FY 2021 Payments In Lieu of Taxes (PILOTs)

- FY 2021 payments = $32,469,103
- Increase of $1.5M or 5%
- Reflects increases in net assets and operating margins
- $.7M less than budgeted
## PILOTs Governance

<table>
<thead>
<tr>
<th></th>
<th>Established by</th>
<th>Approved by</th>
<th>Basis</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric &amp; Gas</td>
<td>State Law</td>
<td>KUB Board &amp; City Council</td>
<td>Net Plant Value &amp; Avg. Operating Margin</td>
<td>June</td>
</tr>
<tr>
<td>Water &amp; Wastewater</td>
<td>City Charter</td>
<td>KUB Board</td>
<td>Net Plant Value</td>
<td>February</td>
</tr>
</tbody>
</table>
FY 2021 PILOTs Up $1.5M or 5%

<table>
<thead>
<tr>
<th>Service</th>
<th>FY 2021</th>
<th>FY 2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>$16,891,189</td>
<td>$16,067,210</td>
<td>$823,979</td>
</tr>
<tr>
<td>Gas</td>
<td>7,166,619</td>
<td>6,828,101</td>
<td>338,518</td>
</tr>
<tr>
<td>Water</td>
<td>3,528,135</td>
<td>3,378,895</td>
<td>149,240</td>
</tr>
<tr>
<td>Wastewater</td>
<td>4,883,160</td>
<td>4,650,629</td>
<td>232,531</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$32,469,103</strong></td>
<td><strong>$30,924,835</strong></td>
<td><strong>$1,544,268</strong></td>
</tr>
</tbody>
</table>
## Payments by Jurisdiction

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2020</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Knoxville</td>
<td>$21,003,825</td>
<td>$20,036,911</td>
<td>$966,914</td>
<td>4.8%</td>
</tr>
<tr>
<td>Knox County</td>
<td>10,467,779</td>
<td>9,900,845</td>
<td>566,934</td>
<td>5.7%</td>
</tr>
<tr>
<td>Union County</td>
<td>381,883</td>
<td>367,676</td>
<td>14,207</td>
<td>3.9%</td>
</tr>
<tr>
<td>Sevier County</td>
<td>318,398</td>
<td>344,574</td>
<td>(26,176)</td>
<td>(7.6%)</td>
</tr>
<tr>
<td>Grainger County</td>
<td>174,002</td>
<td>160,383</td>
<td>13,619</td>
<td>8.5%</td>
</tr>
<tr>
<td>Jefferson County</td>
<td>95,058</td>
<td>89,904</td>
<td>5,154</td>
<td>5.7%</td>
</tr>
<tr>
<td>Blount County</td>
<td>15,107</td>
<td>13,539</td>
<td>1,568</td>
<td>11.6%</td>
</tr>
<tr>
<td>Anderson County</td>
<td>11,515</td>
<td>9,533</td>
<td>1,982</td>
<td>20.8%</td>
</tr>
<tr>
<td>Loudon County</td>
<td>1,536</td>
<td>1,470</td>
<td>66</td>
<td>4.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$32,469,103</strong></td>
<td><strong>$30,924,835</strong></td>
<td><strong>$1,544,268</strong></td>
<td><strong>5.0%</strong></td>
</tr>
</tbody>
</table>
Requests City Council set electric and gas tax equivalent payments for FY 2021 and provide for their distribution

Total payments = $24,057,808
Wholesale Water Rate Adjustment

December 17, 2020

Resolution 1428
First Reading
Wholesale Water Rate

- “Sales for Resale” service available to water utilities bordering KUB’s water system
- Water sold on an interruptible basis
- KUB cannot be sole water supplier
- Two recurring customers
  - Town of Dandridge
  - Shady Grove Utility District
- Current rate is $1.70 per Ccf
Dandridge and Shady Grove Water Sales

- 10-year contracts with automatic one-year renewals
- Contracts include minimum take requirements of 100,000 gallons/day
- Sales have averaged 1.6M gallons/day, producing $1.3M in annual water revenue
Dandridge and Shady Grove also purchase water from Jefferson City.

Jefferson City rate 13% lower than KUB.

Dandridge has reduced volumes purchased from KUB to minimum level.

$450K loss in annual revenue for KUB.

If Shady Grove follows course, combined annual revenue loss would be ~ $1.2M.
Proposed Rate Adjustment

- Lower “Sales for Resale” rate from $1.70 per Ccf to $1.48 per Ccf
- Equivalent to rate charged by Jefferson City
- Dandridge and Shady Grove have executed commitments to return/remain at historic purchasing levels or higher
- Net annual financial impact is +$280K
Resolution 1428

- Lowers “Sale for Resale” water rate to $1.48 per CCF
- Second reading in January 2021
- Effective February 2021
Long-term Natural Gas Supply Contract

December 17, 2020

Resolution 1429
Resolution 1405, as heretofore amended, authorized execution of long-term supply contract with Tennergy

Tennergy pre-pays for their gas supply

Pre-pay allows Tennergy to sell to KUB at discount

Average daily purchases of 2,800 dekatherms (~10% of KUB supply)

Term up to 31 years

Discount to gas index minus ~ $.30
Resolution 1429

- Amends Resolution 1405 to extend contracting authority to December 31, 2021
Benefits of a KUB Mobile App

- Available wherever our customers are, on the device they prefer
- Takes advantage of device capabilities
- Provides easy, streamlined customer interactions
  - Personalized to the customer’s account(s)
  - Allows for proactive push messaging
  - Transactions are simple with few clicks
KUB Utilized WillowTree for App Creation

- WillowTree’s technical expertise
  - Design: Look and feel
  - Workflows: Simple and intuitive
  - Development: Both iOS and Android platforms
  - Marketing: App Store management and adoption
- KUB staff development
- Project management
Behind the iOS and Android Apps

- Integrated: connected to multiple systems for real time processing
- Secure: same secure infrastructure as website
- Aligned: with the new bill and website
- Accessible: for the visually impaired
The App Stores Images

**PAY**
View and pay your bill with the tap of a button; let AutoPay and Paperless Billing make payments effortless.

**REPORT**
Report outages quickly and easily, view power outages in your area, and get restoration updates.

**ENROLL**
Explore KUB’s billing and payment options and choose the programs that work best for you.

**MANAGE**
Personalize your experience and manage your account in one easy-to-use app.
KUB Customer Mobile App – Report Outage

**Outage Center**

- **5600 Main St.**
  - Outage Reported: 08/03/20 at 3:30am
  - Estimated time to full restoration: 3 hours

**Report an Outage**

Please select where you would like to report an outage:

- Service Address
  - 5600 Main St
- Use my current location
- Search by address

**Next**

- Natural gas leaks are dangerous. If you smell natural gas, leave the vicinity immediately and call KUB from a safe location: 865-524-2911.

**Service Type**

- Electric

**Problem Type**

- Power Off

**Additional Information**

- Tree on Line
- Anything else we should know? Bad storm last night, wires down close to my house behind the metal fence

**Contact Information**

- Name
- Phone Number: 8271283749

**SUBMIT OUTAGE REPORT**

**Thank you!**

Your outage has been successfully reported. We’ll get working on it as quickly as possible.
KUB offers several easy ways to manage your billing and payments. Select the options that are right for you.

**AutoPay**
AutoPay is KUB's recurring monthly bank draft program.

Learn more and enroll

**Levelized Billing**
A smarter way to budget. Your usage can spike during very hot or very cold months. Levelized Billing can help you keep your bills more level, no matter what the weather does. Available only for residential customers.

Manage

**Paperless Billing**
Eliminate paper bills and receive electronic bill alerts. It’s easy, is more secure, and is good for the environment.

Learn more and enroll

**Round It Up**
Automatically round your bill up to the next dollar to help others in our community.

**Project Help**
Help members of the community affected by COVID-19 by making a donation to our emergency energy assistance program.

Give Now
Next Steps

- **December 2020: Soft launch**
  - Deploy to both App Stores
  - Promote to employee customers
  - Closely monitor for adoption, feedback, and issues

- **Late January 2021: Full launch**
  - Marketing campaign begins
  - New functions and features released
Promoting the App to Drive Customer Use

- Social media and News Sentinel digital ads
- KUB.org promotions featuring short and informative video
- Media release highlighting the customer benefits of the app
- 30-second commercial on local news networks
- Billboards above Knoxville roadways
2020 Employee Excellence Awards

December 17, 2020
Raccoon Valley Natural Gas Expansion

- Natural Gas expansion into Knox County’s northern boundary
  - Serves more than 60 new residential customers
  - Allows for commercial growth
- Collaboration among multiple departments
- In-house construction saved $500K
Employees Recognized

Gas Systems Engineering
- Dallas Coplin
- Tim Kelly
- Wes Marine
- Isaac Mobley
- Preston Teague

New Service
- Brad Hall
- Bill Thrower
- Bill Warren

Procurement
- Doyle Dukes

Underground Construction
- Robert Dockery
- Randy England
- Corey Fitzpatrick
- Jason Hellard
- Cody Hicks
- Jaren Miller
- Chad Mink
- Lee Monday
- Boyd Pratt
- Brandon Spoon
Innovative clean energy and efficiency initiatives

- Toilet replacement program
- Green Invest solar purchase
- Knoxville’s first community solar project
- Electric Vehicle Charger Rebate program
- TVA Smart Thermostat and Green Switch Match pilot programs
Employees Recognized

- **Communications**
  - Jay Miller
  - Chris Tyler

- **Utility Advancement**
  - Mike Bolin

- **Electric Systems Engineering**
  - Zack Cole

- **Environmental Stewardship**
  - Liz Hannah
  - Chasity Hobby

- **New Service**
  - Bill Warren
Meter Modernization

- Four-year, $82 million project to upgrade all KUB meters
- Completed ahead of schedule and under budget
- Resulted in reduced meter reading costs, reduced trucks on the road, improved accuracy, and increased customer knowledge of usage
Employees Recognized

- **Meter Systems**
  - Mike Allison
  - Jessica Barton
  - Carroll Ferguson
  - Eric Greene
  - Jeremy Loveday
  - Wendy Slifka
Pandemic Response

Recognizing Excellence Across KUB

Board Chair Award
APPA Excellence Award for COVID-19 Communication Efforts
<table>
<thead>
<tr>
<th>Award Category</th>
<th>Recognition Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY STAR Certification</td>
<td>Historic Miller’s Building</td>
</tr>
<tr>
<td>NACWA Environmental Achievement Awards</td>
<td>Public Information &amp; Education - Video Workforce Development</td>
</tr>
<tr>
<td>Keep Knoxville Beautiful Orchid Awards</td>
<td>Engineering Building Historic Miller’s Building - Mary Lou Horner Beautification Award</td>
</tr>
<tr>
<td>100 Best Fleets in the Americas</td>
<td>Government Green Fleet</td>
</tr>
<tr>
<td>American Public Gas Association</td>
<td>Safety Contest Winner</td>
</tr>
<tr>
<td>Heavy Duty Trucking</td>
<td>Top Green Fleet Award</td>
</tr>
<tr>
<td>LEED Certification</td>
<td>Engineering Building</td>
</tr>
<tr>
<td>American Public Power Association</td>
<td>Smart Energy Provider designation Sue Kelly Community Service Award Excellence in Public Power Communications Awards</td>
</tr>
<tr>
<td>NACWA Peak Performance Awards</td>
<td>Eastbridge and Fourth Creek plants</td>
</tr>
<tr>
<td>Tennessee Solar Energy Industries Association</td>
<td>2020 Solar Champion</td>
</tr>
<tr>
<td>TDEC &amp; TDOT</td>
<td>Tennessee Sustainable Transportation Award</td>
</tr>
<tr>
<td>Arbor Day Foundation</td>
<td>Tree Line USA</td>
</tr>
<tr>
<td>TVA EnergyRight</td>
<td>Top Performer:</td>
</tr>
<tr>
<td></td>
<td>• eScore Program Energy Efficiency</td>
</tr>
<tr>
<td></td>
<td>• eScore Program Self Audit</td>
</tr>
<tr>
<td></td>
<td>• Home Uplift Initiative</td>
</tr>
<tr>
<td></td>
<td>• Home Energy Workshops</td>
</tr>
<tr>
<td></td>
<td>• Green Power Switch</td>
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