



Minutes for May 5, 2022

Members attending the meeting:

Christina Bouler, Tiki Dixon, Tim Hill, Terry Ledford, Haseeb Qureshi, Amy Midis, Kent Minault, David Myers, Mike Odom

Others in attendance:

Facilitator: Dr. Bill Lyons

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

KUB Board members: Kathy Hamilton, Jerry Askew

Other attendees: none

Old Business

None

New Business

The Community Advisory Panel met at 3:00 p.m. on May 5, 2022 at KUB's Mintha Roach Corporate Services and Training Center.

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

Dr. Lyons asked if anyone had corrections to the meeting minutes from last month's meeting. He noted KUB would like to make a correction for the number of electric residential customers, which is about 190,000 rather than 170,000. There were no other corrections.

Dr. Lyons explained the agenda for this meeting was to continue discussion about rates, with Kent Minault making a presentation. Kent started his presentation by describing California's Renewable Portfolio Standard, which was established in 2002. He also described the City of LA's requirement for the utility to be coal-free by 2025, which was passed in 2013. He discussed the energy burden for LA's low-income residents and demands for energy efficiency programs.

Kent provided information about Los Angeles Department of Water and Power's (LADWP's) tiered fixed fee for residential customers, which is based on consumption. He explained the fixed fee is based on the customer's maximum usage during the previous year. He also discussed the utility's net metering program for rooftop solar.

Kent reviewed the three tiers included in LADWP's structure for fixed fees. Terry Ledford asked if a customer's usage increases and their fixed fee moves to a higher tier, is there a certain amount of time for which the customer's fixed fee will remain at that level. Kent explained the tier is always based on the customer's previous 12 months of consumption.

Haseeb Qureshi noted he feels this illustrates the need to increase funding for the Low Income Home Energy Assistance Program (LIHEAP).

Tim Kelly asked about families with larger households, for example, who have more children, and if they are penalized with a structure like this because they have higher usage. Kent explained yes, if they have higher consumption, they pay a higher fixed fee.

Kent also discussed LADWP's electric rates, which are also tiered so that customers who have higher consumption pay a higher electric rate per kilowatt hour and experience a higher percentage for rate increases. Kent said LADWP's rate design encourages energy conservation, and it allocates more of the rate increase to customers who consume more electricity because it costs the utility more to serve them.

Tim Hill asked if a structure like this would make it difficult for KUB to budget, and it was asked if it is possible for KUB to implement a tiered rate structure.

Mike Bolin, KUB Vice President of Utility Advancement, explained yes, a few utilities in the TVA service area, including Nashville Electric Service, have a tiered rate structure for the basic service charge. Like LADWP's structure, it is based on the customer's previous 12 months of consumption. Gabe Bolas, KUB President and CEO, also confirmed it is possible, and while a tiered rate structure can be implemented, it can be complicated for the customers.

Kent noted the law required LADWP to implement a structure like this. Mike Bolin explained LADWP's structure was implemented to purposefully have a higher rate to incent customers to use less energy and add solar to their homes. Mike noted a customer who can afford to implement energy efficiency measures or add solar to the home will have a different response to a structure like this than a customer who cannot afford to do those things.

Kent discussed different zones established for LADWP's rates due to climate differences and the expectation that customers in areas with warmer temperatures having higher energy needs for cooling their homes. He illustrated the various rates per kilowatt hour for LADWP customers in different scenarios, with a range from about 15 cents to 30 cents per kilowatt hour.

Mike Odom asked how LADWP's kilowatt hour rate compares to KUB's. Gabe Bolas confirmed KUB's electric rate is 9.9 cents per kilowatt hour.

Kent said he feels residents in the LA are more concerned about climate change than residents in the Knoxville area, since California residents have experienced impacts like wildfires near their homes and severely poor air quality. He confirmed LADWP's structure is in place to encourage installation of rooftop solar arrays and more energy efficiency because they are under pressure from the government and others to quickly make changes.

Kent said he asked LADWP representatives if they achieved their energy efficiency goal, and they confirmed they have. Kent asked if the structure unduly impacted poor people, and LADWP representatives said there has been no increase in LIHEAP applications. Kent asked LADWP if this rate structure has remained in place since it was implemented, and they confirmed it has. Kent concluded his presentation by sharing the progress California has made on goals for renewable energy.

Bill Lyons started a facilitated discussion for the panel members to ask questions about the rates information that has been shared over the past several panel meetings.

Dr. Lyons asked if LADWP faced any push-back from the public in implementing the rate structure. Kent indicated he is not aware of any public concern about the rate structure.

Dr. Lyons asked if there has been a study on the impacts of the rate structure change. Kent said LADWP communicates proactively about the rate structure to help everyone understand it, as it is complex.

Haseeb Qureshi asked how LADWP determined at what level to set the tiers in the first year of the new rate structure and if it was designed for the utility to have the income it needed. Kent said he thinks LADWP analyzed what income it needed and set the levels and rate increases to achieve that.

Amy Midis asked how much LADWP pays to buy electricity. Mike Bolin explained LADWP generates its own electricity, in contrast to KUB purchasing electricity from TVA. There was discussion about the mandates in California to quickly increase renewable energy and for the utility to encourage customers to install solar generation at their homes. There was discussion about the difference in electric rates in LA versus KUB's service area, with LA's rates being significantly higher. Ms. Midis noted it seems easier for LADWP to incentivize customers to use less energy than it is in the TVA service area, because customers in the TVA area have lower electric rates.

Mike Bolin explained that TVA is currently working through a process to decrease generation from coal, but at a different pace than in California because of the different political environment and stronger mandates to make the change more quickly in California. Mike noted TVA's approach is to make the change more gradually due to the economics.

Kent expressed concerns about TVA's transition to renewable energy because TVA is using natural gas to generate electricity, and he is concerned about emissions related to natural gas. He also indicated that while California is paying higher costs now to transition to renewable energy, the renewable energy will cost less in the future.

Mike explained KUB is investing in renewables through its Green Invest solar purchase of 502 megawatts, which was an action taken to have 20% of the electricity provided by KUB generated from solar. This in addition to TVA's work to have more renewable energy generation. Kent expressed KUB is a leader in the southeast due to this commitment to solar. There was discussion about KUB making the solar purchase by using part of the credit received from TVA's long-term partnership agreement and this being a way for KUB to invest in renewable energy with no additional cost to its customers. Kent also acknowledged KUB's community solar initiative.

Dr. Lyons asked if the panel had any further questions for Kent. He noted the panel's next meeting will include time for panel members to ask any remaining questions about rates and then have discussion about their input on rates. The panel will then determine its next topic for discussion.

Mike Odom asked for clarification on the objective of the panel. He noted the panel has had a lot of discussion about rates, but there has also been much discussion about TVA and things panel members want TVA to do.

KUB Board Chair Jerry Askew indicated the input from the panel is helpful to KUB's Board to inform decisions. Dr. Lyons explained some of the background on why the panel was formed, which is to provide input from diverse perspectives to KUB's Board.

Haseeb Qureshi expressed he felt it was helpful that one of the first topics the panel discussed was broadband, and he feels the voices of panel members are being heard fairly by KUB leadership.

Jerry Askew expressed the value of having the panel share with the KUB Board what they are hearing about KUB from other community members.

Mr. Qureshi expressed interest in KUB taking additional actions to address climate change over the next seven years while broadband is being deployed and evaluating a tiered fixed fee structure to also help customers offset their broadband costs.

Kent said one of the reasons LADWP implemented the rate structure change was for energy efficiency, and he feels KUB could dramatically increase the rate at which energy efficiency upgrades are done. He said previous presentations have shown many low-income customers have high energy consumption, and he feels it would be beneficial to target them with programs to reduce usage. He said he is interested in learning more about infrastructure funding that may be available and how that may help with energy efficiency programs.

The panel thanked Kent for his presentation. Kent said he would be interested in discussing what KUB could do to set emissions goals and what KUB could ask TVA to do to reduce emissions.

The meeting adjourned at 4:30 p.m.