



December 15, 2022

Payments In Lieu Of Taxes

Resolution 1469



FY 2023 Payments In Lieu of Taxes (PILOTs)

- FY 2023 payments = \$33,337,681
- Increase of \$890,614
- Reflects increases in operating margin and net plant values
- \$2.0M under budget
- First payment of PILOTs for Fiber

PILOTs Governance

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

FY 2023 PILOTs Up \$890,614

	FY 2023	FY 2022	Change
Electric	\$17,175,635	\$16,791,348	\$384,287
Gas	\$7,131,007	\$7,082,386	\$48,621
Water	\$3,646,197	\$3,446,015	\$200,182
Wastewater	\$5,383,684	\$5,127,318	\$256,366
Fiber	\$1,158	\$0	\$1,158
Total	\$33,337,681	\$32,447,067	\$890,614

Payments By Jurisdiction

	FY 2023	FY 2022	\$ Change	% Change
City of Knoxville	\$22,797,953	\$21,305,955	\$1,491,998	7.0%
Knox County	\$9,489,796	\$10,115,542	(\$625,746)	(6.2%)
Union County	\$365,563	\$369,292	(\$3,729)	(1.0%)
Sevier County	\$373,558	\$369,386	\$4,172	1.1%
Grainger County	\$196,136	\$176,924	\$19,212	1.7%
Jefferson County	\$92,020	\$84,171	\$7,849	10.9%
Blount County	\$9,069	\$9,900	(\$831)	(8.4%)
Anderson County	\$12,245	\$14,488	(\$2,243)	(15.5%)
Loudon County	\$1,341	\$1,409	(\$68)	(4.8%)
Total	\$33,337,681	\$32,447,067	\$890,614	2.7%

Resolution 1469

(Electric, Gas, and Fiber PILOTs)

- Requests City Council set electric, gas and fiber tax equivalent payments for FY 2023 and provide for their distribution
- Total payments = \$24,307,800

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December 15, 2022

Request For Condemnation Authority

Resolution 1470



Easement Acquisition Process

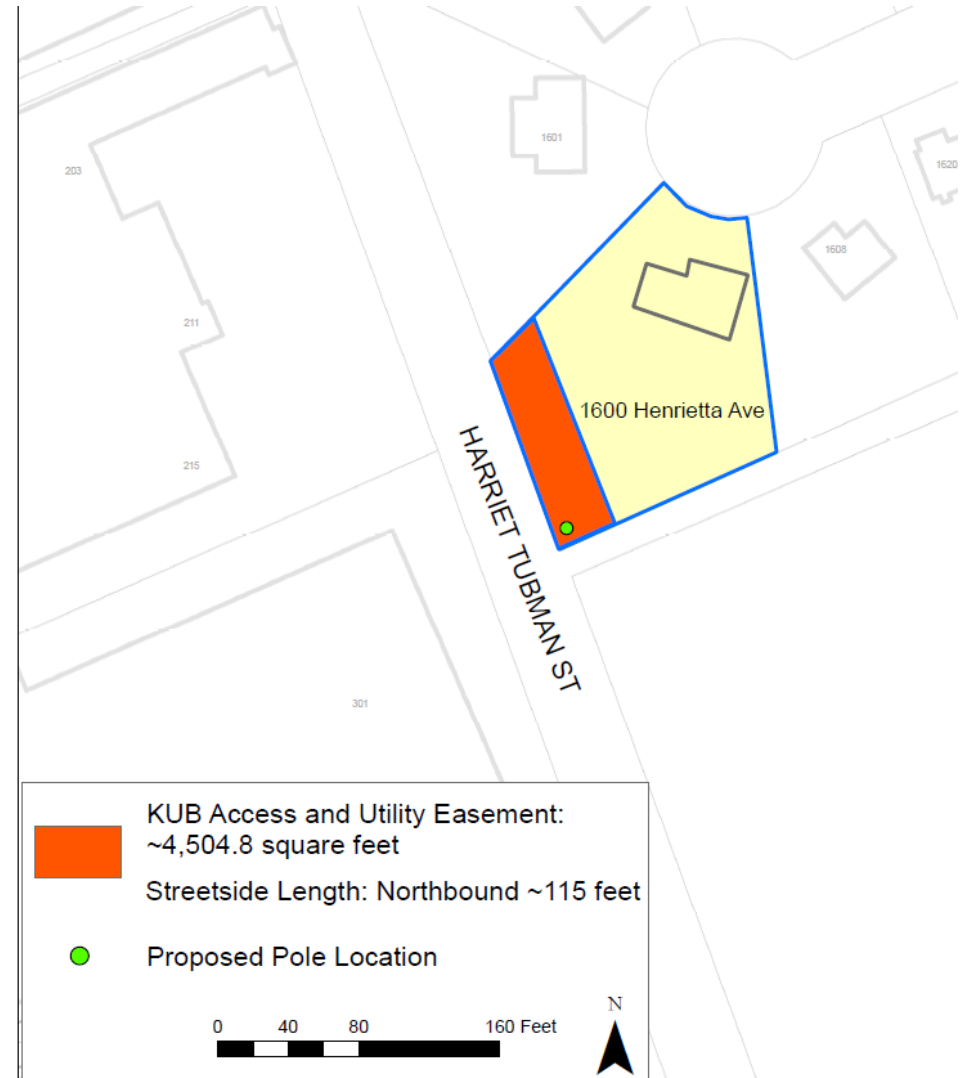
- Identify property owner(s)
- Engage in negotiations with property owner(s)
 - To explain the work and impact
 - To understand current and future property uses
- Revise design to accommodate property uses
- Compensate property owner for permanent easement

Easement Acquisition Process

- If no agreement is reached
 - Complete a third-party title search
 - Obtain a third-party appraisal
- Continue negotiations with property owner using current appraisal information
- Request condemnation authority from the KUB Board
- Continue negotiations
- Initiate legal proceedings to obtain an “Order of Possession”

Ballpark Project - Electric System Upgrades

- Reroutes transmission line for ballpark construction
- 30-foot-wide permanent easement required for equipment and tree trimming
- 17 of 21 easements completed
 - Three local government – in progress
 - One residential - remaining



Resolution 1470

- Authorizes the condemnation and the taking of utility easements on one parcel
- Allows for continued negotiations with property owners
- Directs that costs be paid by Electric Division
- Enables construction to proceed to complete project

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December 15, 2022

Bond Sale Results



\$89M Of New Bonds Sold

- Bonds fund Electric and Wastewater capital improvements
- Sold competitively on November 30, 2022
- Bonds mature over 30 years
- Sale generated \$91.6M, reflecting premiums and issuance costs
- Large number of bidders
- Rates slightly higher than budget, but better than expected given current market conditions
- High-quality bond ratings affirmed

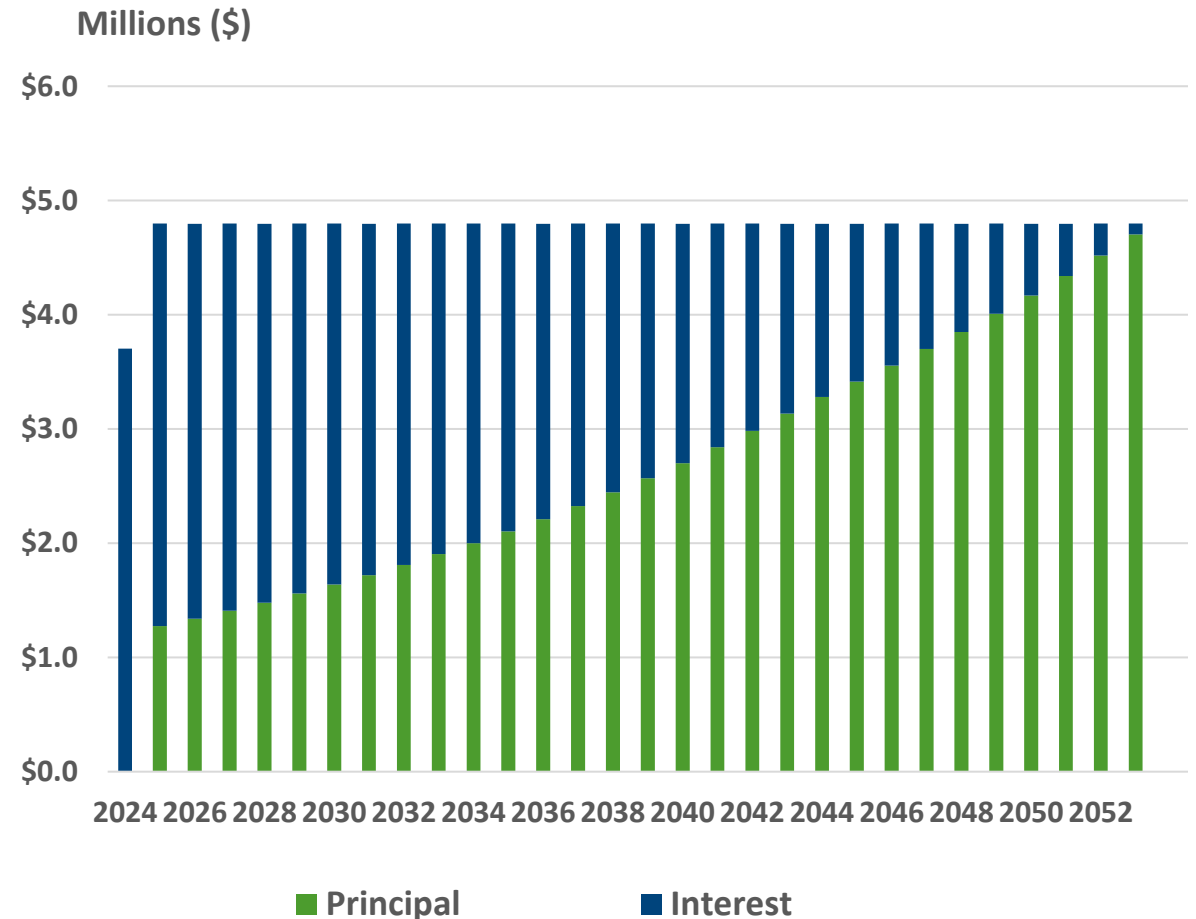
Bids On \$79M Electric Bonds

Bidder	True Interest Cost
Barclays Capital Inc.	4.072
Hilltop Securities	4.085
Wells Fargo Bank, NA	4.102
Raymond James & Associates	4.109
Jefferies LLC	4.111
Citigroup Global Markets Inc.	4.122
BoA Securities	4.149
Robert W. Baird & Co.	4.199
J.P. Morgan Securities LLC	4.199

Electric New Debt Issue Profile

New Bonds	\$79,000,000
Interest Cost	\$63,844,000
New Debt Service	\$142,844,000

- Bonds fully mature in 2052
- Level payback structure
- Callable in 2032
- Total debt outstanding: \$370M



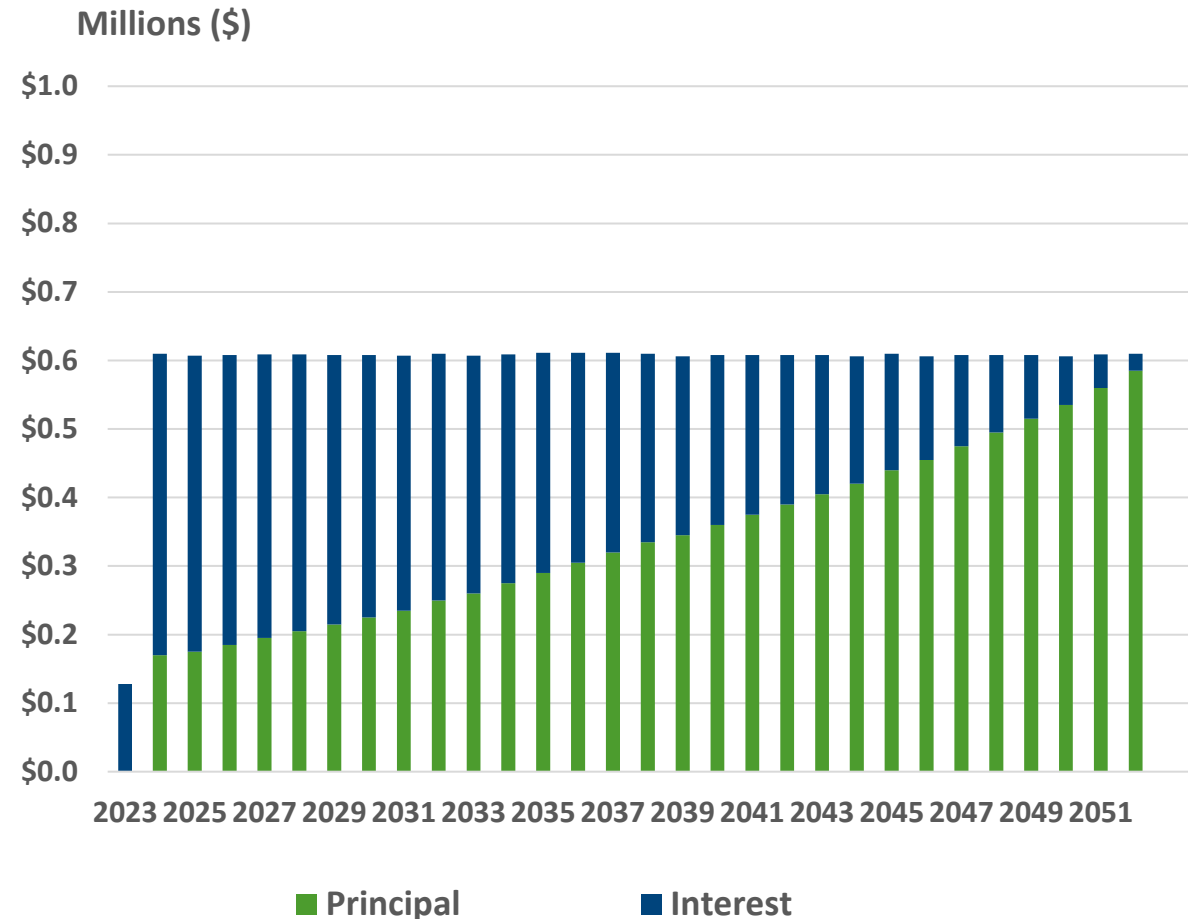
Bids On \$10M Wastewater Bonds

Bidder	True Interest Cost
Raymond James & Associates, Inc.	4.067
TD Securities	4.069
Wells Fargo Bank, NA	4.070
Robert W. Baird & Co.	4.100
Hilltop Securities	4.103
FHN Financial Capital Markets	4.136
Bernardi Securities, Inc.	4.254

Wastewater New Debt Issue Profile

New Bonds	\$9,995,000
Interest Cost	\$7,775,000
New Debt Service	\$17,770,000

- Bonds fully mature in 2052
- Level payback structure
- Callable in 2032
- Total debt outstanding: \$482M



Professional Fees For New Bonds

Cost	Professional Firm	Fee
Financial Advisor	Cumberland Securities	\$71,200
Bond Counsel	Bass, Berry & Sims	\$81,900
Rating Agencies	Moody's/Standard & Poor's	\$139,300
Paying Agent	Regions Bank	\$1,400
		<hr/>
		\$293,800
Other Costs (POS, OS, Advertising, Misc.)		\$27,000
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		\$320,800

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December 15, 2022

Employee Excellence Awards



Board Chair Award

- Higher-than-normal consumption for customer's property
- Customer appeared in poor health and living conditions
- Employees contacted emergency responders and stayed with customer until help arrived
- Employees recognized:
 - Kyle Amsden (Customer Support)
 - James Day (Underground Construction)



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December 12, 2022

Center For Energy Workforce Development Impact Award



Center For Energy Workforce Development

- CEWD is a national non-profit consortium focused on ensuring a skilled, diverse workforce pipeline in the energy sector
- Impact Awards honor excellence for leadership in workforce development initiatives
- Four award categories for individuals and companies
- Community Partnership Awards recognize companies for developing connections with local community that fuel the talent pipeline



KUB One Of Five Receiving Recognition



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