



February 15, 2024

Mid-Year Financial & Organizational Updates



FY24 Mid-Year Organizational Highlights

Developed Inflation Response Plan

Extended fiber to Grainger and Union Counties

Completed Western Avenue Substation

Awarded \$4.75M wastewater grant

Volunteer hours up 28% in 2023

KUB Community Solar 93% subscribed

Set new electric system peak in January

FY24 Mid-Year Financial Highlights

- \$55.5M in earnings through December 2023
- All divisions have positive earnings (excluding fiber)
- Expenses forecast \$53.7M under budget
 - Energy costs \$41.6M under budget
 - PILOTs/Debt service \$2.8M under budget
 - Capital \$2.7M under budget
 - O&M \$1.3M over budget
- Revenues forecast \$43.1M under budget
- \$75M in new bonds sold at lower than budgeted rates
- Strong pension and OPEB investment returns in 2023

FY24 Budget Expenditure Variance

	Electric	Gas	Water	Wastewater	Fiber	Total
Purchased Energy / COGS	\$17,488	\$24,155			\$5,590	\$47,233
O&M	(\$4,572)	\$1,030	(\$800)	\$1,626	\$1,462	(\$1,254)
Capital	\$1,300	(\$1,386)	\$4,027	(\$859)	(\$401)	\$2,681
Debt Service	\$1,010		\$148	\$434	\$245	\$1,837
Taxes & Equivalent	\$224	\$406	\$407	\$14	\$132	\$1,183
Loan to Fiber Division	\$2,000					\$2,000
Budget Variance	\$17,450	\$24,205	\$3,782	\$1,215	\$7,028	\$53,680

\$ in 000's () = Over Budget

FY24 Budget Revenue Variance

	Electric	Gas	Water	Wastewater	Fiber	Total
Sales Revenue	(\$20,751)	(\$28,924)	\$2,882	\$3,419	(\$7,907)	(\$51,281)
Other Revenue	\$3,042	(\$57)	\$5,441	(\$279)	\$48	\$8,195
Increase (Decrease)	(\$17,709)	(\$28,981)	\$8,323	\$3,140	(\$7,859)	(\$43,086)

\$ in 000's

() = Under Budget

FY24 Budget Net Cash Impact

	Electric	Gas	Water	Wastewater	Fiber	Total
Budget Revenue Variance	(\$17,709)	(\$28,981)	\$8,323	\$3,140	(\$7,859)	(\$43,086)
Budget Expense Variance	\$17,450	\$24,205	\$3,782	\$1,215	\$7,028	\$53,680
Increase (Decrease)	(\$259)	(\$4,776)	\$12,105	\$4,355	(\$831)	\$10,594

\$ in 000's () = Less Cash

FY24 Financial Metrics Forecast

Metrics	Target	Electric	Gas	Water	Wastewater	Fiber
O&M	Budget or Less	X	✓	X	✓	✓
Cash Generated from Operations	Budget or Greater	X	X	✓	✓	X
Debt Service Coverage	Financial Plan Target or Greater	✓	✓	✓	✓	---

FY24 Organizational Metrics Forecast

Metrics		
Safety	✓	
Electric Reliability	✓	
Century II	✓	
Diversity, Equity, and Inclusion	✓	
Call Center Performance	✓	
Environmental Stewardship		X
Fiber Service Availability		X



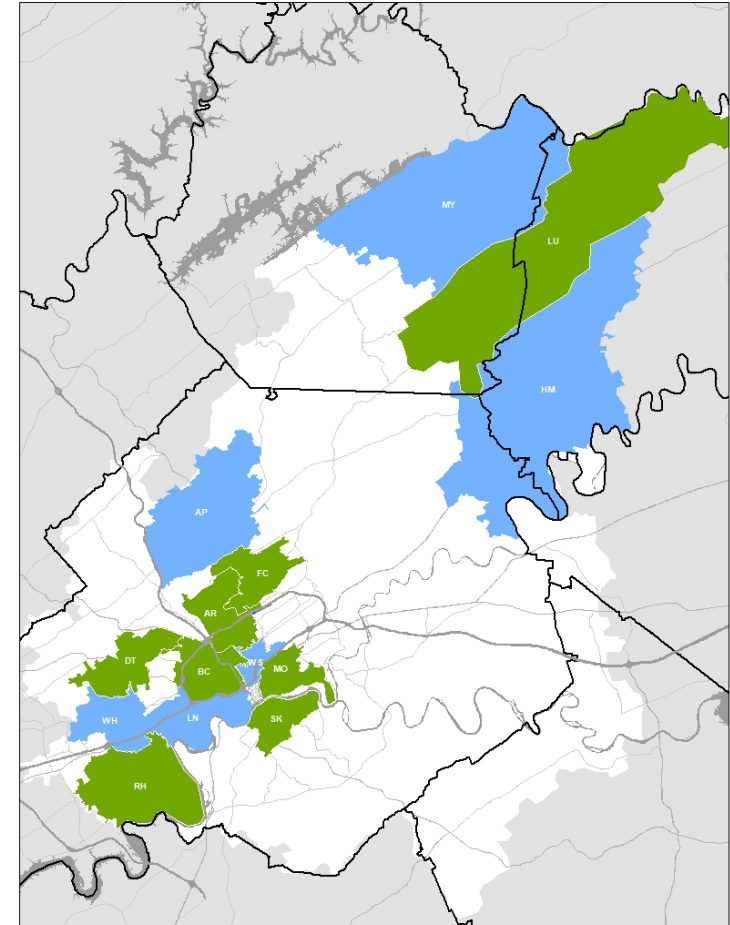
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Fiber Mid-Year Operational Update



Fiber Mid-Year Update FY24

- Installed 508 miles of fiber (775 total)
 - 496 miles aerial (700 total)
 - 12 miles underground (75 total)
- Currently serve 48,613 addresses
 - Increase of 23,000 since July 1, 2023
- FY24 goal is 90,000 addresses
- Current address projection is 68,000



Underground Fiber Construction Causing Delays

- Bid awarded May 2023
- 75 miles underground fiber
- Contractor installed three miles by November 2023
- KUB negotiated with contractor
- New bid awarded December 2023
- New contractor installed nine miles by January 2024

MDUs Present Unique Challenges

- Multi-dwelling units include:
 - Apartments
 - Condos
 - Townhomes
 - Shopping centers
- Challenges include:
 - Homeowner Associations
 - Scheduling
 - Aesthetics

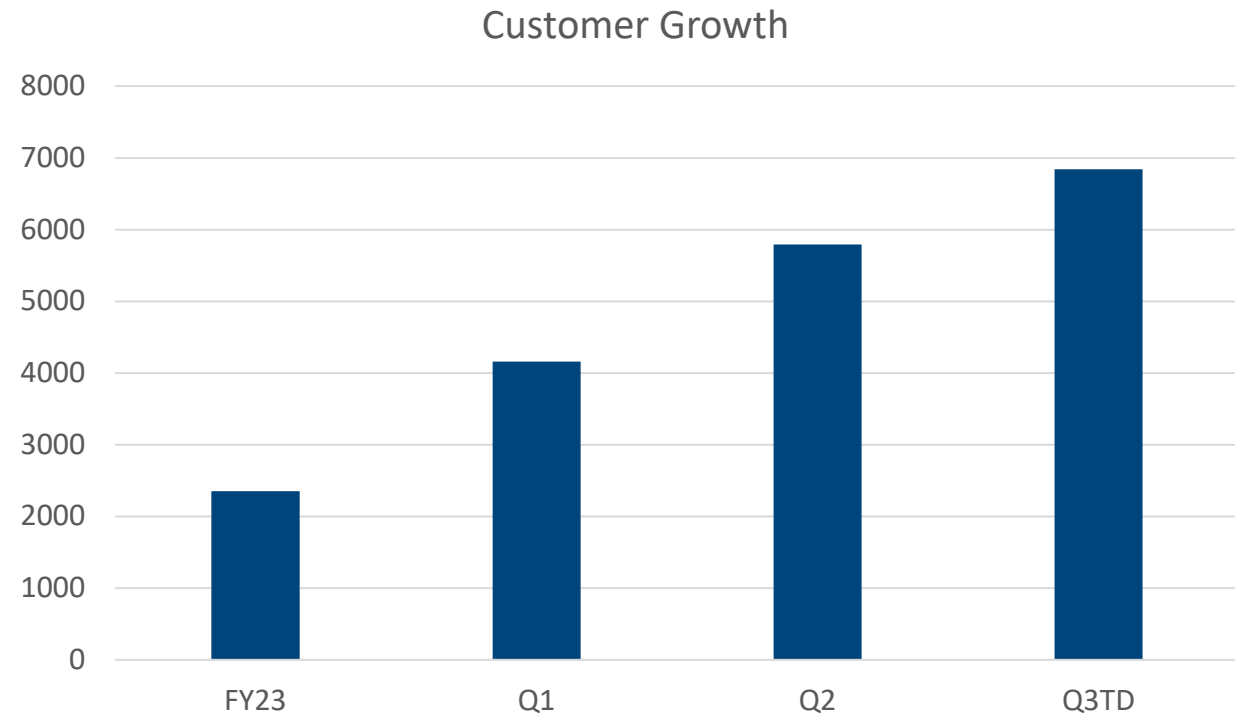


Adding Focus to MDU Construction

- Increasing construction resources to increase availability in the MDU space
- Increasing resources to work on agreements with property managers, homeowner associations, and developers
- Flexible scheduling for multi-level buildings
- Creative approach to construction strategy

Customer Growth Trending Positively

- 6,922 customers
- Consistent growth trends
 - Continued marketing efforts
 - Trends look positive for 3rd quarter
 - Larger potential customer base





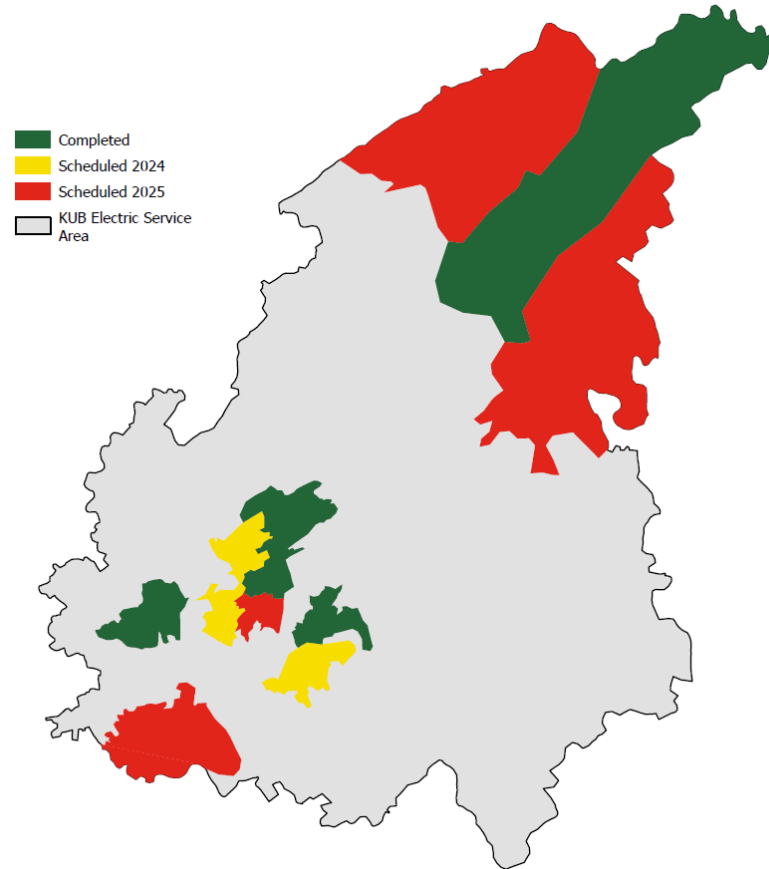
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Electric Mid-Year Operational Update



FLISR Automation on Fiber

- Phase 1 goals:
 - FY23 – 8,400 customers
 - FY24 – 40,800 customers
 - FY25 – 29,900 customers
- Approximately 35% of customers by FY25
- FYTD has over 26,000 customers in service




Western Avenue Substation in Service

- Began carrying customer load on December 13
- Serves five distribution substations and 22,800 customers
- Added 330MW of system capacity
- Increases service reliability and system flexibility



Set New Peak After Extreme Cold Weather

- TVA requested power conservation from public
- Wednesday, January 17
 - KUB peak load: 1,342MW
- Sunday, January 20
 - KUB peak load: 1,350MW
- System remained stable during entirety of event



TVA REQUESTS POWER CONSERVATION


Extreme cold throughout the Valley has caused increased energy demand. Help us prevent strain on the grid by conserving energy.

Energy Savings Tips:

Set your thermostat as low as safely and comfortably possible.

Postpone use of large electrical appliances like dishwashers, dryers, cooking equipment, and standalone heaters. If you need to use large appliances, use them in the warmest part of the day.

Eliminate all non-essential electricity use, like decorative lighting.



The Real Value of Century II

- Example
 - Lonsdale 69kV breaker failure
 - All load restored within five minutes
- Redundancy
 - Additional or spare equipment in case of failure
- Resiliency
 - Having capacity, resources, or automation to recover quickly
- Contingency
 - Options for back up circuits and capacity





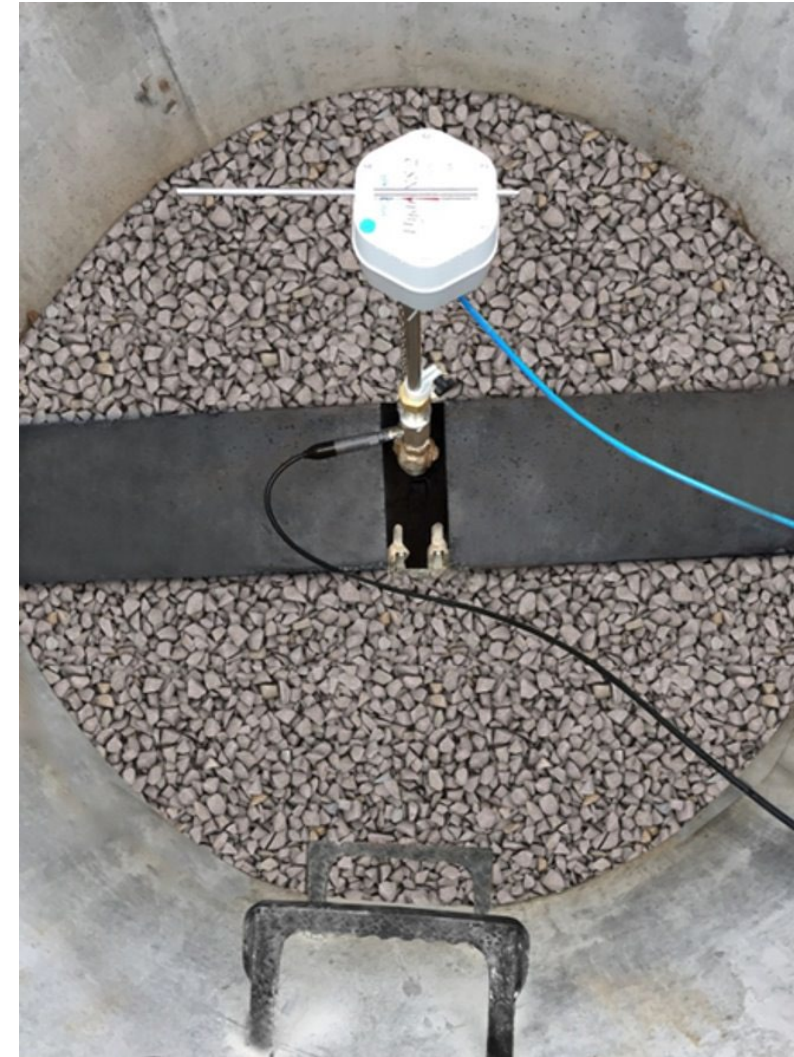
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Water Mid-Year Operational Update



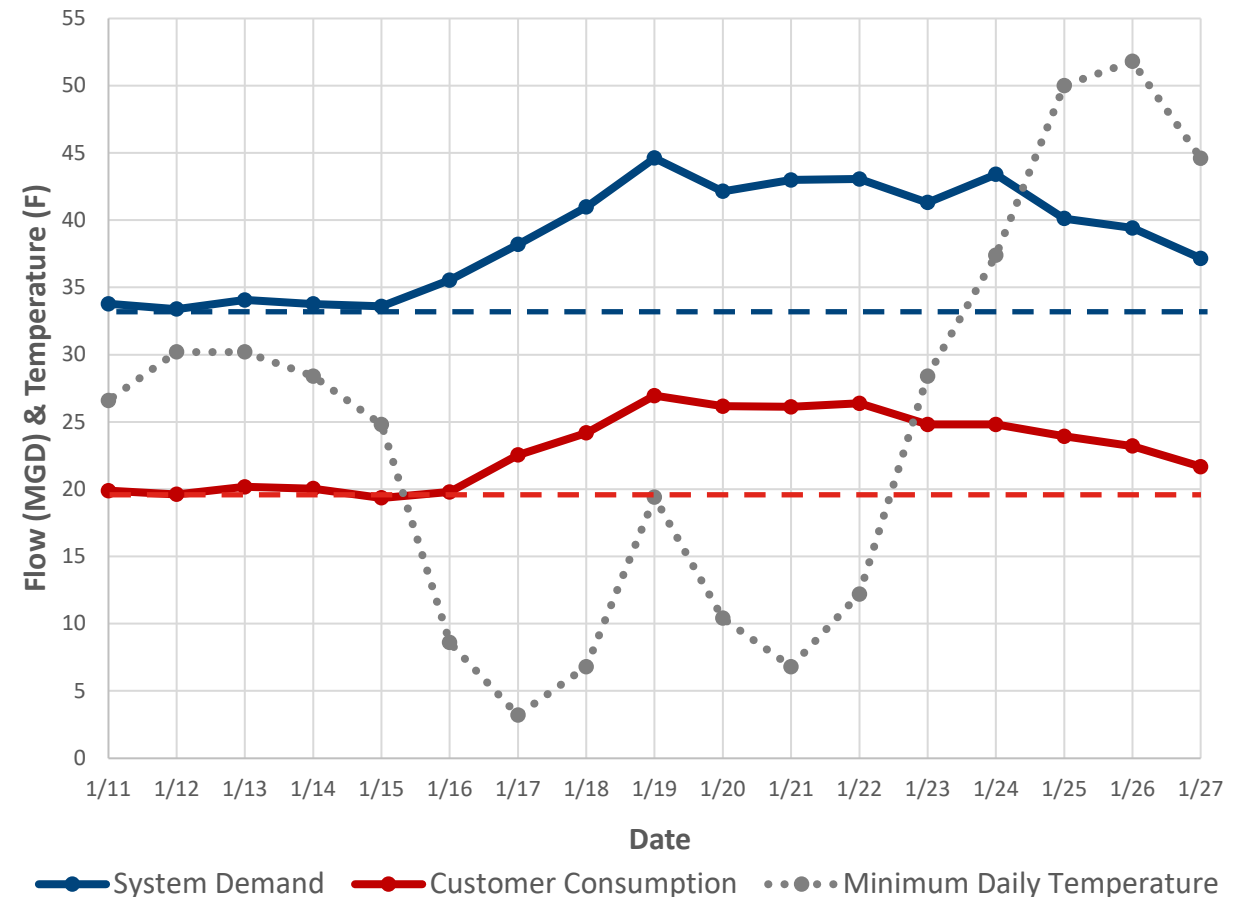
Century II Programs

- Continued replacement of older pipe materials – Galvanized, cast iron, etc.
- MBW upgrades
- Utilization of technology to monitor performance and operational status of water system
 - SCADA - Plant operations – MBW and tanks
 - DMA - Movement of water through distribution system
 - AMI - Customer consumption



Century II Investment Mitigates Weather Impacts

- KUB monitoring
 - MBW Plant flows
 - Distribution system
 - Customer consumption
- Correlation between flows and temperature
- Significant water loss on customer side
 - 348 site visits
 - 300 customer calls
 - 77 private-side leaks identified



Distribution System Performance

- Distribution system did not suffer any major disruption
- Nearly double the quantity of main breaks
 - 60 main breaks (2024)
 - 36 main breaks (Winter Storm Elliott, December 2022)
- System returned to normal by Jan. 31



MBW Filters Update

- Redundancy and operational flexibility
- \$25M in American Rescue Plan Act (ARPA) grants
- Completion Date: Summer 2025
- Project milestones
 - Backwash tank – complete
 - Washwater tank – starting soon









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Project Help



Helping KUB Customers Stay Warm

- Established in 1983 by KUB and CAC
- Provides emergency energy assistance for low-income customers
- Covers electricity, natural gas, propane, heating oil, wood, and coal
- Board comprised of local community members



1,900 Families Helped Since 2019

	2019	2020	2021	2022	2023
Families Assisted	383	476	624	225	276
Funds Dispersed	\$115,395	\$233,718	\$371,484	\$96,397	\$142,957
Household Average	\$301	\$491	\$595	\$428	\$518

Many Ways to Contribute

- Recurring monthly pledge with bill payment
- One-time contributions
 - KUB Connection and bill stuffers
 - KUB.org – Guest Pay
- Annual campaign with local partners

Project Help Donations

Donation Amount

♥ Donate to Project Help \$

Every year, hundreds of our neighbors are able to stay safe and warm, thanks to people like you who donate to Project Help.

Donation Method

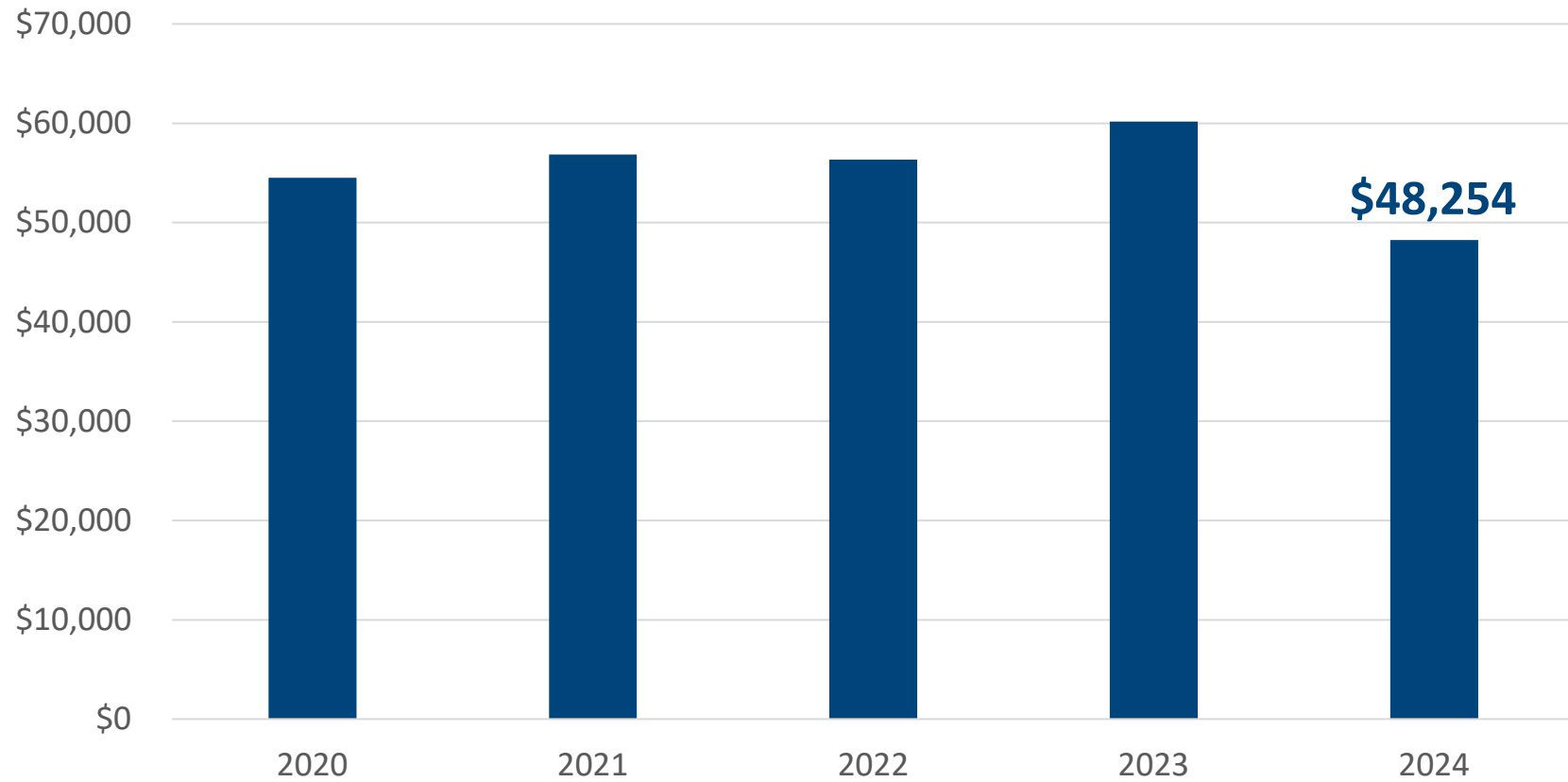
Donate Anonymously
 Provide Donor Information to receive a year-end Tax Statement

EMAIL ADDRESS *

Total Donation Amount: \$0.00



Partnerships Lead to Successful Campaigns



Promoting the Campaign

KUB Knoxville Utilities Board
January 3 · 🌐

Help a neighbor in need this winter by donating to KUB's Project Help program, which provides emergency heating assistance. Our 2024 Project Help fundraising campaign begins today and runs through February 6. Find ways about how you can help donate at www.kub.org/projecthelp.



DONATE TO PROJECT HELP
help your neighbors stay warm this winter





HELP YOUR NEIGHBORS STAY WARM THIS WINTER



Donate to Project Help



HELP YOUR NEIGHBORS STAY WARM THIS WINTER Donate to Project Help



SHARE THE WARMTH

GIVE TO PROJECT HELP

- Help keep local families safe and warm
- Many who need your help are children and elderly
- 100 percent of all donations go to assist families

FOUR WAYS TO WARM A HEART THIS WINTER.

1. Purchase a donation coupon at Food City.
2. Make a donation at any Home Federal Bank location.
3. Send a check to:
Project Help
P.O. Box 59017
Knoxville, TN 37950.
4. Donate online at www.kub.org/projecthelp.

PLEASE GIVE TO PROJECT HELP JANUARY 3 – FEBRUARY 6.



Project Help Makes a Difference!

- 57-year-old male and 56-year-old spouse impacted by a stroke
- 28-year-old male and 6-year-old daughter struggling with childcare costs
- 43-year-old female and 44-year-old brother impacted by leg amputation
- 34-year-old female with four children struggling financially due to unexpected home repair expenses





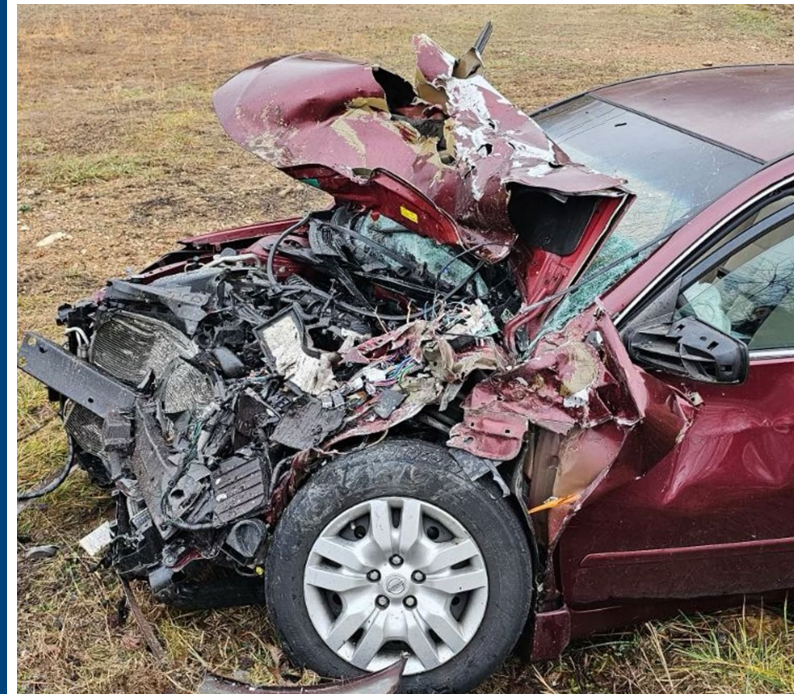
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Employee Recognition



KUB Employee Assists Individuals Involved in Head-On Collision

- Austin LeQuire (Fiber Network Engineering)
 - Witnessed head-on vehicle collision in a rural area
 - Assessed injuries, calmed, and assisted individuals with safest locations to await paramedics
 - Used tools to disconnect battery terminals in smoldering vehicle
 - Kept fire extinguisher ready in case of vehicle fire
 - Actions commended by emergency responders



KUUB

KNOXVILLE
UTILITIES BOARD