-19 by making a donation to our emergency energy assistance program.

Give Now >

Billing Profile Outages

Next Steps

- December 2020: Soft launch
 - Deploy to both App Stores
 - Promote to employee customers
 - Closely monitor for adoption, feedback, and issues
- Late January 2021: Full launch
 - Marketing campaign begins
 - New functions and features released

Promoting the App to Drive Customer Use

- Social media and News Sentinel digital ads
- KUB.org promotions featuring short and informative video
- Media release highlighting the customer benefits of the app
- 30-second commercial on local news networks
- Billboards above Knoxville roadways

KUB

2020 Employee Excellence Awards

December 17, 2020



Raccoon Valley Natural Gas Expansion

- Natural Gas expansion into Knox County's northern boundary
 - Serves more than 60 new residential customers
 - Allows for commercial growth
- Collaboration among multiple departments
- In-house construction saved \$500K



Employees Recognized

■ Gas Systems Engineering

- Dallas Coplin
- Tim Kelly
- Wes Marine
- Isaac Mobley
- Preston Teague

■ New Service

- Brad Hall
- Bill Thrower
- Bill Warren

■ Procurement

- Doyle Dukes

■ Underground Construction

- Robert Dockery
- Randy England
- Corey Fitzpatrick
- Jason Hellard
- Cody Hicks
- Jaren Miller
- Chad Mink
- Lee Monday
- Boyd Pratt
- Brandon Spoon

Sustainability Initiatives

- Innovative clean energy and efficiency initiatives
 - Toilet replacement program
 - Green Invest solar purchase
 - Knoxville's first community solar project
 - Electric Vehicle Charger Rebate program
 - TVA Smart Thermostat and Green Switch Match pilot programs



Employees Recognized

■ Communications

- Jay Miller
- Chris Tyler

■ Utility Advancement

- Mike Bolin

■ Electric Systems Engineering

- Zack Cole

■ Environmental Stewardship

- Liz Hannah
- Chasity Hobby

■ New Service

- Bill Warren

Meter Modernization

- Four-year, \$82 million project to upgrade all KUB meters
- Completed ahead of schedule and under budget
- Resulted in reduced meter reading costs, reduced trucks on the road, improved accuracy, and increased customer knowledge of usage



Employees Recognized

■ Meter Systems

- Mike Allison
- Jessica Barton
- Carroll Ferguson
- Eric Greene
- Jeremy Loveday
- Wendy Slifka

Pandemic Response

Recognizing Excellence Across KUB



Board Chair Award

APPA Excellence Award for COVID-19 Communication Efforts



KUB

Continued Performance Recognition in 2020

ENERGY STAR Certification

Historic Miller's Building

NACWA Environmental Achievement Awards

Public Information & Education - Video

Workforce Development

Keep Knoxville Beautiful Orchid Awards

Engineering Building

Historic Miller's Building - Mary Lou Horner

Beautification Award

100 Best Fleets in the Americas

Government Green Fleet

American Public Gas Association

Safety Contest Winner

Heavy Duty Trucking

Top Green Fleet Award

LEED Certification

Engineering Building

American Public Power Association

Smart Energy Provider designation

Sue Kelly Community Service Award

Excellence in Public Power Communications Awards

NACWA Peak Performance Awards

Eastbridge and Fourth Creek plants

Tennessee Solar Energy Industries Association

2020 Solar Champion

TDEC & TDOT

Tennessee Sustainable Transportation Award

Arbor Day Foundation

Tree Line USA

TVA EnergyRight

Top Performer:

- eScore Program Energy Efficiency
- eScore Program Self Audit
- Home Uplift Initiative
- Home Energy Workshops
- Green Power Switch

KUB