TVA Long Term Partnership Agreement

March 12, 2020

Resolution 1410
Key Provisions of the Agreement

- Extends term from five years to 20 years, with annual extensions
- Partnership credit of 3.1 percent on wholesale base rates
- Five percent power supply flexibility
- Limitations on TVA rate increases
- Deeper engagement with TVA on long-term planning
- Protections if TVA is sold
Reviewed language and identified concerns
- Limitations on natural gas system
- Limitations on KUB support of customer self-generation
- Rate protections limited to initial 20 year term
- Other terms related to giving notice

Engaged with Chattanooga and Huntsville to seek amendments

TVA agreed to the changes requested
KUB Review Process – Customer Input

- Input received in person and in writing by members of the public

- Key areas of focus
  - Length of contract limits KUB’s influence with TVA
  - 3.1 percent credit is not significant
  - 5 percent power supply flexibility is insufficient

- Staff reviewed and considered each concern
Length of Contract

- Two primary concerns
  - Limitation on alternate power supply
  - Impact on TVA responsiveness

- KUB’s power supply options are limited
  - TVA Fence
  - Geographic location

- New agreement gives partner LPCs preferential involvement in TVA planning process
Value of the Wholesale Rate Credit

- 3.1 percent is approximately $9.5M annually
- Funds can be used for
  - Reliability improvements
  - Deferral or elimination of planned rate increases
  - Low-income assistance programs
  - Environmental programs
  - Other electric system needs
Flexibility for Renewable Generation

- Five percent flexibility gives KUB the opportunity to build its own generation
- TVA has indicated additional flexibility may be possible
- Beyond the five percent, KUB has other options
- KUB proposing to use a portion of the Partnership Credit ($825K) toward renewable purchases
Green Invest Program Agreement

- KUB agreement is the first of its kind in the Valley
- Secures 212MW of new solar in the Valley
- Will provide 465 million kWh per year of solar output
  - Enough to serve 35,000 homes
  - Approximately eight percent of KUB’s system load
- Does not preclude other renewable projects
  - Self generation under the five percent flexibility provision
  - Community solar project already in development
Resolution 1410

- Authorizes the President and CEO to execute the Partnership Agreement
- Authorizes the President and CEO to execute a Green Invest agreement to secure renewable resources for customers
NACWA is nation’s leader in legislative, regulatory, and clean water advocacy

Membership nationwide

KUB member since 1990

KUB received two awards in December

- Public Information and Education
- Workforce Development
Public Information & Education Award

- Honored for “Inventive efforts in educating public”
- Water quality video
  - Shared KUB’s water quality story
  - Provided water quality and conservation tips at www.kub.org/water
Workforce Development Award

- Recognized for “outstanding solutions for ensuring a knowledgeable workforce”
- Plant Operator Qualification Program
  - Trains new employees
  - Ensures technical competency
  - Maintains qualified workforce
- Trained and qualified 14 operators through the program
KUB