

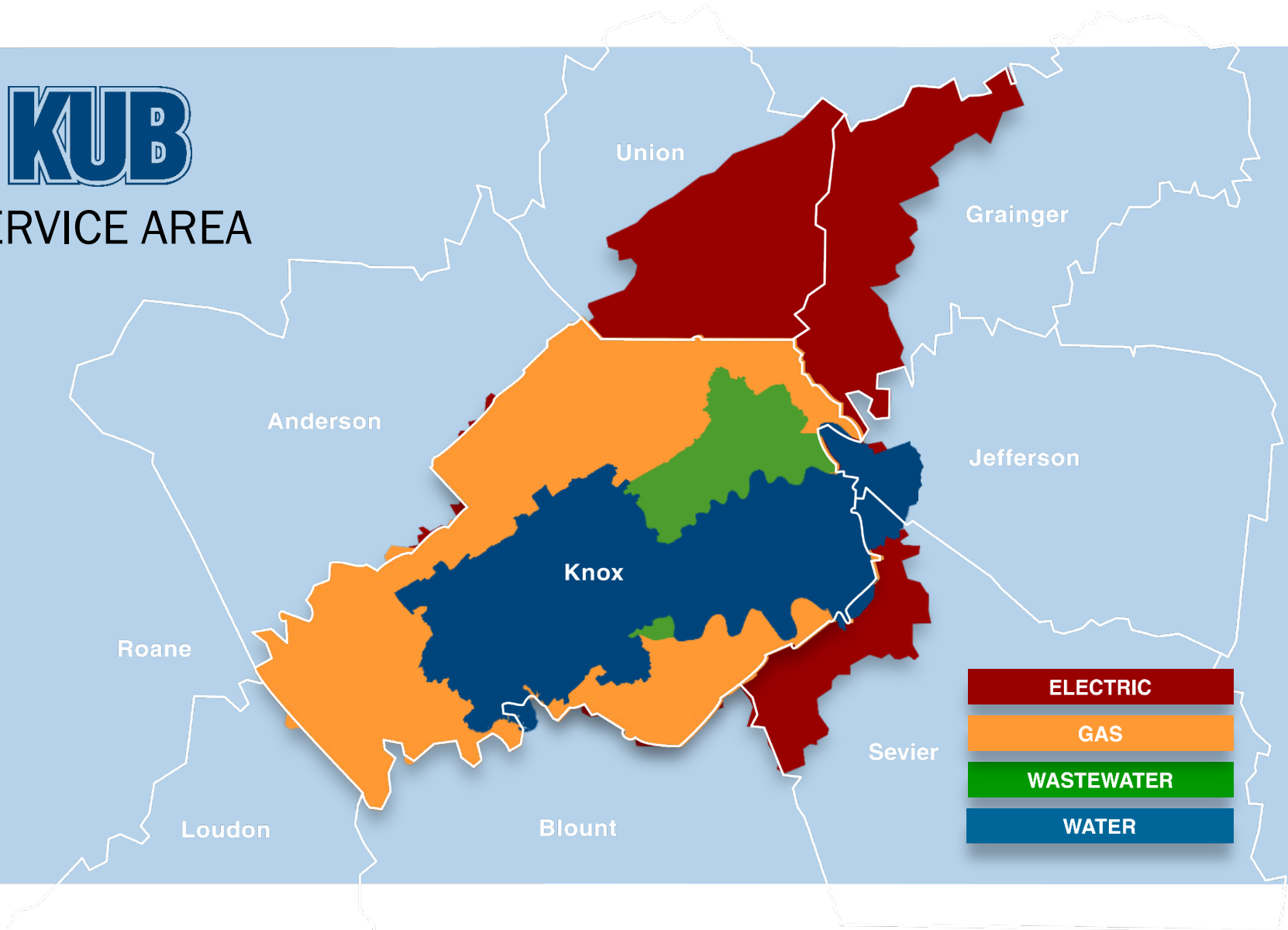


PRESENTATION TO
Customer Advisory Panel



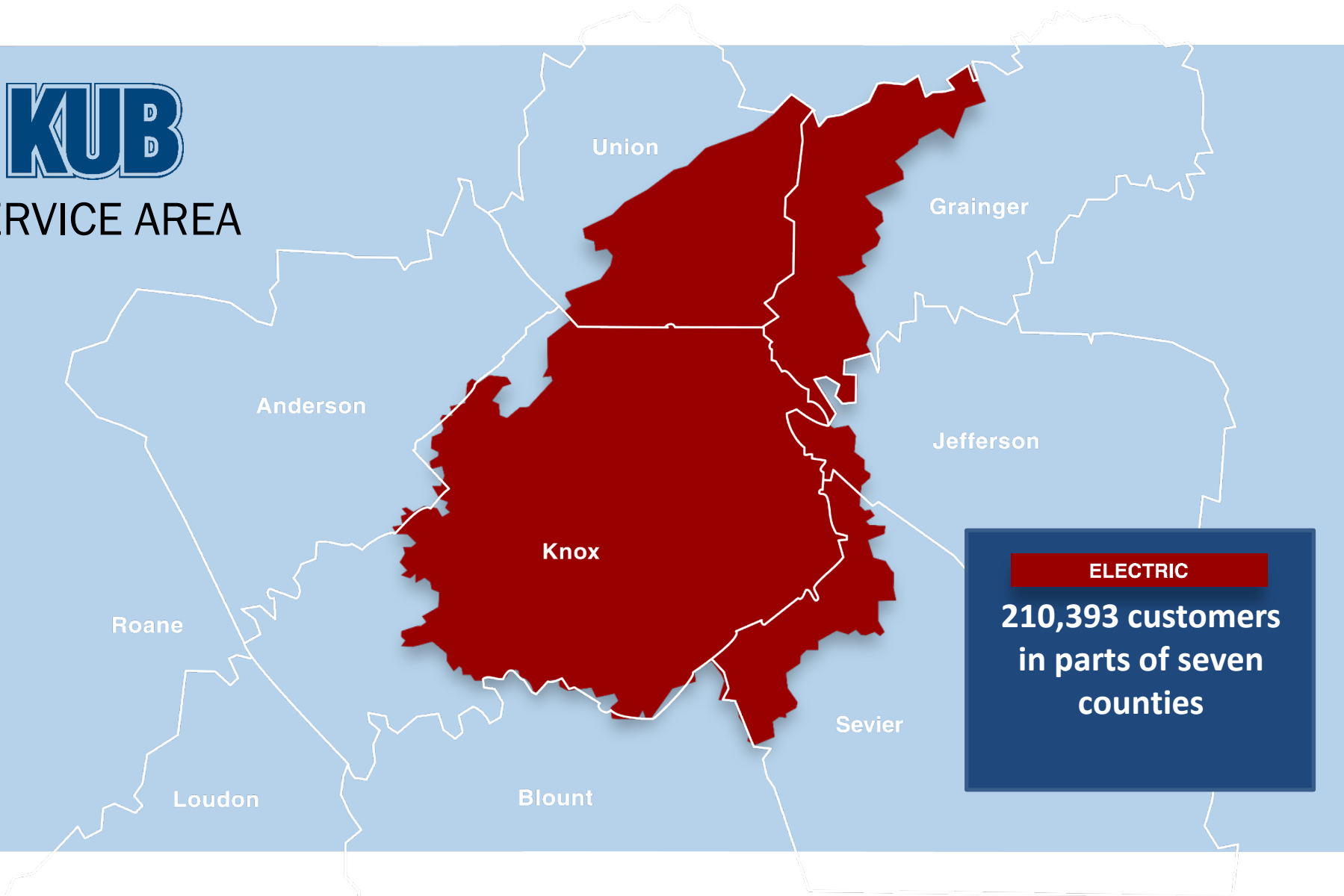


SERVICE AREA





SERVICE AREA



Union

Grainger

Anderson

Jefferson

Knox

Roane

Sevier

Loudon

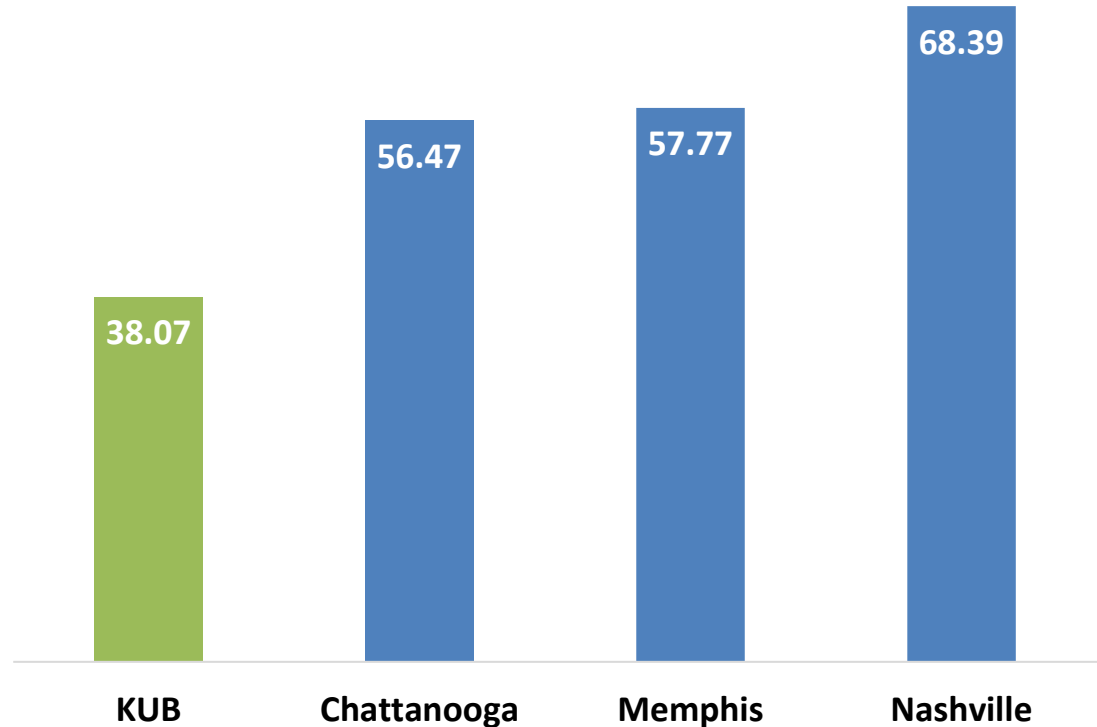
Blount

ELECTRIC

**210,393 customers
in parts of seven
counties**

Customers Per Square Mile

KUB's service area is mostly rural



Source: TVPPA 2018

Electric System



210,393 Customers

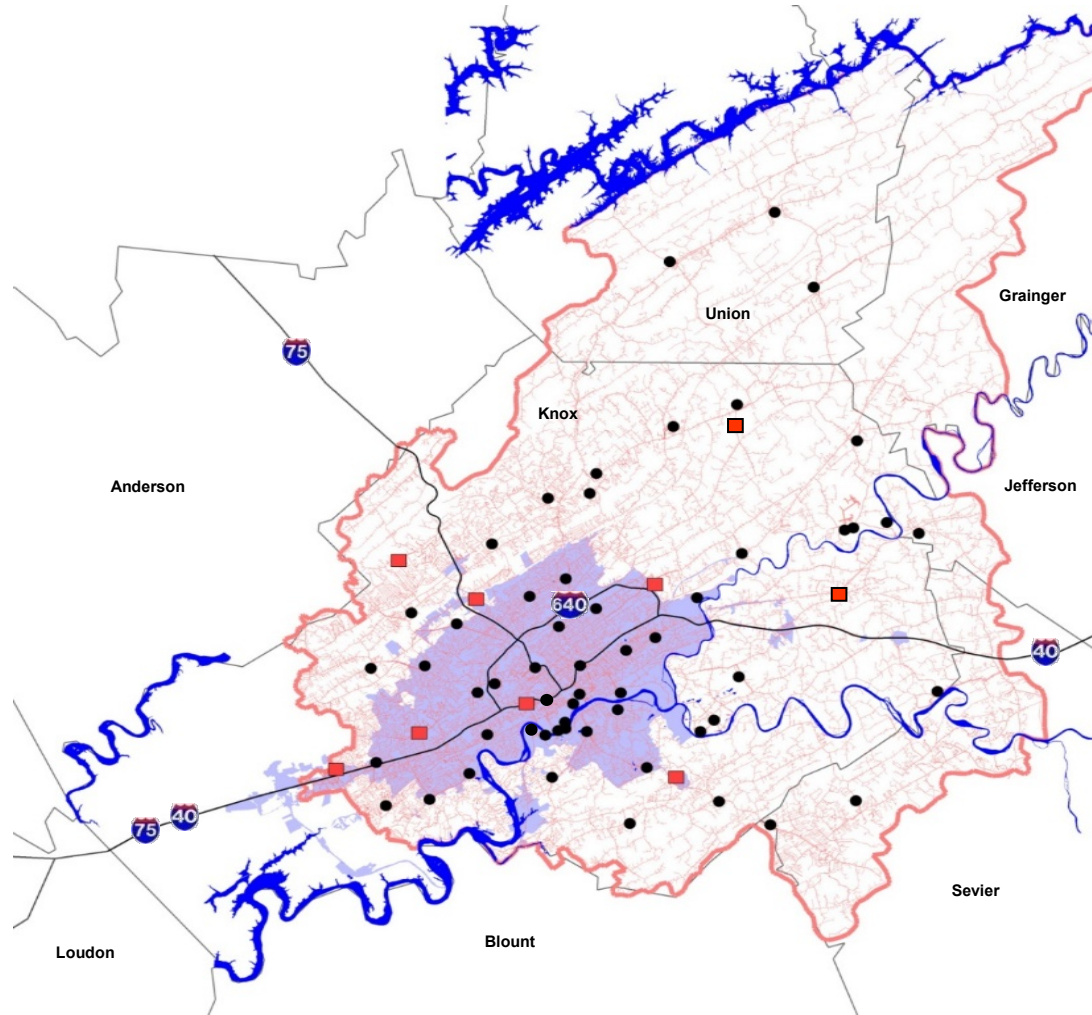
Serves 7 Counties (688 sq. miles)

9 TVA Infeed Substations

63 Distribution Substations

5,417 miles of lines

123,000 poles



TVA is Sole Supplier of Electricity



KUB Receives Power from TVA at Nine Infeed Substations



6968 Middlebrook Pike,
Knoxville, TN 37909

KUB's sub-transmission serves seven counties



266 miles of line (+4,600 poles) connecting 63 Substations

KUB's electric distribution covers over 5,200 miles

+4,000 miles overhead

**+1,000 miles
underground**

+118,000 poles

+72,000 transformers

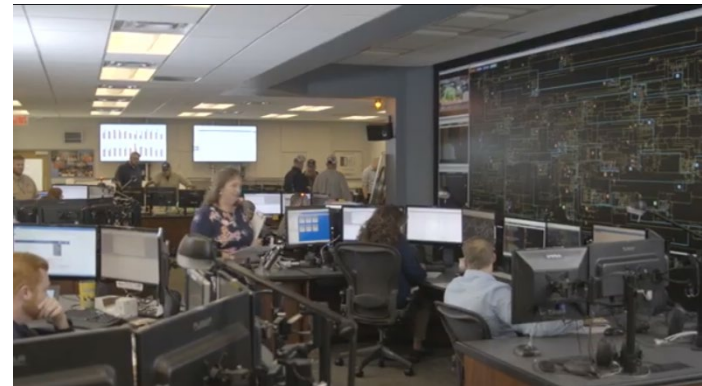


KUB delivers power to over 210,000 customers



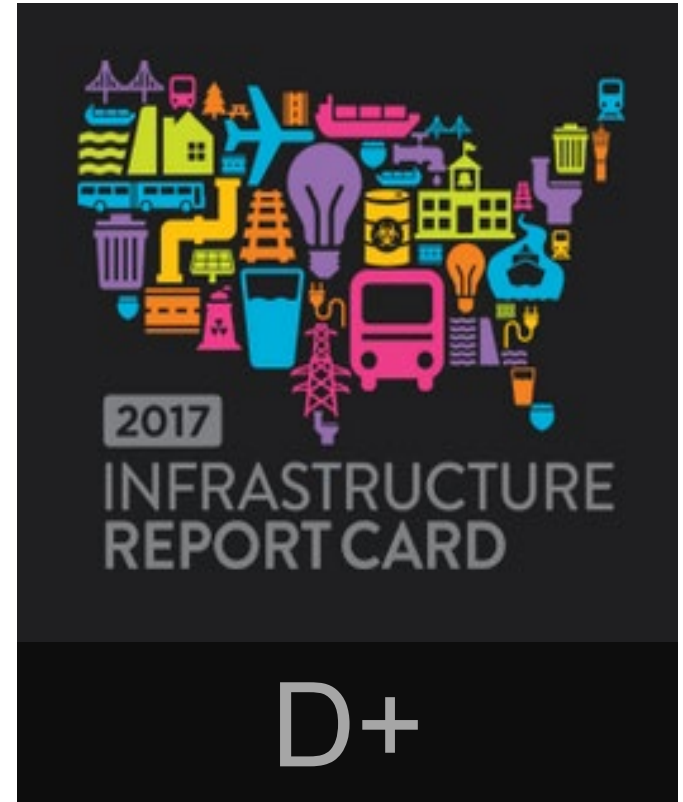
Operations Center coordinates safety, reliability, and response

- Monitor utilities 24/7 x 365
- Manage communication with 911, TVA, and others
- Initiate emergency response
- Dispatch crews to events
- Support customer restoration and communication



Planning For The Future

- National grade not improving
- KUB is ahead of the curve with Century II, balancing:
 - Lifecycle asset management
 - Safety
 - Reliability
 - Affordability
- Steady, incremental improvement reflects Blueprint



Century II Meeting the Challenge

- Second century serving our customers
- Comprehensive system assessments
- Data-driven approach
 - Infrastructure replacement
 - Operations and maintenance (O&M) programs
- 10-year financial plans, including debt and rate increases
- Improves safety, reliability and resilience
- Positions our communities for growth



Long-term, Proactive Infrastructure Replacement

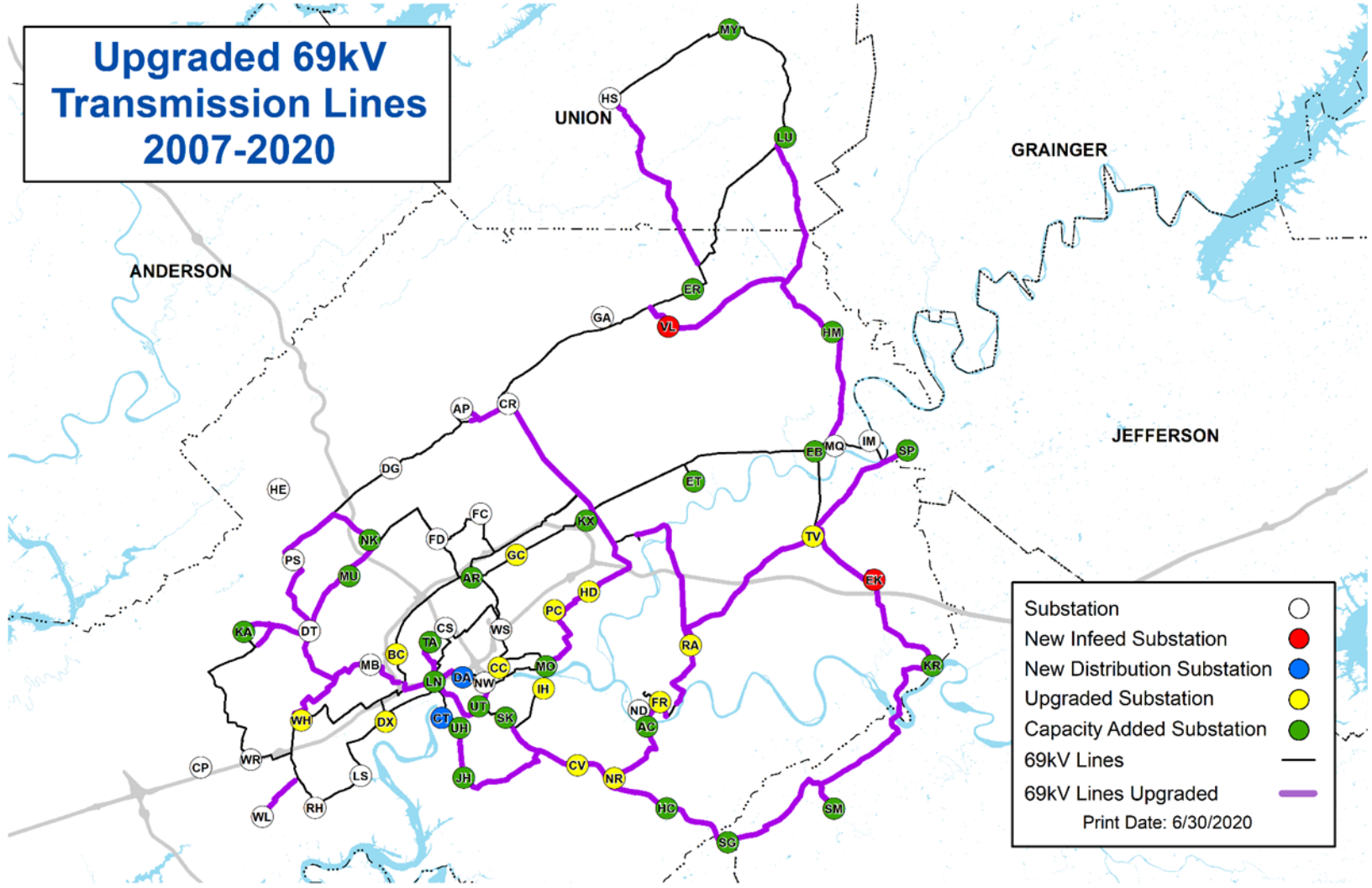
- \$10M/yr for substations (50% complete)
- \$10M/yr for transmission lines with fiber optic cable (50% complete)
- \$6M/yr for poles (18% or 23,000 replaced)
- \$14M annually for vegetation management (~4 year cycle)
- Proactive inspection and maintenance

Century II



KUB Investing for
Another 100 Years

Upgraded 69kV Transmission Lines 2007-2020



Substation	○
New Infeed Substation	● (Red)
New Distribution Substation	● (Blue)
Upgraded Substation	● (Yellow)
Capacity Added Substation	● (Green)
69kV Lines	— (Black)
69kV Lines Upgraded	— (Purple)

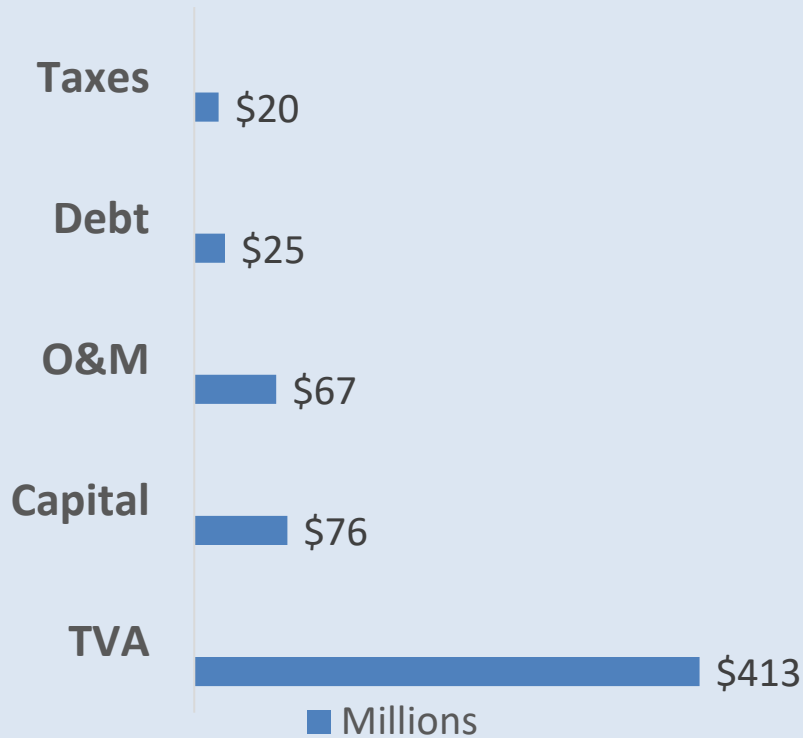
Print Date: 6/30/2020

Continued Century II investments improve reliability

- Customer needs evolving with technology
- Fiber connects system
- “Smart” devices lessen impact of outages
- Advanced meters and new system technology keep customers informed



\$600M electric budget (FY20)



\$117.34 average electric bill



Our Vision

KUB exists to serve its customers, improving their quality of life by providing utility services that are safe, reliable and affordable.





PRESENTATION TO
Community Advisory Panel



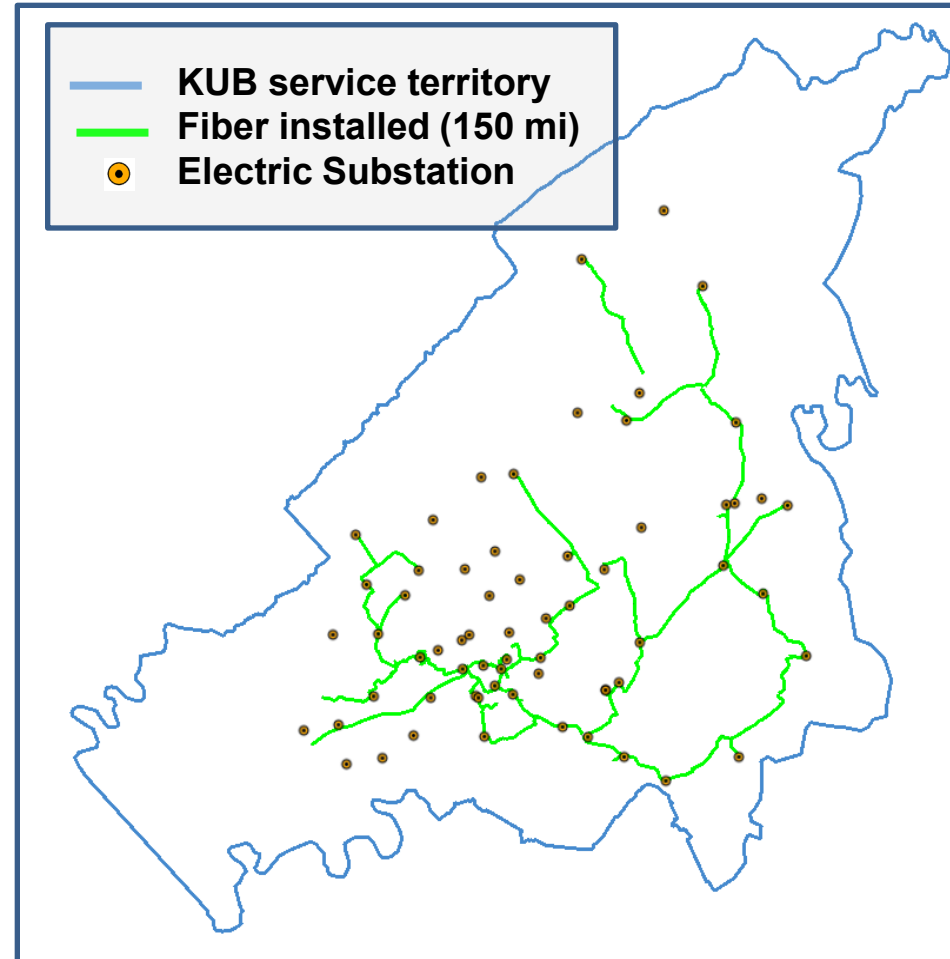
What is Municipal Broadband?

Services

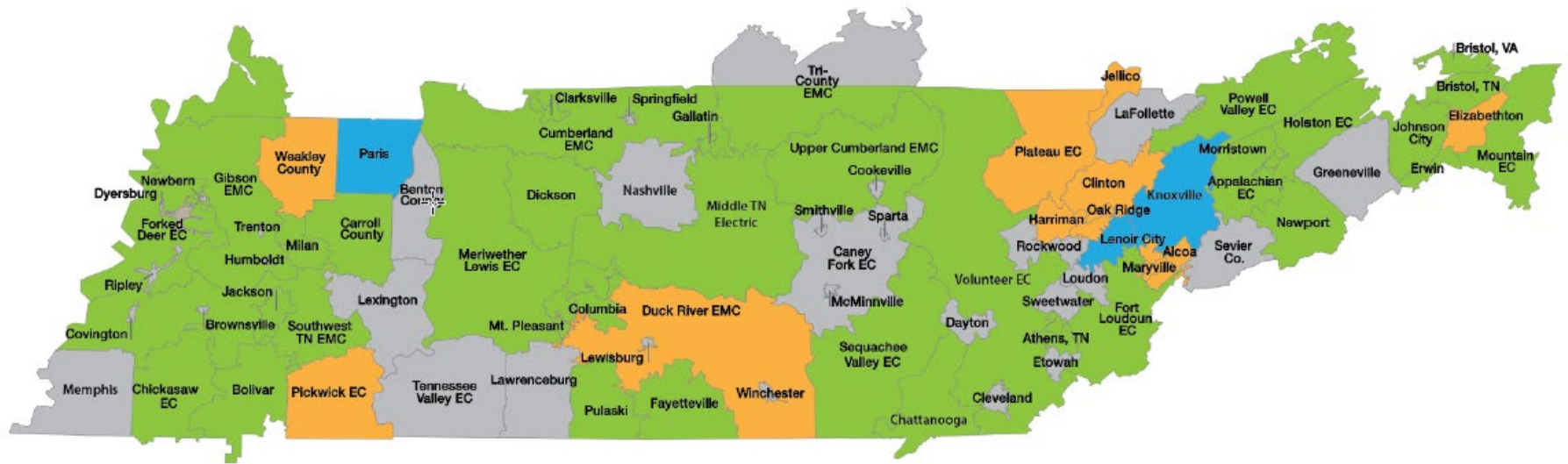
- High speed internet service
- TV packages
- Phone service

Municipal business model

- 100% fiber to the home built on utility backbone
- Serves everyone
- Homegrown, local solution



TVA Utilities Providing Broadband (TN)



Providing Broadband **Not Providing Broadband** **Evaluating** **No Current Plans**

Why Are Other Utilities Doing This?

- Improves electric reliability
- Provides environmental benefits
- Supports economic development
- Serves community needs not met by private sector
- Provides a superior product, available to all

Commercial versus Municipal Broadband

	Xfinity 300 MB	Xfinity 1 GB	Chattanooga 300 MB	Chattanooga 1 GB
Download Speed	300 MB	1 GB	300 MB	1 GB
Upload Speed	20 MB	35 MB	300 MB	1 GB
Data Cap	1 TB	1 TB	Unlimited	Unlimited
Cost per month	\$86	\$106	\$58	\$68

- **Municipal Broadband offers superior product at the best price**
- **Potential average savings of \$28-\$38 per month**

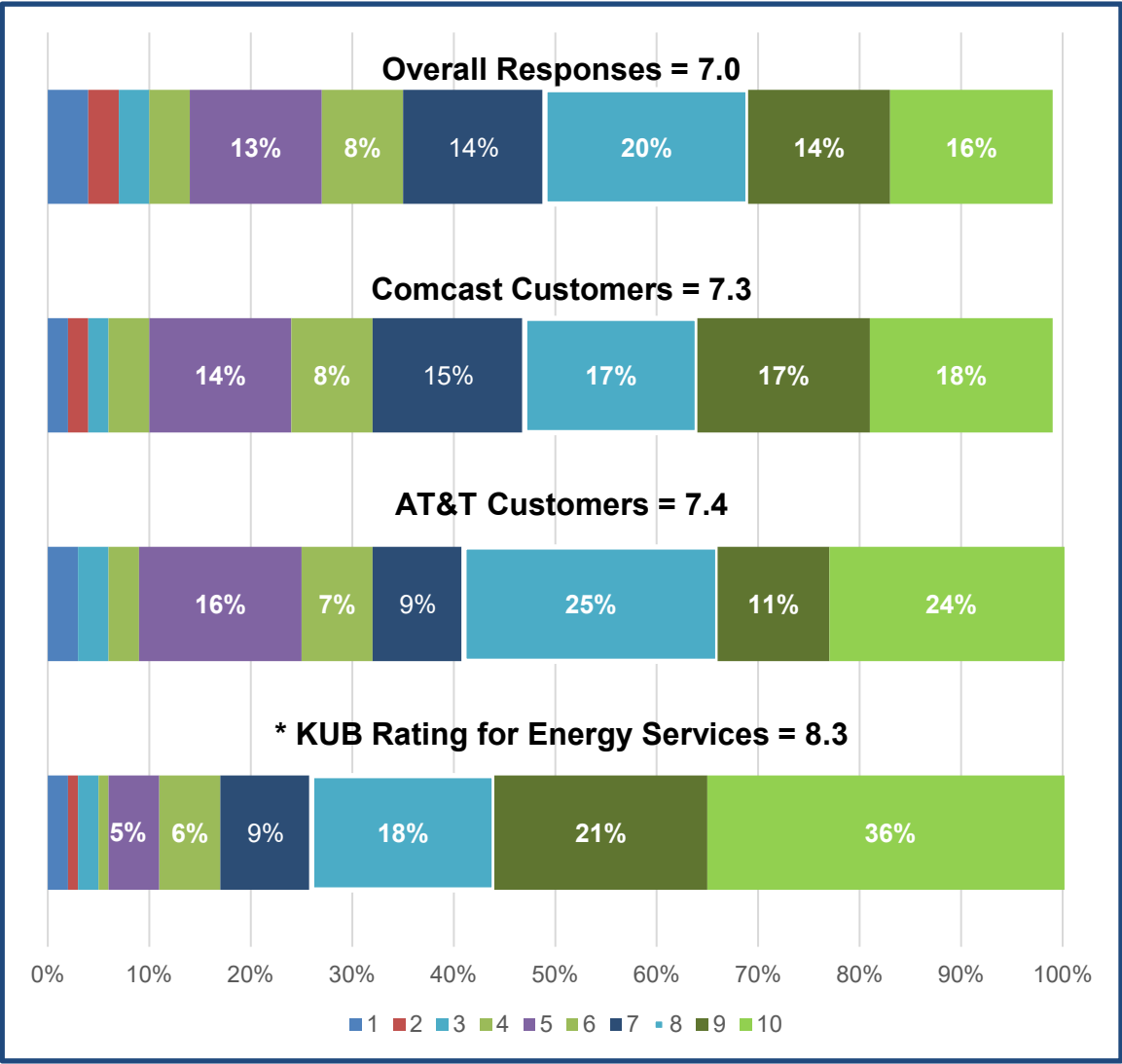
Community Support is Growing

- Mayor Indya Kincannon
- Mayor Glenn Jacobs
- Mayor Jason Bailey (Union County)
- Grainger County Commission
- ORNL/East Tennessee Broadband Summit
- Discussions with stakeholders
- Customer survey

Survey Results

- Desire for high speed and high reliability
- Significant interest in KUB providing service
- Higher ratings for KUB than for incumbent providers

How satisfied are you with your home internet services?



What does the business look like?

- KUB creates a fifth utility
- Electric system supports capital investments
Estimated \$500 million in rates/debt
financing
- Staffing/Facilities
Estimated 200 new KUB jobs
- Seven-year estimated buildout

What's Next?

2021

Q1: Board updates, key stakeholder meetings

Q2: Initial Board approval and plans review by TVA/Comptroller

Q3: Public input

Q4: Final approvals by Board/Council

2022

Begin 7-year rollout

Moving Forward

- Our future depends on fast, reliable internet access
- KUB is well positioned to meet this need
- Community support is critical

