PRESENTATION TO
Customer Advisory Panel
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
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:
  o Lifecycle asset management
  o Safety
  o Reliability
  o 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
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)

- Capital: $76
- Debt: $25
- O&M: $67
- Taxes: $20

$413

$117.34 average electric bill

- Capital: $12.38
- Debt: $4.02
- O&M: $11.14
- Taxes: $3.40

$86.40

TVA
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)
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

<table>
<thead>
<tr>
<th></th>
<th>Xfinity 300 MB</th>
<th>Xfinity 1 GB</th>
<th>Chattanooga 300 MB</th>
<th>Chattanooga 1 GB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Download Speed</strong></td>
<td>300 MB</td>
<td>1 GB</td>
<td>300 MB</td>
<td>1 GB</td>
</tr>
<tr>
<td><strong>Upload Speed</strong></td>
<td>20 MB</td>
<td>35 MB</td>
<td>300 MB</td>
<td>1 GB</td>
</tr>
<tr>
<td><strong>Data Cap</strong></td>
<td>1 TB</td>
<td>1 TB</td>
<td>Unlimited</td>
<td>Unlimited</td>
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<tr>
<td><strong>Cost per month</strong></td>
<td>$86</td>
<td>$106</td>
<td>$58</td>
<td>$68</td>
</tr>
</tbody>
</table>

- 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?

Overall Responses = 7.0

Comcast Customers = 7.3

AT&T Customers = 7.4

* KUB Rating for Energy Services = 8.3
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