



Minutes for April 7, 2022

Members attending the meeting:

Christina Bouler, Mark Campen, Tiki Dixon, Tim Hill, Barbara Kelly, Terry Ledford, Haseeb Qureshi, Amy Midis, Kent Minault, David Myers, Mike Odom, Stephen Smith

Others in attendance:

Facilitator: Dr. Bill Lyons

KUB Staff: Gabriel Bolas, Mike Bolin, Jamie Davis, Susan Edwards, Derwin Hagood, Elba Marshall, Tiffany Martin, Mark Walker, John Williams

KUB Board members: Kathy Hamilton

Other attendees: Maggie Shober, SACE

Old Business

None

New Business

The Community Advisory Panel met at 3:00 p.m. on April 7, 2022 at KUB's Mintha Roach Corporate Services and Training Center.

Dr. Lyons welcomed the panel members and KUB Board member in attendance.

Dr. Lyons asked if anyone had corrections to the meeting minutes from last month's meeting. There were no corrections.

Dr. Lyons explained the agenda for this meeting was to continue discussion about rates, with Dr. Stephen Smith and Maggie Shober presenting information about alternative rate designs.

Maggie Shober reviewed data related to average residential customer electric consumption and factors that affect it. She also reviewed data related to KUB customers who received assistance through the LIHEAP program and noted their consumption varies over a wide range. Maggie indicated the average consumption for customers who received LIHEAP assistance is not representative of all low-income customers. Dr. Smith indicated KUB should be able to analyze the consumption data for all low-income customers and make it available. Tiffany Martin, KUB Vice President and Chief Customer Officer, clarified KUB does not have income data for its customers. Instead, KUB is able to identify

customers who are known to be lower income because they received LIHEAP assistance and is able to review their consumption data. Therefore, KUB was able to conduct the consumption analysis for this population of customers.

Tiki Dixon asked how often the LIHEAP numbers are expected to change. Ms. Shober noted the data shown on the slide is for one year. Mike Bolin, KUB Vice President of Utility Advancement, clarified the KUB data includes consumption data for all customers who received LIHEAP assistance in that year, and it is actual data and includes no estimates.

Ms. Shober reviewed an energy consumption analysis from Duke Energy, grouped by housing type, housing status, and heating source, and said she feels it would be helpful if KUB conducted a similar analysis.

Ms. Shober reviewed an analysis using data from the Energy Information Administration to demonstrate consumption among lower income households is variable. Dr. Smith explained this was being shown to demonstrate lower income households often have lower consumption than average, and he feels a higher fixed fee is harmful to these customers. He noted he cannot be certain this data carries over to KUB's service area, but he believes it may. Haseeb Qureshi noted as a panel member, he was not aware of the past dialogue between SACE and KUB regarding the basic service charge, but now that he is seeing the information, he wanted to share that he agrees with the point Dr. Smith is making.

Amy Midis asked about the data set being shared by SACE and if it is for KUB's service area or a different area. Maggie explained it is data SACE attempted to match with KUB's service area, but it is not an exact match, and she feels KUB should do a more precise analysis. Mike Bolin clarified KUB's analysis used actual consumption data for KUB customers known to have received LIHEAP assistance, which is the most precise analysis KUB was able to conduct, and he feels if there is a data set that is more accurate, SACE would already be using it rather than data from across a four-state region.

Mike Odom asked how many households are in the KUB service area, and KUB staff confirmed it is over 190,000 residential households for the electric system. Mike Odom asked for clarification on the data being shared by SACE and if it is for KUB's service area. Maggie explained she misunderstood the previous question asked by Amy Midis and that no, the data shown on the slide is from a broader area across Tennessee, Mississippi, Alabama, and Kentucky.

Stephen Smith asked KUB to confirm if there is a local interest group that has been asking KUB to release this kind of data for its service area by census tract. Gabe Bolas confirmed that yes, this has been requested, and KUB does not have census data for its customers. It can be obtained by a third party. KUB has zip codes for its customers and has shared this information with the local interest group.

Haseeb Qureshi asked if there is a way KUB could work with this group to have this kind of data analyzed. Tiffany Martin explained KUB has worked with the interest group and did work with a third party to obtain census tract data and then manually apply that to KUB

customer consumption data for a period of time. That process took quite a bit of work and cannot be sustained by KUB. However, KUB has continued to provide consumption data by zip code to the local interest group.

Dr. Smith expressed he feels it would be helpful for the panel to hear directly from the local interest group that has been working on this issue.

Ms. Shober continued her presentation and indicated KUB's fixed fee limits customers' abilities to lower their bills and gives customers less control to use energy efficiency means to lower bills. Dr. Smith expressed the fixed fee blunts market signals to be more efficient.

Mr. Qureshi asked if KUB has considered this before. Gabe Bolas explained that yes, KUB understands you can lower the fixed fee and raise the variable rate and there are different ways to look at this. The question is how the various scenarios affect KUB's customers where in some cases, bills may go down and bills may increase in other cases. KUB must also find the right balance in determining how to pay for system investments. Mr. Qureshi indicated it may be worthwhile for KUB to consider making a change to encourage the community to conserve energy and reduce bills.

Kathy Hamilton expressed her view as a KUB Board member. She stated the Board has reviewed data and has also heard from customers who struggle with their bills because they are lower income and have high consumption. She noted it is complex, and one of the concerns of the Board is about customers who struggle with higher bills in the winter when usage is high. She is concerned if a change is made, many lower income customers may have higher bills.

Mr. Qureshi noted he agrees it is important to consider seasonality. Commissioner Hamilton said that KUB offers levelized billing to help customers, but not all customers choose to enroll in this program. Dr. Smith agreed there may be a month or two out of the year when extreme temperatures have an impact and indicated levelized billing is the way to address this.

Terry Ledford noted it must be kept in mind that both TVA and KUB are not-for-profit, and if the variable rate is raised and more people take advantage of that, it impacts KUB's revenue, and someone has to pay for that. He feels the customers who are able to take advantage of the rate would benefit, but it puts upward pressure on rates for others.

Mr. Qureshi noted the panel has not discussed business customer data yet, and it could be interesting to add to the discussion. Tim Hill noted there was some data related to business customers in KUB's presentation demonstrating business customers are paying more than their share. Haseeb agreed and expressed it may be helpful to see more detailed data for business customers.

Ms. Shober continued her presentation and discussed SACE's thoughts on how KUB might determine the impact of energy affordability. She stated KUB should reduce the fixed fee, expand existing low-income support programs, and offer new programs. She stated

KUB's budget for home weatherization was \$15 million in 2015 – 2017 and that has dropped to \$1 million per year. Gabe Bolas clarified the \$15 million for weatherization in 2015 was a TVA grant, not a KUB budget, and since then, KUB has significantly increased its commitment to weatherization assistance, with a KUB budget of \$1 million annually. With KUB's contribution, Round It Up, and TVA's Home Uplift program, there is currently \$2 million per year, which is much more than was available in the past.

Dr. Smith stated he feels TVA's Home Uplift program is a "PR move" and that TVA should be investing more in energy efficiency. He said he feels KUB does not use the leverage it has to push TVA to invest more heavily in energy efficiency. Amy Midis asked what kinds of investments in energy efficiency Dr. Smith is suggesting. He said there is a variety of programs for lighting, heat pumps, and other offerings that can help improve energy efficiency. He indicated there are far more programs in North Carolina, for example.

Kent Minault said there are rebates that can be provided for more efficient appliances, like heat pumps and refrigerators and home weatherization. He said he feels "we" should go to TVA and insist they increase investment in energy efficiency. He complimented KUB's work on renewable energy through the Green Invest program and said he wants to see more investment like that for energy efficiency.

Amy Midis agreed it would be great to see more energy efficiency programs, and she would like to have more discussion about how to increase those, but she is not in favor of continued discussion on the level of KUB's fixed fee as she does not feel an adjustment to it is the best way to help lower income customers. Dr. Smith disagreed. Ms. Midis also noted a change to a lower fixed fee would impact customers with higher usage. She feels more efficient appliances would have positive impacts on customers.

Kent Minault commented on climate change concerns and said he feels the current rate structure is not the right approach for responding to climate concerns. He feels to effectively respond to climate concerns, various partners need to work together to "go where the money is" and "get relief for poor people." He indicated he would like to share more about his perspective on this during his upcoming presentation.

Dr. Smith stated he feels if Ms. Midis were to understand SACE's position, she would see SACE is advocating for non-regressive fixed fees, aggressive investments in energy efficiency programs, and advocating for KUB to do what it can and that TVA needs to make more investments in these programs.

Amy Midis said she would like to hear more about the other programs and less about the fixed fee.

Tim Hill asked when TVA was spending more on energy efficiency, was there a direct drop in consumption and how much is Duke Energy spending on energy efficiency. He asked how much TVA would need to spend to gain a one percent improvement in efficiency.

Ms. Shober said the cost of energy efficiency varies by the area and by the types of energy efficiency measures. She said utilities are able to analyze the “avoided cost” of generating electricity and determine how much to spend on efficiency to avoid having to generate that amount of electricity.

Bill Lyons asked if any of the other panels wanted to make remarks during the remaining meeting time.

Tiki Dixon expressed he appreciates the presentation SACE shared. He said he feels numbers can be adjusted in different ways to achieve different things, and he sees that if you charge a lower fixed fee, you have to charge more somewhere else, because you still have to make up the maintenance costs and other costs. He said he also sees the importance of the efficiency programs, and there are also systemic issues. He said he does not feel KUB can address all of the issues. He talked about his experience as a pastor and assisting those in need when they struggle with bills. He talked about it being very complex, and he tries to look at the root causes, but it is very difficult because there are many issues.

Barbara Kelly agreed, and said in her experience, it can be helpful for a customer to have even a small amount of bill savings, but that is not where it ends. She said programs like weatherization can be very impactful in helping customers save on bills, and she believes energy efficiency education empowers people to know how they can save on their bills. She appreciates being part of this discussion, as it is significant for the community. She agrees more weatherization work is needed, however, she commented on current challenges related to the workforce to perform that work and inflated prices for the materials. She stated these conditions will improve in the future.

Dr. Lyons thanked SACE for their presentation, and it was agreed Kent Minault will share his presentation at the next meeting.

The meeting adjourned at 4:30 p.m.