

**KUB**

# Wholesale Water Rate Adjustment

January 21, 2021



**Resolution 1428**  
**Second Reading**

# Wholesale Water Rate

- Two recurring customers
  - Town of Dandridge
  - Shady Grove Utility District
- Customers also purchase water from Jefferson City
- Jefferson City rate 13% lower than KUB
- Dandridge reduced purchases to minimum levels
- 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

# Resolution 1428

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

**KUB**

# Annual Disclosures

January 21, 2021



# Background of Ethics Policies

- Pre 2000: City Charter, Resolution 1, general state law
- 2000: Conflict of interest added to By-laws
- 2005: Employee Conflict of Interest Policy and required annual disclosure
- 2006: TN State Ethics Commission established
- 2007: Board adopted Ethics Policy
- 2012: By-laws ethics section updated
- 2013: Annual disclosure requirement adopted



# Ethics Policy Components

- Aligns with governing statutes and guidelines
- Certifies compliance with ethical standards
  - Political activity
  - Nepotism
  - Gifts and gratuities
  - Personal and financial interests
  - Improper use of position or authority
  - Improper use of KUB time, facilities, and equipment
- Requires disclosure if a conflict exists

# Annual Disclosure Form

## KNOXVILLE UTILITIES BOARD COMMISSIONER CONFLICT OF INTEREST FORM

### COMMISSIONER INFORMATION

Name		
Home Address		Unit #
City	State	ZIP
Business Name		
Address		Unit #
City	State	ZIP

### DISCLOSURE STATEMENTS

Please initial beside each true statement. Provide a detailed explanation on the next page for any untrue statement.

1	<input type="checkbox"/>	My residence is within Knox County limits.
2	<input type="checkbox"/>	I do not have a nepotism conflict as defined by Article X, Section 1016 of the City of Knoxville Charter. <sup>1</sup>
3	<input type="checkbox"/>	Other than my position as KUB Commissioner, I am not a Public Official as defined by Section 1102 of the City of Knoxville Charter <sup>2</sup> nor am I an employee or a retiree of an energy, water or wastewater utility, energy company, telecommunications utility, or any other utility service provider.
4	<input type="checkbox"/>	I do not have a personal interest or work for a business or entity which has a financial interest in any business relationship with KUB other than the purchase of utility services as defined by Section 2 of the KUB Ethics Policy (see attached policy).
5	<input type="checkbox"/>	I have not directly or indirectly accepted any money, gift, gratuity, or other consideration or favor of any kind from anyone other than KUB for the performance of an act or refraining from performance of act in the regular course of my duties as a KUB Commissioner.
6	<input type="checkbox"/>	I have not disclosed any confidential information obtained in my capacity as a KUB Commissioner other than as authorized or required by law.
7	<input type="checkbox"/>	I have not used or disclosed information obtained in my capacity as KUB Commissioner in a way that resulted in financial gain for myself or any other person or entity.
8	<input type="checkbox"/>	I have not used or authorized the use of KUB time, facilities, equipment, or supplies for private gain or advantage to myself or any other private person or entity.
9	<input type="checkbox"/>	I have not made any private purchase in the name of KUB.
10	<input type="checkbox"/>	I have not used my position as a KUB Commissioner to secure any privilege or exemption for myself or others not authorized by the Charter, general law, resolution, by-law or policy of KUB.
11	<input type="checkbox"/>	I have not accepted or continued any employment that unreasonably inhibits the performance of any affirmative duty of my position as KUB Commissioner or that conflict with any provision of the KUB Charter, any KUB Resolution, Bylaw or policy.

<sup>1</sup> Charter Article X, Section 1016 says, "No officer or employee elected or appointed by the council, the board of education, the civil service merit board, the Knoxville Utilities Board, or any appointing authority or administrative officer shall be related to any of said members of the council, the board of education, the civil service merit board, the Knoxville Utilities Board, or any appointing authority or administrative officer controlling or having a vote or voice in the election or appointment of said officer or employee within the third degree, either by affinity or consanguinity."

<sup>2</sup> Public Official shall mean any person who is an elected official or an employee of the City of Knoxville or any municipality, county government, or state government except for notary public, a member of the National Guard of the State of Tennessee, or employee of public education.

- Form included in today's agenda packet
- Annual disclosure occurs in January
- Return forms before end of January

# Tennessee Open Meetings Act

- Applies to public body with authority to make decisions or recommendations to a public body
- Requires
  - Adequate public notice
  - Minutes recorded and open to public
  - All decisions or deliberations toward a decision discussed in open meetings
  - Public votes

# Tennessee Public Records Act

- Applies to all records, regardless of physical form or characteristics, made or received during KUB's course of business
- Resolution 1358 established KUB policy
- Provisions include
  - Processes for making and responding to request
  - Naming of public records coordinator
  - Making policy available on website

**KUB**

# Electric Vehicle Fast Charger Rate

January 21, 2021



# KUB's Support of EVs

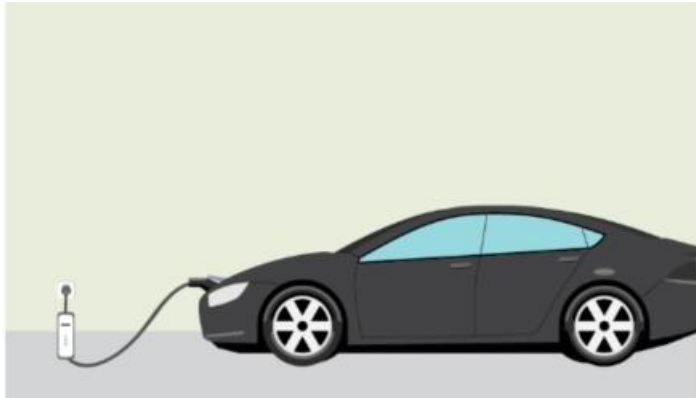
- EV charger rebates
- EV supportive Time-of-Use retail rates
- Participate and support state-wide EV efforts
- Support TVA's EV programs

# TVA EV Supportive Policy Changes

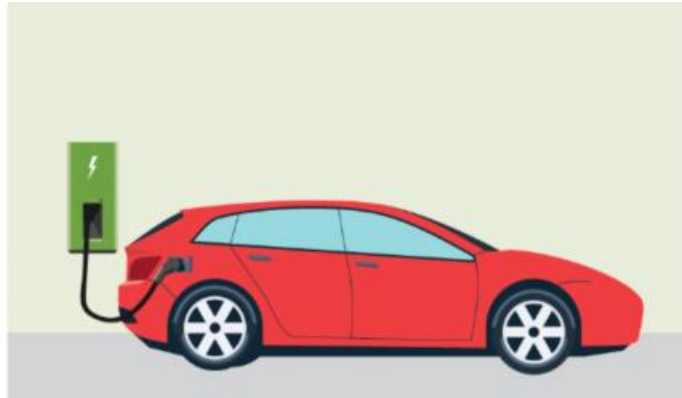
- Allow resale of electricity for EV chargers
- Allow distributors to own charging stations
- Provide EV fast charger wholesale rate



# EV Charging Station Types



**Level 1**



**Level 2**



**Fast Charge**

<b>Voltage</b>	120 V	208 V or 240 V	208 V or 480 V
<b>Charge Time</b>	12-40 hours 2-5 RPH*	2-4 hours 10-30 RPH*	15-45 minutes 100-200 RPH*
<b>Primary Use</b>	Residential	Residential, commercial, public	Commercial, public

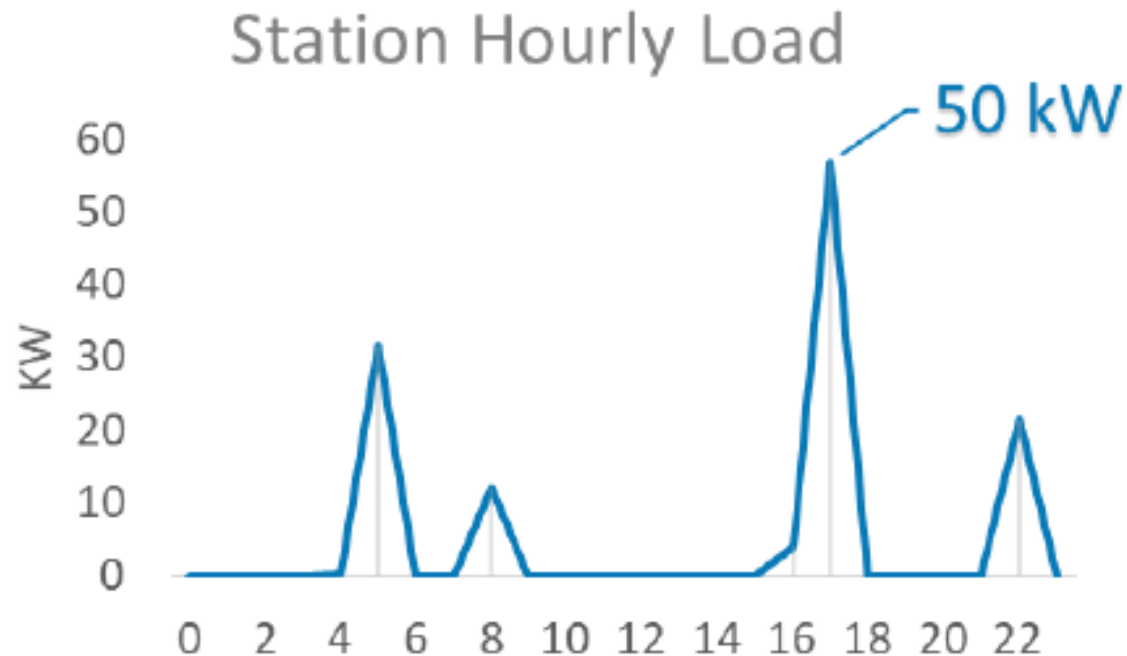
*\*RPH = miles of range per hour of charging*

# Fast Chargers on KUB System



# EV Fast Charging

- Public fast chargers address range anxiety
- Current rates not designed for EV fast chargers



# TVA Fast Charger Wholesale Rate

- Consumption based rate
- Applies to separately metered fast charger stations (public, fleet, or transit)
- Non-standard rate structure

# KUB EV Fast Charger Retail Rate

- Companion to TVA wholesale EV rate
- Worked closely with TVA to develop
- New rate on February Board agenda

**KUB**

# Municipal Broadband Update

January 21, 2021



# Regulatory Review Requirements

- TVA and State Comptroller must review proposal details
- Business case must include
  - Operational benefits to existing divisions
  - Competitive environment analysis
  - Fiber division financial plan
  - Funding plan



# Impact on Electric Division

- Infrastructure owned by Electric Division
- Supports electric improvements
  - Expanded investment in distribution automation (DA)
  - Communication platform for future applications
  - Conservation voltage reduction
  - Customer based demand response
  - Next generation advanced meters
- Provides opportunity for broadband system

# Competitive Environment Analysis

- Analysis of competition and existing providers
- Projections of customer demand for a new entrant into the market
- Analysis based on purchase intent survey and other research

# Overview of Competition in the Area

- Six main providers the KUB service territory
- Comcast/Xfinity and AT&T largest incumbent providers
- 60% only have option for one service provider
- Nearly 80% of survey responders are interested in KUB providing broadband services
- 50% of responders would consider switching to KUB Broadband service at similar price as current provider

# 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 a superior product at the best value
- Potential average savings of \$28-\$38 per month

# Observations of Entry of Municipal Broadband Into Markets

- Utilities able to compete in market
- Competition drives lower prices with corresponding contracts from incumbents
- Customers benefit from competition

# Fiber Division Financial Plan Components

- Projected products, pricing, and revenues
- Market share (most plans target 35% take rate)
- Costs for products and internet capacity
- Projection of fees paid to Electric Division for use of assets
- Marketing and sales cost

# Funding Plan

- Financial plans for both Electric and Fiber Divisions
  - Complete sets of proforma financials
  - Ten-year funding plans
- Defines financial relationships
  - Cost allocations
  - Expense reimbursement methods
- Expenditures for building the network funded in a balanced manner

# Business Plan Approval Process

- TVA and State Comptroller of the Treasury review business plans
- Process estimated to take 60 to 90 days
- Approval is authorization to move forward with other approval steps



# Next Steps

- Stakeholder meetings progressing and going well
- Customer Advisory Panel interested in topic
- Targeting March Board meeting for potential official action on business plans

**KUB**

# Christmas 2020 Snowstorm Update

January 21, 2020



# 1" to 2" of Snow Predicted for Christmas Eve

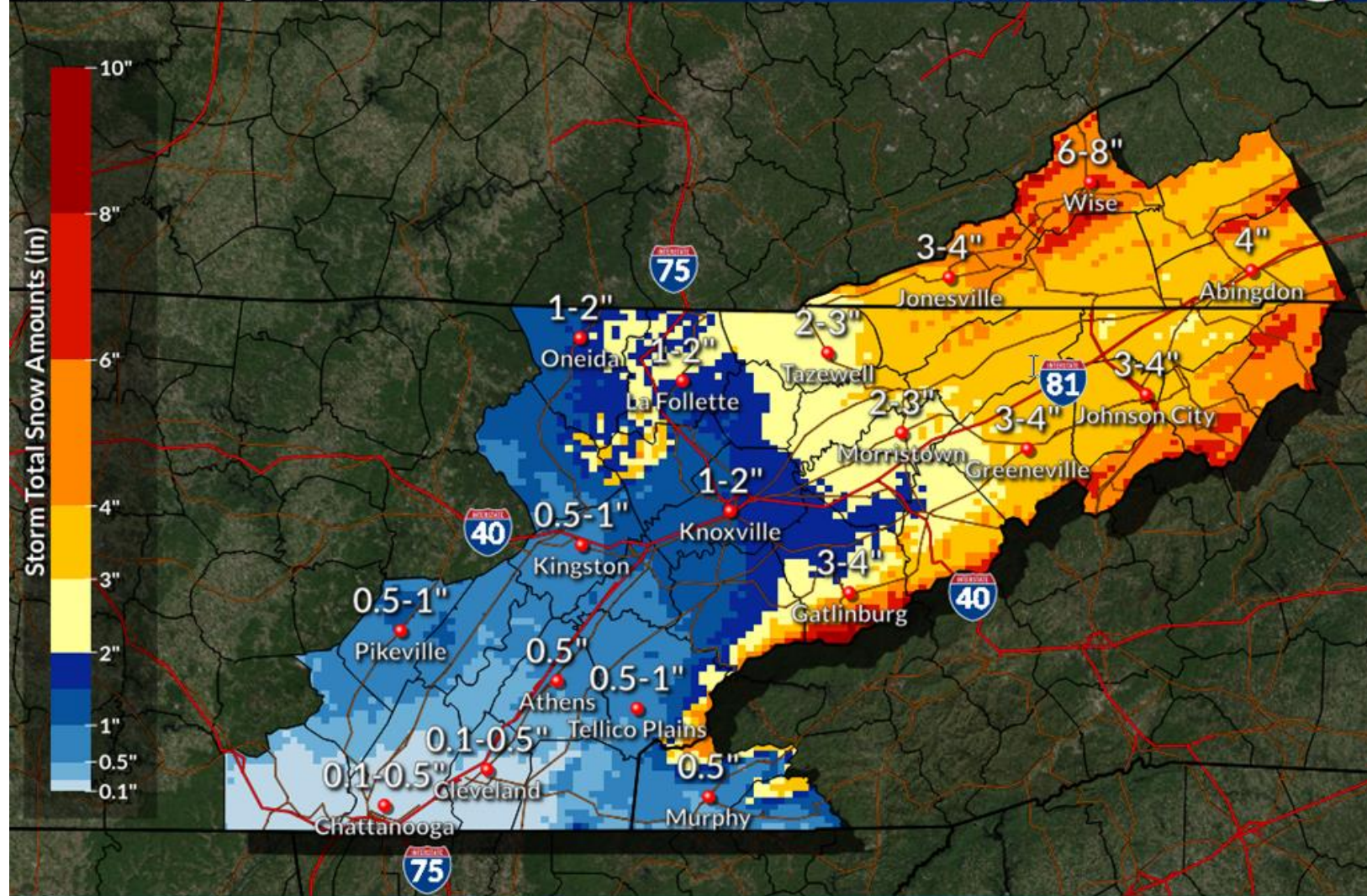
- KUB developed response plan
- Ensured key resources were available for holiday
- Able to release crew to assist Sevier County Electric

## Snow Accumulations

This Afternoon through Early Christmas Morning

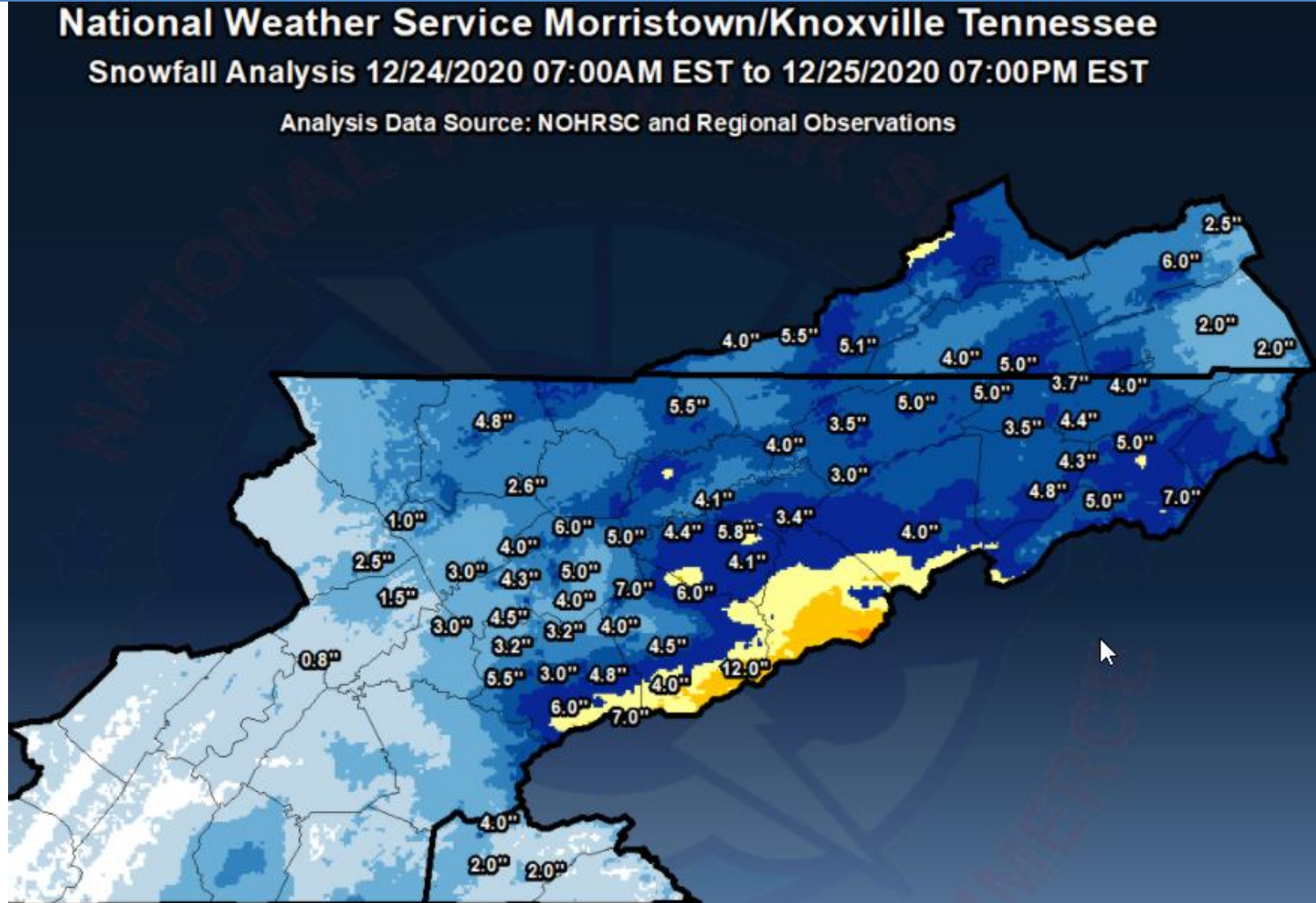
Weather Forecast Office  
Morristown, TN

Issued Dec 24, 2020 2:59 PM EST



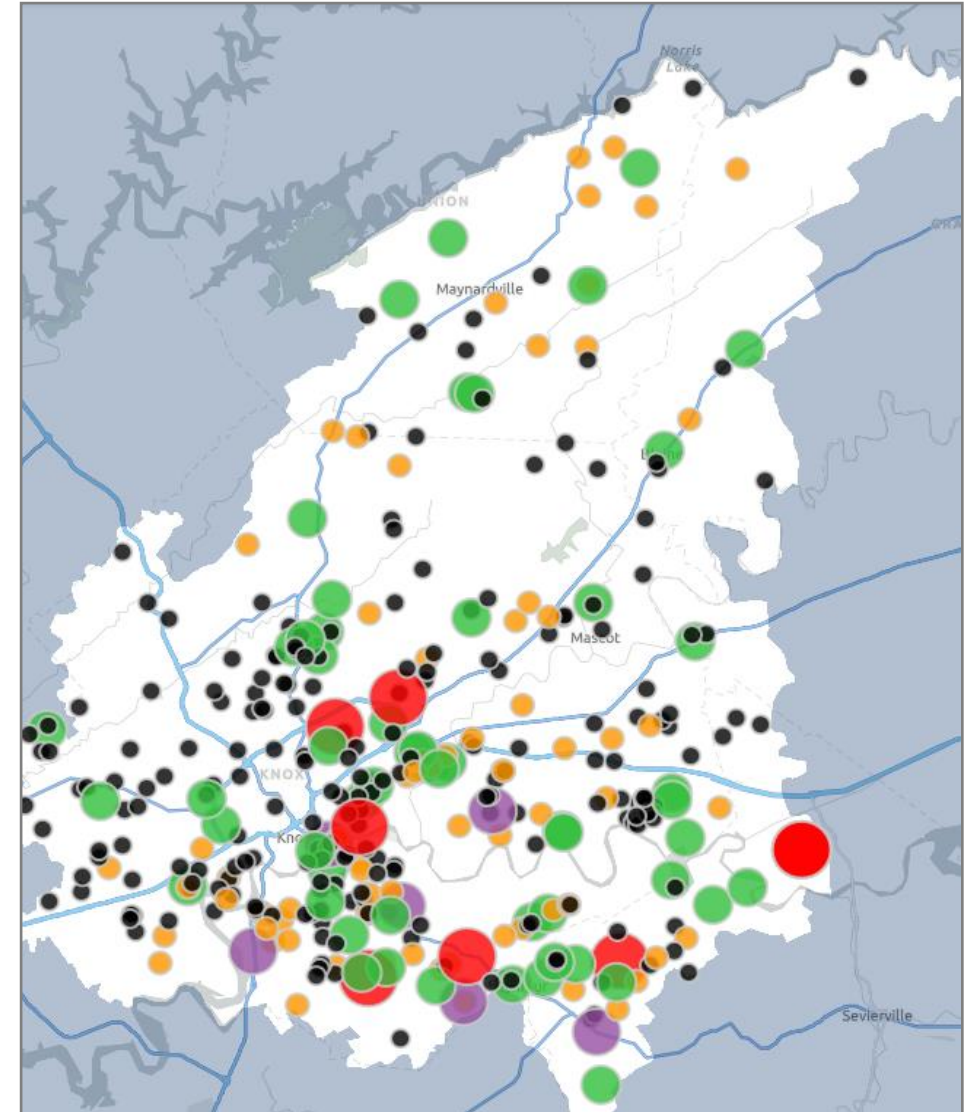
# Actual Accumulation of 2.5" to 6" of Snow

- Weather changed rapidly
- KUB quickly adjusted plan
  - Implemented ICS
  - Additional resources
- Christmas Day temperatures dropped to low teens



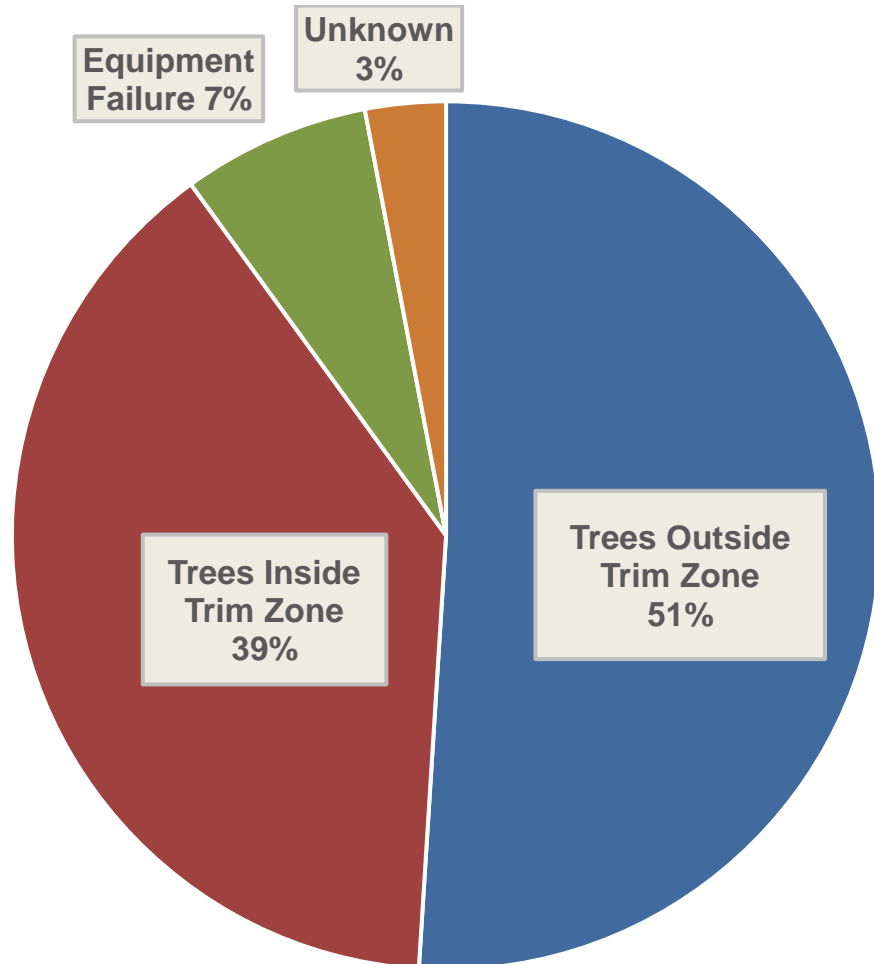
# Storm Significantly Impacted Our Customers

- Storm began on Christmas Eve
- Over 23,000 customer outages at peak
- More than 32,000 customers experienced outages



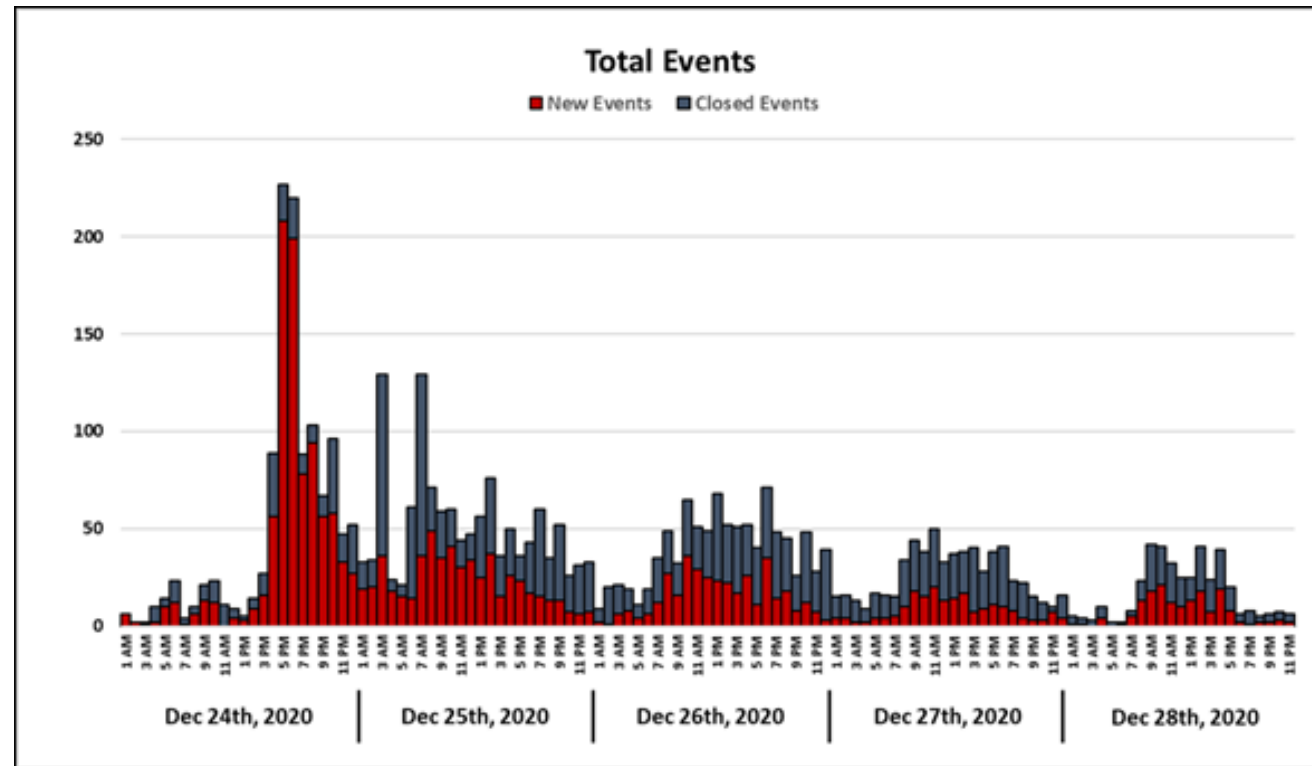
# 90 Percent of Outages from Falling Trees

## Causes of Outages



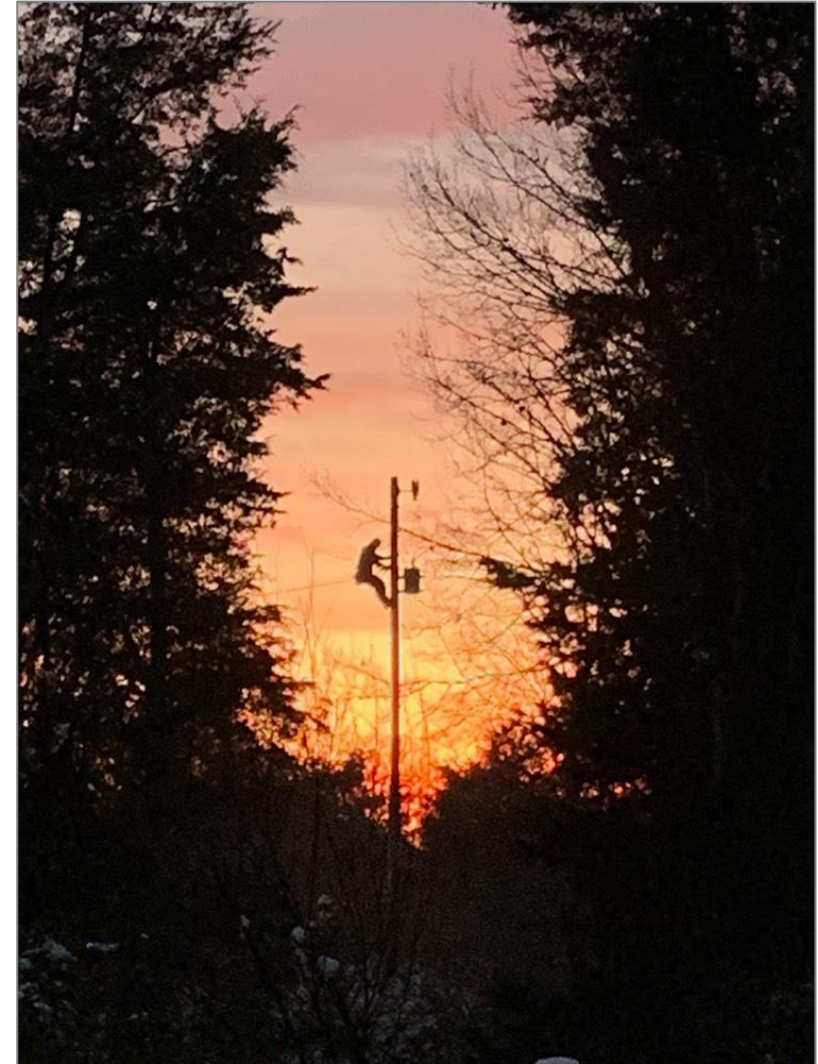
# Restoration Slowed Due to New Events, Road Conditions, and COVID

- Many resources responded:
  - 61 KUB and on-system contractor crews
  - 25 off-system crews
  - COVID impacted availability
- Roads icy or blocked by downed trees
- Hundreds of new outage events daily
- Service restored in 4 days



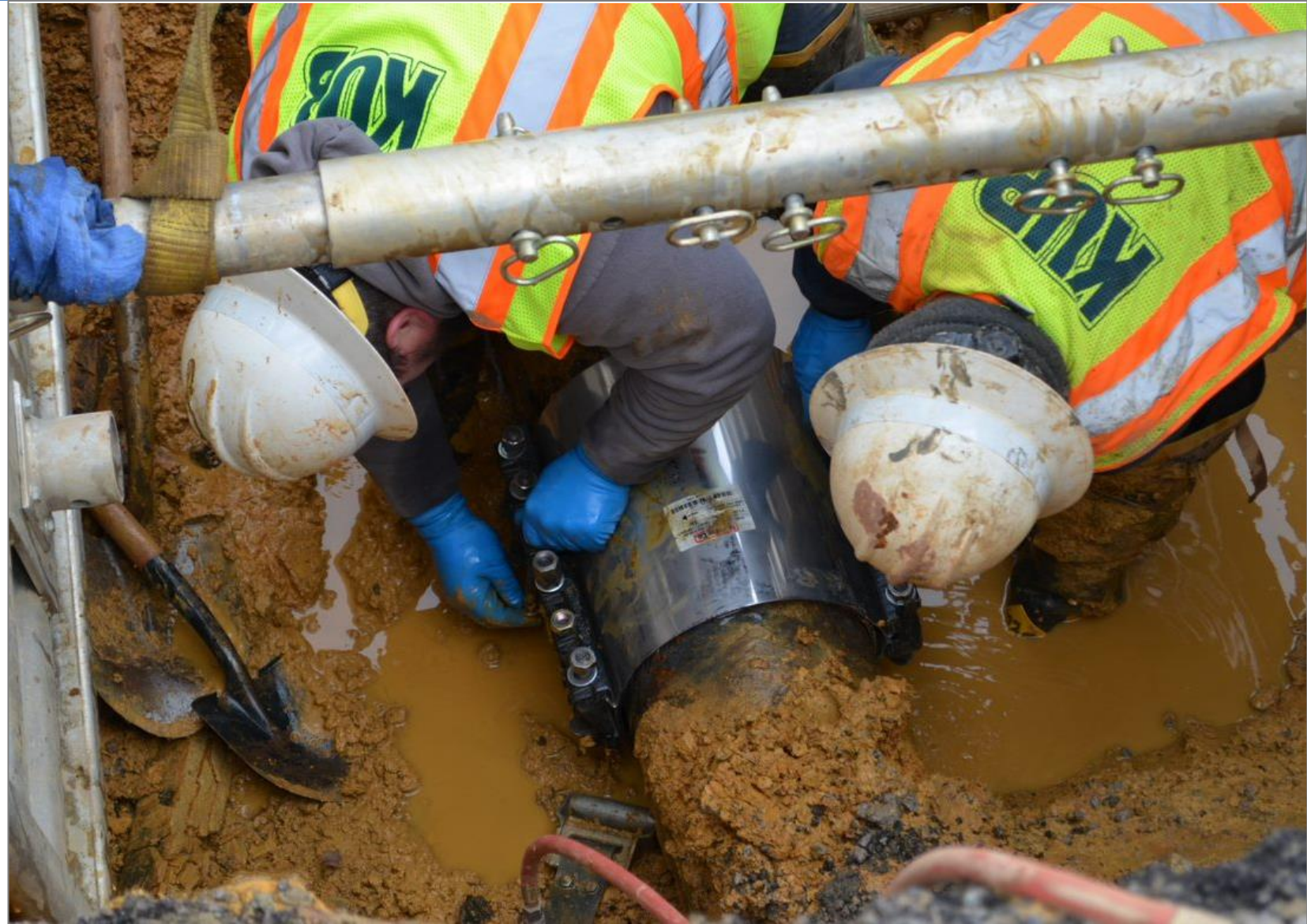


# Crews Worked Around the Clock



# Underground Crews Responded to 105 Events

- 36 employees worked Christmas Eve through weekend
- Also helped supply water to Hallsdale Powell Utility District

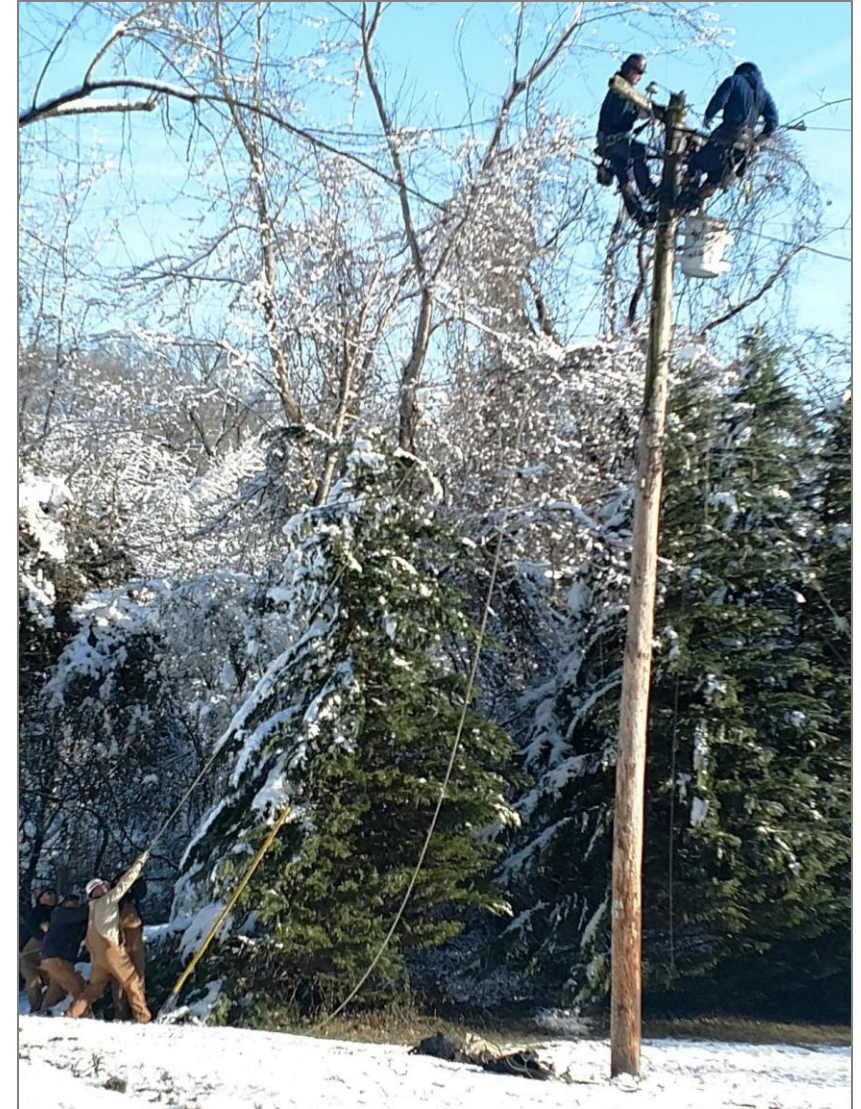


# Thank You!

- Approximately 300 KUB employees worked the event
- 25 contract crews aided
- Special thanks to TMEPA for crew assistance

- Lenoir City Utilities Board
- LaFollette Utilities
- Service Electric
- Pike Electric
- BESCO
- Service 1
- Sheffield City Utilities (Alabama)
- Bolivar Energy (West Tennessee)

- ABC Tree Service WA
- Kendall & Co.
- Davey Tree Service
- Jackson Energy Authority (West Tennessee)
- Wilson County Electric (North Carolina)
- Xylem
- WA Kendall & Co.



# Most Customers Very Appreciative

## HOLIDAY STORM RESPONSE

"Thank you to the unsung  
heroes keeping us warm"

"Thank you to everyone who  
works to keep the power on.  
We see and appreciate you."

"Thank you for restoring our  
power while sacrificing time  
with your family!"

**KUB**



**KUB**

# Historical Comparison

	<b>March 1993 Blizzard of '93</b>	<b>April 2011 Hailstorm</b>	<b>June 2011 Storm *</b>	<b>July 2015 Storm</b>	<b>May 2017 Storm</b>	<b>Christmas 2020 Snow</b>
Customers out	40,000+	75,000+	127,000+	56,000+	54,000+	32,000+
Poles replaced	100	142	151	81	40	25
Transformers replaced	45	91	132	40	19	17
Customer Events	N/A	7,800	23,000	2,700	3,400	2,200
Customer calls	50,000+	45,000+	220,000+	71,000+	28,000+	21,000+
Restoration length	8 days	7 days	7 days	3 days	2.5 days	4 days
Estimated cost	\$2 million	\$2 million	\$4 million	\$2.5 million	\$1.2 million	\$1.5 million

\* June 2011 event includes two separate storms on June 21 and June 23

**KUB**