$415M in Bonds Refinanced
Saving Customers $79.5M

- Bonds sold competitively on March 24-25
- Replaced bonds originally sold in 2010-2014
- Good bids and a high number of bidders
- Life of debt not extended
- $79.5M in savings - reduced outstanding debt levels for all systems
- High-quality bond ratings affirmed by Standard & Poor’s and Moody’s
# Bids on $70.2M Electric Bonds

<table>
<thead>
<tr>
<th>Bidder</th>
<th>True Interest Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jefferies LLC</td>
<td>1.988</td>
</tr>
<tr>
<td>J.P. Morgan Securities LLC</td>
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<tr>
<td>Piper Sandler &amp; Co.</td>
<td>1.993</td>
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<tr>
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<td>Hilltop Securities, Inc.</td>
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<td>Raymond James &amp; Associates, Inc.</td>
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<tr>
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<td>Wells Fargo Bank, NA</td>
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<tr>
<td>Robert W. Baird &amp; Co., Inc.</td>
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</table>
Electric Bond Refinancing Saves $14.3M

- Bonds fully mature in July 2044
- Electric outstanding debt reduced $16.2M

<table>
<thead>
<tr>
<th></th>
<th>Current Debt Service</th>
<th>New Debt Service</th>
<th>Savings</th>
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<tbody>
<tr>
<td>Debt Service</td>
<td>$117,935,000</td>
<td>$103,628,000</td>
<td>$14,307,000</td>
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</table>

[Graph showing debt service over years from 2022 to 2044]
## Bids on $41.9M Gas Bonds

<table>
<thead>
<tr>
<th>Bidder</th>
<th>True Interest Cost</th>
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<tr>
<td>J.P. Morgan Securities LLC</td>
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<td>Jefferies LLC</td>
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<td>Robert W. Baird &amp; Co., Inc.</td>
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<tr>
<td>Huntington Securities, Inc.</td>
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</table>
Gas Bond Refinancing Saves $7.9M

- Bonds fully mature in March 2033
- Gas outstanding debt reduced $7.2M

<table>
<thead>
<tr>
<th></th>
<th>Original Debt Service</th>
<th>New Debt Service</th>
<th>Savings</th>
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<tbody>
<tr>
<td>Millions ($)</td>
<td>$61,250,000</td>
<td>$53,378,000</td>
<td>$7,872,000</td>
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![Graph showing debt service comparison from 2022 to 2035]
## Bids on $33.2M Water Bonds

<table>
<thead>
<tr>
<th>Bidder</th>
<th>True Interest Cost</th>
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<tbody>
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<td>Piper Sandler &amp; Co.</td>
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<tr>
<td>Morgan Stanley &amp; Co., LLC</td>
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<tr>
<td>J.P. Morgan Securities LLC</td>
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<tr>
<td>Barclays Capital Inc.</td>
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<tr>
<td>Hilltop Securities, Inc.</td>
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<td>Bank of America Merrill Lynch</td>
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<tr>
<td>Citigroup Global Markets, Inc.</td>
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<tr>
<td>Jefferies LLC</td>
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<tr>
<td>Mesirow Financial, Inc.</td>
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<td>TD Securities</td>
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<tr>
<td>KeyBanc Capital Markets</td>
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</tr>
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</table>
Water Bond Refinancing Saves $10.2M

- Bonds fully mature in March 2044
- Water outstanding debt reduced $8M

Original Debt Service: $59,981,000
New Debt Service: $49,819,000
Savings: $10,162,000
## Bids on $190.8M Wastewater Bonds

<table>
<thead>
<tr>
<th>Bidder</th>
<th>True Interest Cost</th>
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<tr>
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<td>Bank of America Merrill Lynch</td>
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<td>J.P. Morgan Securities LLC</td>
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<td>Jefferies LLC</td>
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<td>Citigroup Global Markets, Inc.</td>
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<td>Mesirow Financial, Inc.</td>
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<td>Wells Fargo Bank, NA</td>
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<td>Hilltop Securities, Inc.</td>
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<td>Robert W. Baird &amp; Co., Inc.</td>
<td>1.972</td>
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</table>
Wastewater Bond Refinancing Saves $47.2M

- Bonds fully mature in April 2049
- Wastewater outstanding debt reduced by $47.8M

<table>
<thead>
<tr>
<th></th>
<th>Original Debt Service</th>
<th>New Debt Service</th>
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<tr>
<td></td>
<td>$338,414,000</td>
<td>$291,258,000</td>
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<tr>
<td>Savings</td>
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<td>$47,156,000</td>
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Millions ($)

- New Debt Service
- Original Debt Service

Graph showing debt service over time.
## Professional Fees

<table>
<thead>
<tr>
<th>Cost</th>
<th>Professional Firm</th>
<th>Fee</th>
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<tbody>
<tr>
<td>Financial Advisor</td>
<td>Cumberland Securities</td>
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<tr>
<td>Bond Counsel</td>
<td>Bass, Berry &amp; Sims</td>
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<td>Rating Agency</td>
<td>Moody's</td>
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<td>Rating Agency</td>
<td>Standard &amp; Poor's</td>
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<td>Paying Agent</td>
<td>Regions Bank</td>
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<td></td>
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<td><strong>$938,600</strong></td>
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Other Costs (POS, OS, Advertising, Misc.) $57,670

**Total** $996,270
Our Vision: KUB exists to serve its customers, improving their quality of life by providing utility services that are safe, reliable and affordable.

Our Mission:
Our mission is to act as good stewards of our communities’ resources: utility assets, customer dollars, and the environment. We work to safeguard those resources and enhance their value for the people of the communities we serve and generations to come.

We Measure Our Success by:
- Customer Satisfaction
- System Performance
- Financial Performance
- Safety Performance

Keys to Success:
- Managing Our Utility System Infrastructure
  - Electric
  - Natural Gas
  - Water
  - Wastewater
- Improving The Customer Experience
- Managing Our Finances Effectively
- Meeting Or Exceeding Regulatory Standards
- Partnering For Economic Development
- Being Environmentally Responsible

Shared Values:
- We value the safety and well-being of our customers and employees.
- We value fairness, and try always to make decisions that provide the greatest good for the most people.
- We are in a position of trust and hold ourselves to high ethical standards.
- We improve the value of our services through efficiency, innovation and communication.
- We value the commitment and hard work of our employees.
- We are environmentally responsible in our operations and support the sustainability of our communities’ natural resources.
- We participate in the communities we serve.

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- We participate in the communities we serve.
KUB Met the Challenges of Fiscal Year (FY) 21

- COVID response
  - Operations maintained while protecting employees
  - Customers were supported through a comprehensive array of services and assistance
- Award-winning performance
- Continued environmental leadership
- Sound financials despite economic challenges
Looking Forward to FY 22

- Continued commitment to Century II
- Continued focus on affordability
  - No natural gas increase
  - No wastewater increase – eliminated due to savings from refinancing
  - No electric increase (pending broadband decision)
  - Water rate increase kept as low as possible
- Continued support for customers
Today’s Focus: FY 22 Plans

- Century II System Plans
  - John Williams
  - Derwin Hagood

- Financial Plan
  - Mark Walker
National Scores

G.P.A. C-

Energy C-

Drinking Water C-

Wastewater D+
In Memphis, residents in the city of 650,000 were told for nearly a week to boil water...

...at least 7 million Texans were told to boil their water

In Shreveport, where about 200,000 people were being told to boil their water, Mayor Adrian Perkins pointed to “old, aging infrastructure, just like most American cities.”

Mayor Chokwe Antar Lumumba (Jackson, MS) said close to $2 billion is required to modernize its water system…Monday was the first time in a week that residents could line up for water outside of Madonna Manor, a 13-floor apartment complex for seniors and people with disabilities. People brought laundry pails, bowls, buckets and wastebaskets.
Overview

- Century II
  - Purpose
  - History
  - Evolution
  - Accomplishments

- Major upcoming projects and programs

- Electric budget does not include broadband (separate)
Customers: 211,812

Service Territory: 688 square miles

Electric Lines: 5,425 miles
- Distribution Overhead: 4,053 miles
- Distribution Underground: 1,106 miles
- Transmission: 266 miles

Infeed Substations: 9

Substations: 63

System Capacity: 3,030 MVA

Peak Hourly Demands:
- Winter: 1,332 MW (Feb. 2015)
- Summer: 1,235 MW (Aug. 2007)
Electric Century II Focuses on Reliability

- Data driven
- Requires investments in maintenance, infrastructure, and technology
- System maintenance
  - Vegetation – 56% of outages
  - Inspection
- Century II infrastructure replacement
- Grid Modernization and system automation

FY 20 Outage Causes

- Vegetation Out of Zone 38%
- Equipment Failure 19%
- Vegetation In Zone 18%
- Damage By Others 13%
- Unknown 7%
- Animals 3%
- Lightning 2%
Century II Funding for Electric Began in 2011

- Substation transformers
  - Prioritized upgrades
  - 65% had contingency capacity
- Transmission lines: improve links between substations
- Poles: 50-year cycle
- Underground cable: initial focus on direct buried cable
- Downtown network: began with vault upgrades

![KUB Wood Poles by Installation Decade](source: 2008 Comprehensive Assessment)
Century II Electric Has Evolved

- Poles: 2,600 annual replacement target modified based on evolution of data and planning
  - Initial work replaced oldest, worst poles
  - Circuit based approach considers pole condition, conductor size, vegetation needs, etc.
  - Prioritize circuits by outages (customer interruptions)

- Substations: comprehensive evaluation extended replacement timeline from 10 to 20 years
Century II Accomplishments

- Substations: 50+ percent upgraded
- Poles: 23,000+ poles replaced
  - First cycle replaced 2,600 poles/year
  - Current Long-Range Plan (LRP) replacement rate 1,400/year
  - Future rate based on upcoming pole assessment
- Underground cable: 90 percent direct buried replaced; cable in conduit next
- Transmission lines and fiber optic cable: 145 of 266 miles complete; remainder by FY 30
Grid Modernization Investments Necessary to Improve Reliability, Reduce Outage Time

- Outages and minutes improving this FY
- Century II + Grid Modernization
  - Substation upgrades
  - Transmission, distribution circuit rebuilds
  - Distribution automation
  - Vegetation management
Vegetation Causes Nearly 60 Percent of Outages

- Ramping up to $14M/year ($12.9M FY 22)
- Returning to historic trim levels ~ 1,000 miles/year
- Hazardous tree removal outside trim zone
- Strategic insourcing
  - Foresters
  - Vegetation crew
Substations and 69kV Transmission Lines to be Upgraded FY 22
New Western Avenue Infeed Substation

- 5983 Western Avenue
- Adds capacity and operational flexibility
- Partnering with TVA
  - TVA lines cross property
  - TVA building adjacent switching station
- $17M in FY 21 – FY 23 ($3.5M FY 22)
Public Meeting and Communication Plan

- Public Meeting: April 29, 2021
- Customer mailings in early April
- KUB Major Construction Projects
  - [www.kub.org/projects](http://www.kub.org/projects)
  - Send your e-mail address to [blog@kub.org](mailto:blog@kub.org) (reference Western Avenue Substation) for weekly updates
- Facebook, Twitter, Nextdoor
Other Major Upcoming Projects FY22

- **Transmission lines: $10.7M**
  - Millertown Pike area
  - Morrell Road area
  - Cunningham Road/Halls area

- **Distribution lines: $7.1M**
  - Outage prioritization for circuits
  - Includes distribution automation

- **Pole inspection: $1.5M**
  - Paused during pandemic
  - Completion date Dec. 2021

- **Community solar: $1.5M**
Knoxville’s First Community Solar Project

- $1.5M investment
- Up to 700 kW of solar on City-owned site
- Provides option for customers to invest in local solar
- In partnership with City of Knoxville and Tennessee Valley Authority
- Green Invest solar purchase (502 MW; $1.6M annually)
Grid Modernization Investments Growing

- New and higher expectations of electric grid
- Fiber is key to modernizing KUB electric facilities
  - Provides instant, reliable communication platform
  - Supports system reliability, load management, efficiency
- Future applications
  - Wider adoption of electric vehicles
  - Expansion of solar utilization
  - Home batteries
  - Next generation of advance metering
Industry Recognition for Electric System

- Reliable Public Power Provider (RP3) Diamond Level Designation
- Tree Line USA

“The American Public Power Association’s Reliable Public Power Provider (RP3) program recognizes utilities that demonstrate high proficiency in reliability, safety, workforce development, and system improvement.”
Natural Gas System

Customers: 105,382
Service Territory: 293 square miles
Mains: 2,517 miles
   Distribution
      Steel: 154 miles
      Plastic (MDPE): 2,288 miles
   Higher pressure
      Steel: 69 miles
      Plastic (HDPE): 6 miles
Gate Stations: 3
Regulator Stations: 48
System Capacity: 157,381 dth
Peak Demand: 140,204 dth (Jan. 2018)
Customer Demand Growing

Annual New Services
Natural Gas Century II Supports Growth

- Pipeline extensions provide customer choice
  - Choto community
  - Northern expansion to Raccoon Valley
  - Hardin Valley

- Connect to Comfort

- Customer choice offers economic and environmental opportunities
Century II Funding for Natural Gas Began in 2012

- Newest system
- Original priority replacement of cast iron/ductile iron pipe
- Distribution Integrity Management Program (DIMP) now drives Century II investments

Pie chart:
- 90% Older
- 7% Newer Polyethylene
- 3% Newer Low-pressure Steel
- 3% Newer High-pressure Steel
- 7% Older Polyethylene
- 3% Older Low-pressure Steel
- 3% Older High-pressure Steel
Distribution Integrity Management Program Drives Century II Investments

**DIMP Objectives**
- Know your system
- Identify risk
- Evaluate and rank priorities
- Identify and implement measures
- Measure and evaluate performance for effectiveness
- Evaluate and improve if needed
- Report results

**DIMP Programs**
- Low Pressure Steel Replacement
- Resiliency Program
- Leak survey
- Cathodic protection
- Records management
Major System Projects FY 22

- Low-pressure steel ($2.3M)
  - Crestwood Hills ($1M)
  - Belmont West ($800K)
- John Sevier Highway ($2.5M)
  - $2.2M for construction in FY 22
- Downtown West ($2.4M)
- Lovell Road Phase 1 ($10.1M)
  - Knox County Highway project
  - $600K for design, easements in FY 22
Gas Master Plan

- Prepared by Kimley-Horn (2020)
- Scope
  - Operations
  - Regulatory
  - System integrity
  - Growth
  - Resiliency
- Reinforced current priorities
- Provides strategic considerations for longer-term system resiliency

“Overall, it was shown that KUB operates a very robust natural gas system and incorporates the best industry practices into its operations.”

“KUB’s system is currently in excellent operational condition.”

- Michael Alexander, P.E. Kimley-Horn
Industry Recognition for Gas System

- Silver Award 2018
- Awaiting 2021 application
- Honors excellence in
  - System integrity
  - System improvement
  - Employee safety
  - Workforce development
Wastewater System

Customers: 72,505

Service Territory: 243 square miles

Treatment Plants: 4

Lift Stations: 63

Collection Mains: 1,318 miles

Storage Capacity: 34 MG

Plant Maximum Capacity: 173 MGD

Average Flow: 45.62 MGD

Consent Decree: 2005 – 2021
Focus on Reducing Overflows at Manholes

- Wastewater plants
  - Finalizing Consent Decree
  - Modernizing treatment disinfection methods

- Collection system
  - Continuing to upgrade lines
  - Expanding and updating pump stations
History of PACE10 and Century II for WW

- PACE10 started in 2004
  - EPA Consent Decree (CD)
  - $530M for 134 collection system projects
  - $120M for upgrades at two wastewater treatment plants
  - Inspections/monitoring programs
- Now incorporated into Century II
Century II for Wastewater Has Evolved

- Consent Decree projects near completion
- Plant inspections formalized
- Tank and pump station prioritized by modeling and inspections
- Focus on areas with repeat manhole overflows
- Utilize hydraulic modeling for solutions
Century II Improves Wastewater System

- 35% of system upgraded
- Reduced older pipe types from 75% to 40%
- 83% of pump stations upgraded
- Installed six storage tanks
- Invested $120M in plant improvements
- Significant reduction in manhole overflows
## Sustainable Pace of Century II Sewer Rehab

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Miles per Year</th>
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<tbody>
<tr>
<td>CII Average FY 04-FY 21</td>
<td>25 mi/yr</td>
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<tr>
<td>FY 22</td>
<td>10 mi/yr</td>
</tr>
<tr>
<td>FY 23</td>
<td>15 mi/yr</td>
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<tr>
<td>FY 24</td>
<td>20 mi/yr</td>
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<td>FY 25</td>
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<td>FY 29</td>
<td>45 mi/yr</td>
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<tr>
<td>FY 30</td>
<td>50 mi/yr</td>
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**Original Target**
- 25 mi/yr
- 2% of system
- 50-yr life cycle

**Average 16.5 mi/yr in LRP**

**New target 20 mi/yr**
- 1.6% of system
- 60-yr life cycle
Closing Out the Consent Decree

- Complete final Consent Decree project
- Incorporate programs into O&M Manual
  - Inspection of system
  - Blockage abatement
  - Flow-monitoring
- Formally finalize CD with EPA
- Reduced reporting requirements
- Budget decreases and levels out
- Commitment to Century II remains

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
<th>Status</th>
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<tbody>
<tr>
<td>Kuwahee WWTP CCP Phase I</td>
<td>$51M</td>
<td>✔️</td>
</tr>
<tr>
<td>Fourth Creek WWTP CCP Phase I</td>
<td>$20M</td>
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<tr>
<td>134 Collection System Projects</td>
<td>$530M</td>
<td>✔️</td>
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<tr>
<td>Fourth Creek WWTP CCP Phase II</td>
<td>$4.7M</td>
<td>✔️</td>
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<tr>
<td>Kuwahee WWTP CCP Phase II</td>
<td>$48M</td>
<td>75%</td>
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</table>
Major Upcoming Projects

- Wastewater pipe upgrades $14.6M FY 22 - $250M LRP
- Jones Street Pump Station & Force Main $15.5M FY 21-22
- Kuwahee Primaries Deck $ 6.7M FY 21-23
- Fourth Creek Disinfection $ 4.1M FY 21-23
- Loves Creek Electrical $ 5.8M FY 21-23
- Walker Springs Pump Station & Force Main $ 6.2M FY 23
Positive Relationship with Regulators

- All CD requirements nearly complete
  - Budget of $650M on track
  - Final project in progress
- 54 plant operational awards from National Association of Clean Water Agencies in past 15 years
- Maintained Platinum level Biosolids Reuse Program

“KUB has shown tremendous progress in controlling unpermitted discharges since entering into the Consent Decree.”
- Dennis Sayre, EPA Acting Chief Municipal and Industrial Enforcement Branch, 2018
Customers: 81,225

Service Territory: 188 square miles

Treatment Plant: 1

Pump Stations: 26

Storage Facilities: 28

Distribution Mains: 1,410 miles

Plant Capacity: 62.9 million gallons/day (MGD)

Reservoir Capacity: 36.9 million gallons

Treated Water: 12.7 billion gallons annually
Focus on Resiliency

- MBW Water Plant
  - Single source of water for community
  - Multi-year plan to provide dual treatment train

- Distribution system
  - Building system resiliency
  - Using new technology to reduce water main repairs
History of Century II for Water

- Developed in 2006 due to increase in main breaks
- Modeled after PACE10
- Review of assets with focus on pipe
- Pipe prioritization based on available data
  - Repair history by pipe type
  - Pipe size, type, and age
  - Industry pipe life expectancy

![Annual Repairs Per Mile (2000 – 2005)]

- Cast Iron: 0.46
- Galvanized: 2.54
- Cement: 0.23
- Ductile Iron: 0.02
- Plastic: 0.15
- Benchmark: 0.36

KUB System Avg: 0.38
Century II for Water Has Evolved

- Water Supply Master Plan developed
- Tanks and pump stations prioritized by data
- Expanded valve inspections
  - Distribution 5-year cycle
  - Transmission 2-year cycle
- Inspections by KUB vs. contractor
- New programs for pipe prioritizations
  - District Metering Areas
  - Find and fix
Century II Improves Water System

- Upgraded 200 miles of pipe
  - System composed of 64% newer pipe vs 50% in 2006
  - Galvanized nearly eliminated
- Pipe repairs down by 57%
  - Enhanced data-driven replacement of pipe
  - Extreme weather increases breaks on older pipe types

![Graph showing replaced 14% of Water System]

![Bar chart showing water main repairs by material]

![Graph showing miles of pipe by material from 2006 to 2020]
Temporary Reduction in Pace of Pipe Upgrades

Miles per Year

Average 11.4 mi/yr in LRP

Target 14 mi/yr
Major Upcoming Projects

- Filters
  - Six new filters provide 38 MGD treatment capacity
  - Cost estimate: $58.9M
  - Bid this summer
  - Construction in FY 22 – FY 24

- Century II pipe replacement
  - Complete galvanized by FY24
  - Increased data drives cast iron and cement pipe replacement
  - $5.5M FY 22 - $95.8M LRP

### Process Table

<table>
<thead>
<tr>
<th>Process</th>
<th>Cost Estimate</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>High Service Main</td>
<td>$2.2M</td>
<td>FY17 – FY18</td>
</tr>
<tr>
<td>Ph 1 EL upgrades</td>
<td>$2.3M</td>
<td>FY17 – FY18</td>
</tr>
<tr>
<td>Generators</td>
<td>$12.9M</td>
<td>FY19 – FY21</td>
</tr>
<tr>
<td>Filters</td>
<td>$58.9M</td>
<td>FY22 – FY24</td>
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<tr>
<td>Raw Water Main</td>
<td>$8.6M</td>
<td>FY24 – FY25</td>
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<tr>
<td>Ph 2 EL upgrades</td>
<td>$4.1M</td>
<td>FY25 – FY26</td>
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<tr>
<td>High Service Pump Station and Clearwell</td>
<td>$30.2M</td>
<td>FY26 – FY29</td>
</tr>
<tr>
<td>Source Water Resiliency</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

- Complete
- Design Complete
- Planning Phase
Industry Recognition for Water System

- Tennessee Department of Environment and Conservation (TDEC) inspection
  - 2019 score was 99.8%
  - Next inspection in 2021

- Water Quality Lab
  - Perfect scores on past two inspections (every three years)
  - Certified for more tests than any other public water system in Tennessee
Long-Range Financial Plan Update

- Continued funding for Century II, Water Plant Resiliency, and Sustainability initiatives
- Capital project deferrals and bond refinancing savings eliminate/reduce planned rate increases
- Wastewater debt reduction plan on target
- Debt reduction strategy for Gas Division
- Enhanced Grid Modernization for electric system not included in today’s discussion
- Proposed FY 22 budget of $934M
Noteworthy Changes

- $57 million in capital project deferrals
- Bond refinancing lowered outstanding debt by $79M
- Vegetation management increased $27M
- Investment income down $16M
- Eliminated various customer fees – reduced revenue $10M
- Fully reflects TVA Partnership Credits
  - Funds home weatherization and Green Invest solar
  - Deferred future electric rate increase one year
- Eliminated wastewater rate increase for FY 22
- Reduced water rate increase for FY 22
Rate Recommendations for FY 22

- No gas rate increase
- No wastewater rate increase
- 2% water rate increase
- Electric rate action pending decision on Broadband
Proposed Water Rate Increase for FY 22

- Lowered to 2%; originally planned for 5%
- $0.65 increase on average monthly residential bill
- Applied to usage rate – no increase in residential basic service charge
- Impacts on business customers will vary depending on monthly use
- Needed to maintain funding for Century II and Water Plant Resiliency programs
- Reflected on August 2021 bills
## Water Cost of Service Summary Results

<table>
<thead>
<tr>
<th>Rate Schedule</th>
<th>Customers in Class</th>
<th>Cost of Service</th>
<th>Projected Revenues</th>
<th>% Under (Over) Collected</th>
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</thead>
<tbody>
<tr>
<td>Residential</td>
<td>69,831</td>
<td>$ 29,610,960</td>
<td>$ 24,481,617</td>
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<tr>
<td>Nonresidential</td>
<td>9,037</td>
<td>$ 22,969,521</td>
<td>$ 28,014,855</td>
<td>(18.0)%</td>
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<tr>
<td>Fire Protection</td>
<td>1,580</td>
<td>$ 8,142,453</td>
<td>$ 8,226,382</td>
<td>(1.0)%</td>
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<tr>
<td>Wholesale</td>
<td>2</td>
<td>$ 1,055,066</td>
<td>$ 1,055,415</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 61,778,000</strong></td>
<td><strong>$ 61,778,000</strong></td>
<td><strong>0.0%</strong></td>
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## Water Basic Service Charge Components

<table>
<thead>
<tr>
<th>Water System Cost Components</th>
<th>5/8” Inside Meter</th>
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<tbody>
<tr>
<td>Meters</td>
<td>$ 3.81</td>
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<tr>
<td>Distribution Facilities</td>
<td>$ 6.71</td>
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<tr>
<td>Distribution Operations &amp; Maintenance</td>
<td>$ 5.77</td>
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<tr>
<td>Customer Service</td>
<td>$ 2.48</td>
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<tr>
<td><strong>Basic Service Charge – Cost of Service (2021)</strong></td>
<td><strong>$ 18.77</strong></td>
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<tr>
<td><strong>FY 22 KUB Basic Service Charge</strong></td>
<td><strong>$ 18.00</strong></td>
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</table>
Based on 3,740 gallons of monthly water use
## Water Long-Range Plan Summary

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital</th>
<th>Bonds</th>
<th>Total Outstanding Bonds</th>
<th>Debt Ratio</th>
<th>Debt Coverage</th>
<th>Rate Increase</th>
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<tbody>
<tr>
<td>2022</td>
<td>$27M</td>
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<td>2.19</td>
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<tr>
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<td>$17M</td>
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<tr>
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<tr>
<td>Year</td>
<td>Capital</td>
<td>Bonds</td>
<td>Total Outstanding Bonds</td>
<td>Debt Ratio</td>
<td>Debt Coverage</td>
<td>Rate Increase</td>
</tr>
<tr>
<td>------</td>
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<tr>
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<td>Year</td>
<td>Capital</td>
<td>Bonds</td>
<td>Total Outstanding Bonds</td>
<td>Debt Ratio</td>
<td>Debt Coverage</td>
<td>Rate Increase</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>-------</td>
<td>-------------------------</td>
<td>------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>2022</td>
<td>$30M</td>
<td>---</td>
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<tr>
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<td>17%</td>
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<td>2027</td>
<td>$24M</td>
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<td>$59M</td>
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<tr>
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<td>$52M</td>
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<td>4.92</td>
<td>2%</td>
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<tr>
<td>2029</td>
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<td>---</td>
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<td>5.33</td>
<td>1%</td>
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<tr>
<td>2030</td>
<td>$33M</td>
<td>---</td>
<td>$40M</td>
<td>10%</td>
<td>5.68</td>
<td>1%</td>
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<tr>
<td>2031</td>
<td>$26M</td>
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<td>$34M</td>
<td>8%</td>
<td>6.50</td>
<td>1%</td>
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## Electric Long-Range Plan Summary

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<th>Capital</th>
<th>Bonds</th>
<th>Total Outstanding Bonds</th>
<th>Debt Ratio</th>
<th>Debt Coverage</th>
<th>Rate Increase</th>
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<tbody>
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<td>$277M</td>
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<tr>
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<td>3.39</td>
<td>1%</td>
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<tr>
<td>2025</td>
<td>$75M</td>
<td>$27M</td>
<td>$298M</td>
<td>36%</td>
<td>3.24</td>
<td>1%</td>
</tr>
<tr>
<td>2026</td>
<td>$70M</td>
<td>$20M</td>
<td>$303M</td>
<td>36%</td>
<td>3.52</td>
<td>1%</td>
</tr>
<tr>
<td>2027</td>
<td>$72M</td>
<td>$20M</td>
<td>$307M</td>
<td>35%</td>
<td>3.47</td>
<td>1%</td>
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<td>2028</td>
<td>$69M</td>
<td>$11M</td>
<td>$301M</td>
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<td>$73M</td>
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<td>33%</td>
<td>4.00</td>
<td>1%</td>
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<td>2030</td>
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<td>$4M</td>
<td>$286M</td>
<td>31%</td>
<td>3.98</td>
<td>---</td>
</tr>
<tr>
<td>2031</td>
<td>$77M</td>
<td>$14M</td>
<td>$288M</td>
<td>30%</td>
<td>4.42</td>
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</table>
## Proposed FY 22 Budget: $934M

<table>
<thead>
<tr>
<th></th>
<th>Electric</th>
<th>Gas</th>
<th>Water</th>
<th>Wastewater</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td><strong>Energy Cost</strong></td>
<td>$406.1</td>
<td>$57.5</td>
<td>$---</td>
<td>$---</td>
<td>$463.6</td>
</tr>
<tr>
<td><strong>O&amp;M</strong></td>
<td>$70.3</td>
<td>$24.1</td>
<td>$32.6</td>
<td>$40.1</td>
<td>$167.1</td>
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<tr>
<td><strong>Capital</strong></td>
<td>$73.2</td>
<td>$30.1</td>
<td>$26.9</td>
<td>$47.5</td>
<td>$177.7</td>
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<tr>
<td><strong>Debt Service</strong></td>
<td>$24.8</td>
<td>$10.9</td>
<td>$14.1</td>
<td>$33.9</td>
<td>$83.7</td>
</tr>
<tr>
<td><strong>Taxes and Equivalents</strong></td>
<td>$21.5</td>
<td>$8.8</td>
<td>$5.1</td>
<td>$6.2</td>
<td>$41.6</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$595.9</strong></td>
<td><strong>$131.4</strong></td>
<td><strong>$78.7</strong></td>
<td><strong>$127.7</strong></td>
<td><strong>$933.7</strong></td>
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</tbody>
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$ in Millions
# Proposed FY 22 Budget Down 3%

<table>
<thead>
<tr>
<th></th>
<th>FY 22 Proposed</th>
<th>FY 21 Budget</th>
<th>Increase (Decrease)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Cost</td>
<td>$463.6</td>
<td>$467.8</td>
<td>($4.2)</td>
<td>TVA Partnership Agreement Credit</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>$167.1</td>
<td>$158.1</td>
<td>$9.0</td>
<td>Labor-related; Vegetation management</td>
</tr>
<tr>
<td>Capital</td>
<td>$177.7</td>
<td>$211.2</td>
<td>($33.5)</td>
<td>Capital deferrals; BEHRC work in FY 21</td>
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<tr>
<td>Debt Service</td>
<td>$83.7</td>
<td>$85.9</td>
<td>($2.2)</td>
<td>Refunding savings</td>
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<tr>
<td>Taxes &amp; Equivalents</td>
<td>$41.6</td>
<td>$39.1</td>
<td>$2.5</td>
<td>Increased plant values</td>
</tr>
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</table>

| Total                   | $933.7         | $962.1       | $(28.4)             |                                                            |

$ in Millions
## FY 22 Key Programs and Projects

<table>
<thead>
<tr>
<th>Program/Project</th>
<th>FY 22 Budget $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetation Management</td>
<td>$12.9M</td>
</tr>
<tr>
<td>MBW Water Filter Project*</td>
<td>$10.9M</td>
</tr>
<tr>
<td>Jones Street WW Pump Station*</td>
<td>$8.9M</td>
</tr>
<tr>
<td>Sustainability Initiatives</td>
<td>$4.7M</td>
</tr>
<tr>
<td>Western Avenue Electric Substation*</td>
<td>$3.5M</td>
</tr>
<tr>
<td>Gas System South Loop – Phase 5*</td>
<td>$2.8M</td>
</tr>
</tbody>
</table>

*Multi-year projects*
Funding FY 22 Budget

Budget = $934M
- Wholesale Energy = 50%
- O&M = 18%
- Capital = 19%
- Debt Service = 9%
- Taxes and Equivalents = 4%

Funding = $934M
- System Revenues = 93%
- Bonds = 3%
- Cash on Hand = 4%

$ in Millions
May 2021 Board Meeting: Official Action

- FY 22 budget appropriations
- FY 22 commitment appropriations
- $12M wastewater bonds
  - Action on $16M electric bonds deferred pending decision on Broadband
- 2% water rate increase – first reading
Shelter Within Building