

KUB

Round It Up Program

March 15, 2018



Resolution 1374

Round It Up Pilot Results

- 3-year pilot expires May 2018
- Administered by Knoxville Knox County Community Action Committee (CAC)
- Contributions total \$2.2 million
- 178 homes weatherized (32 rental units)

Round It Up Going Forward

- Substantial need for low-income residential weatherization (> 2,000 homes on CAC waiting list)
- Round It Up Program
 - Generates ~ \$700K per year
 - Funds ~ 60 homes per year
- TVA's "Pilot Home Uplift Program" supports Round It Up
 - Provides \$500K per year for two years
 - Funds ~ 40 homes per year
- Staff recommends approval of ongoing voluntary Round It Up Program

Resolution 1374

- Authorizes implementation of ongoing voluntary Round It Up Program
- Authorizes acceptance of additional voluntary contributions
- Contributions used for low-income residential weatherization
- Program administered by CAC

KUB

Electric Cost of Service Study

March 15, 2018



Funding Electric Century II

- Commitment to fund infrastructure improvements and replacements
- Board directed long-term financing decisions
- Combination of debt and rate increases
- Modest rate increases

Rate Increases

- Applied to residential basic service charge
- Decided to conduct a cost of service study before consideration of next rate actions in 2020
- Contracted with Utility Financial Solutions (UFS) for cost of service study

Cost of Service Study

- Determine revenue requirement
- Divide requirements into Power Supply and Distribution Costs
- Categorize costs into Customer, Energy, and Demand
- Allocate costs to each rate class

Cost of Service Summary Results

Rate Class	Cost of Service	Projected Revenues	Percent Change
Residential	\$285,410,595	\$261,608,765	9.1%
Outdoor Lighting	\$9,950,346	\$9,406,603	5.8%
GSA1	\$41,145,944	\$47,984,671	-14.3%
GSA2	\$129,376,255	\$141,662,949	-8.7%
GSA3 Secondary	\$23,041,056	\$26,814,929	-14.1%
GSA3 Primary	\$10,605,689	\$12,463,030	-14.9%
Non-Standard	\$58,374,612	\$57,945,256	0.7%
Total	\$557,904,496	\$557,886,204	

Cost of Service Results Rate Analysis

Rate Class	Current Basic Service Charge	Cost of Service Basic Service Charge	Demand	Energy
Residential	\$19.10*	\$20.26*	\$ -	\$0.0975
GSA1	\$26	\$31.30	\$ -	\$0.0865
GSA2	\$75	\$177.48	\$13.11	\$0.0574
GSA3 Secondary	\$200	\$342.16	\$12.96	\$0.0575
GSA3 Primary	\$200	\$438.98	\$12.71	\$0.0574

*Does not reflect hydro credit of \$1.60

Components of Basic Service Charges

- Minimum System Costs
 - Based on minimum system design
 - Costs required to enable customer to “flip the switch”
- Direct Customer Costs
 - Meter O&M
 - Meter reading
 - Billing
 - Services
 - Customer services

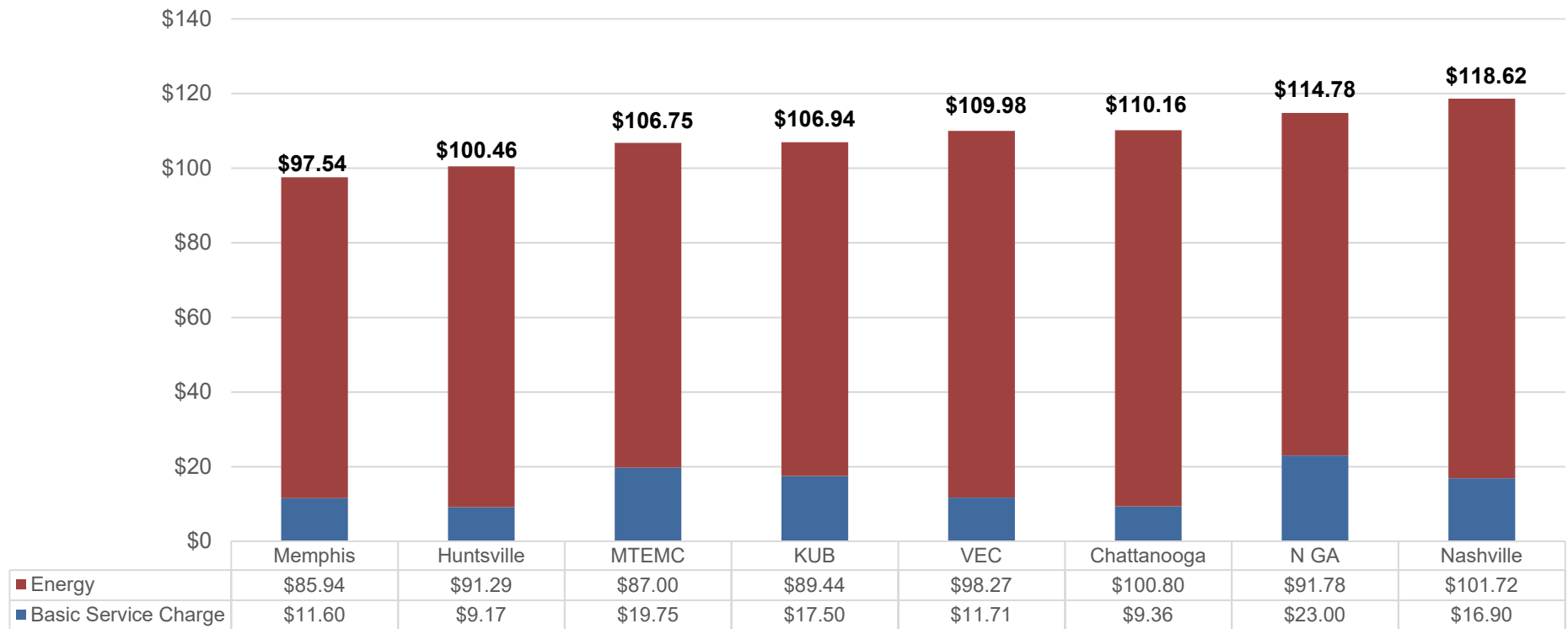
Residential Basic Service Charge Components

Distribution Customer Costs (Poles and Wires)	\$11.60
Transformer Customer Costs	\$2.65
Substation Customer Costs	\$0.54
Meter O&M	\$1.86
Meter Reading	\$1.04
Billing	\$1.28
Services	\$0.40
Customer Service	\$0.89
Basic Service Charge	\$20.26
Less TVA Hydro Credit	-\$1.60
	\$18.66
Current KUB Basic Service Charge	\$17.50

Study Conclusions

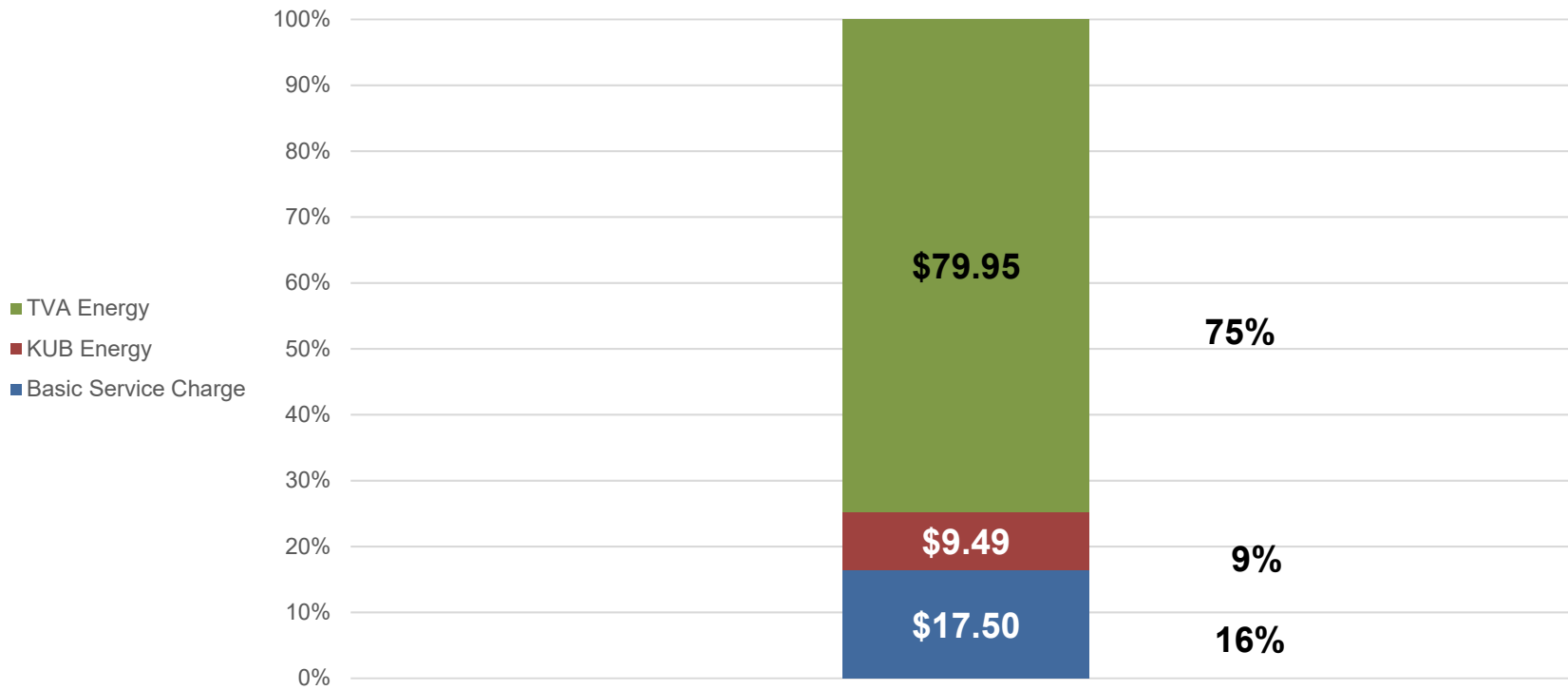
- Some customer classes paying above cost of service – some customer classes paying below cost of service
- Residential class paying basic service charges below cost of service
- Results typical of other utilities

Total Bill Comparison – December 2017 “Big 8”



1,000 kWh use bill as of December 2017

Residential Bill Components

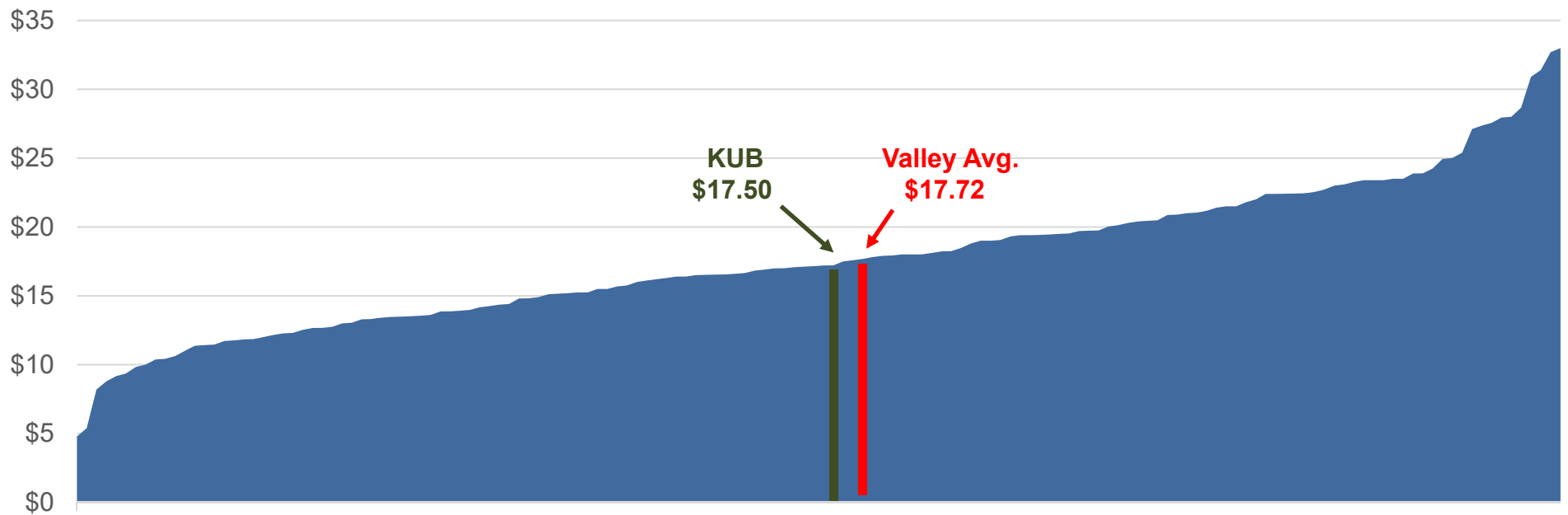


December 2017 bill based on 1,000 kWh monthly bill

KUB Residential Basic Service Charge About Average of TVA Distributors

Residential Basic Service Charge – TVA Power Distributors

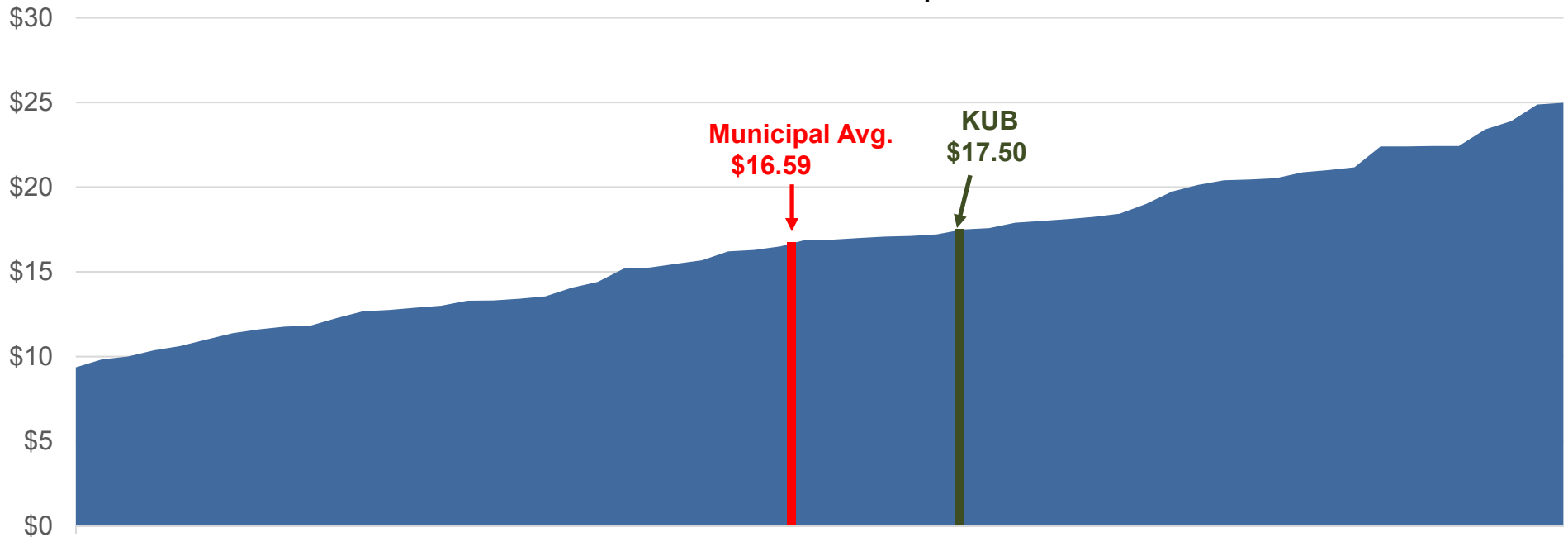
KUB Ranks #79 of 152 TVA Power Distributors



KUB Residential Basic Service Charge On Par with Other Municipal Systems in Tennessee

Residential Basic Service Charge – Municipal Power Distributors (TN)

KUB Ranks #35 of 58 Tennessee Municipal Power Distributors



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Customer Counselors

March 15, 2018



Who We Are

- Program began in 1973
- 1st utility in southeast (2nd in nation) to provide social service assistance for its customers



Counselors Help Customers in Need

- Partner with local agencies
- Educate customers on how to manage their utility bills
- Administer special assistance programs
- Receive and process financial assistance from local and federal agencies

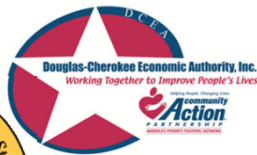
Our Community Partners



Volunteers of America®
MID-STATES



Catholic Charities
of East Tennessee, Inc.



EAST TENNESSEE
Children's Hospital



Agency Portal Facilitates Assistance for Our Customers

Account #9999999999

Doe, John A
Current Amount Due 6/9/2017
\$349.43 [View Current Bill](#)

Past Due After 6/9/2017
Past Due Amount **\$349.43**

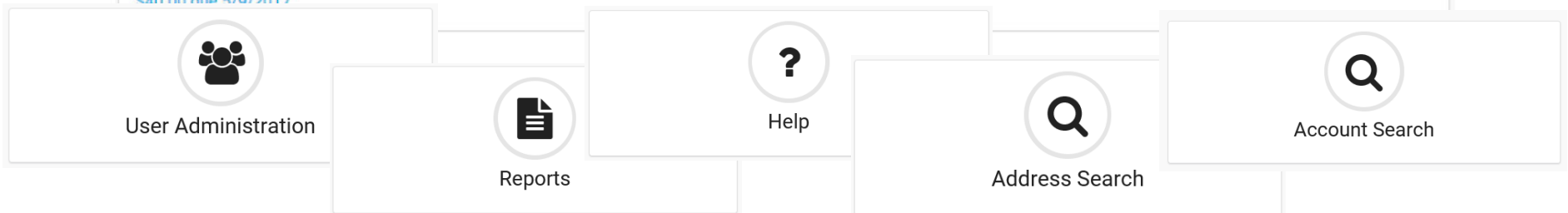
[AutoPay](#)
[Round It Up](#)
[Levelized Billing](#)

[\\$ Add Assistance](#)

Bills Payments Consumption

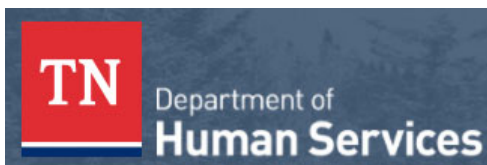
5/22/2017
\$349.43 due 6/9/2017

4/21/2017
\$0.00 due 5/9/2017



Meeting Special Needs of Our Customers

- Gatekeeper Program
- Medical Priority
- Project Help

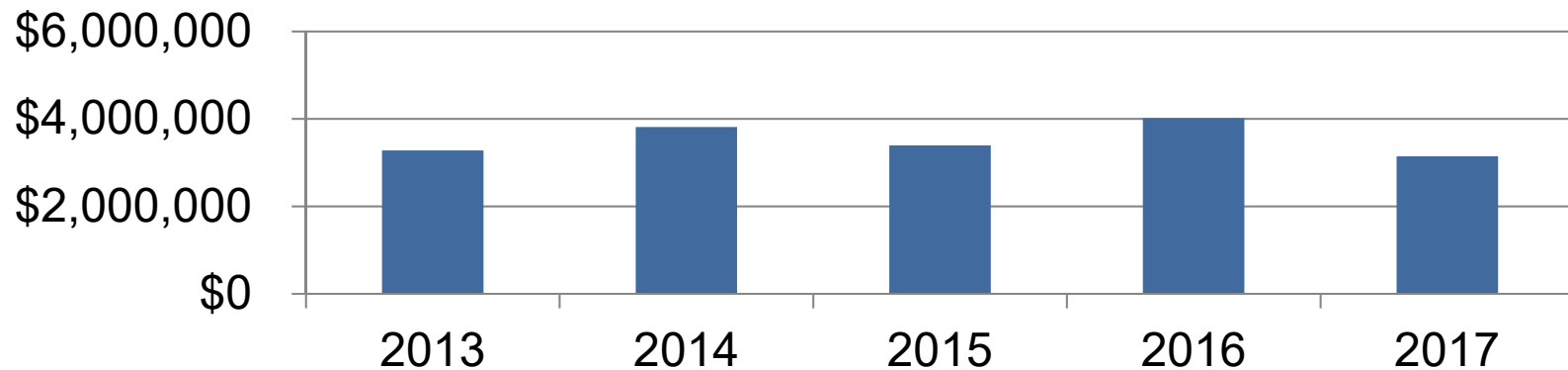


Counselors Having a Positive Impact

Customers Assisted

2013	2014	2015	2016	2017
24,152	23,175	24,402	24,060	26,798

Total Funds Received



Feedback

“KUB, by far, has the best Customer Counselors I have worked with. They are very knowledgeable about their services and assist patiently and tirelessly in working out payment details in some of the most challenging situations. ”

— Department of Children’s Services

“This means so much to me and my four kids. We truly appreciate the help with our utility bill.”

— Lindsey
Customer

Feedback

“I enjoy using the portal for convenience, but also feel the Customer Counselors are there to assist me every step of the way.”

— Peninsula Parkwest

“It’s so hard to find help these days. Thanks to you agencies such as yours, who still help. It helps the community become a better place.”

— Michael
Customer

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Environmental Stewardship Update

March 15, 2018



Supporting Sustainability With Community Programs and Partnerships

- Weatherization assistance
- Tree planting
- Energy efficiency and green power
- Community events



Demonstrating Leadership in Transportation And Alternative Fuels

- Public compressed natural gas fueling station
- Tennessee Green Fleets recognition



Improving Environmental Responsibility in Operations and Facilities

- Biosolids program
- Renewable energy
- Paperless billing
- Recycling efforts
- Employee engagement



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