THE BIGGEST SOLAR INVESTMENT IN THE VALLEY

502 MEGAWATTS enough to power 83,000 homes each year

2021 Environmental Report
www.kub.org/environment
Proposed Electric Rate Increases
Resolution 1441 – Second Reading

September 16, 2021
Proposed Electric Rate Increases

• Three consecutive 3% rate increases
• Effective April 2022, April 2023, and April 2024
• Fund Century II improvements and fiber network
• Total impact is $10.80 on monthly bill for average residential electric customer
  • $7.20 for Century II
  • $3.60 for fiber network
• Commercial/industrial customer impacts will vary
• No electric rate increases projected for the following 7 years
Residential Bill Impacts

- Rate increases applied solely to usage rate
- Bill impacts will vary based on electric usage
- Total impact for average residential customer is around $10.80
- More than half of residential customers use less than the system average

<table>
<thead>
<tr>
<th>Monthly kWh</th>
<th>Current Bill</th>
<th>FY 24 Bill</th>
<th>Total Increase</th>
<th>% of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>300</td>
<td>$46.89</td>
<td>$49.86</td>
<td>$2.96</td>
<td>10%</td>
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<td>500</td>
<td>$64.48</td>
<td>$69.42</td>
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<td>1,000</td>
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<td>1,500</td>
<td>$152.44</td>
<td>$167.26</td>
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<tr>
<td>2,000</td>
<td>$196.42</td>
<td>$216.18</td>
<td>$19.76</td>
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</tr>
</tbody>
</table>
Resolution 1441 (Second Reading)

- Adopts electric rates reflecting 3% rate increases effective April 2022, April 2023, and April 2024
Purchased Power Adjustment Amendment
Resolution 1446 – First Reading

September 16, 2021
TVA Pandemic Recovery Credit

- TVA Board approved extension of pandemic relief financial assistance for an additional year
- $220 million in Pandemic Recovery Credits for local power companies (LPCs) and TVA direct-served customers
- LPC credits have two components
  - 2.5% credit for standard service power costs
  - 2.5% credit for non-standard service power costs (large commercial and industrial customers)
- Credits provided on monthly TVA invoice for 12 months beginning October 2021
Proposed Use of Credits

• Credits for non-standard service must be applied directly to customers’ monthly bills
• KUB standard service credits estimated at $7.3M
• $1.3M available for customers with payment arrangements for past due bills
  • Requires amendment to Purchase Power Adjustment (PPA)
• $6M flowed through to all standard service customers via the PPA
  • Lowers average residential customer monthly bill ~ $1.40 for twelve months
Resolution 1446

• Amends PPA to address use of standard service power cost credits
• Requires two readings
• Second reading in October 2021
Guideposts for Deployment

• Leveraging existing fiber infrastructure
• Opportunities for improved utility performance
• Positively impacting many customers early
• Meeting the needs of unserved and underserved populations
• The availability of grants
Phase One Deployment Areas

- Areas are general in nature
- Reaches approximately 25% of KUB electric customer base
- 1000 miles of fiber
- Projected timeline of 18-24 months
- Timeline & area could change depending on grant availability
Phase One Deployment Fast Facts

Schools
• 25 of 75 Knox County schools
• 9 of 16 Community Schools
• UTK’s 3 flagship high schools

Addressing the Need
• Average 55 customers per mile
• 17 of 20 distressed census districts in KUB service territory

Reliability
• 11 of the lowest performing circuits
• 3.8 hours of interruption annually per household

Grants
• $5M projected eligible for state grant program
Grant Outlook

- Federal government proposing $65 billion for broadband
  - $42.5B for deployment
  - $14.2B for Emergency Broadband Benefit ($30/month)
  - Details yet to be determined and timing uncertain
- State government designated $500 million for broadband
  - $400M for deployment
  - $100M for adoption including community anchor institutions
  - Awaiting US Treasury final rules
- KUB has hired resource to lead grant activities
Looking Forward

• Continue working to define phase two and three using existing guideposts
• Set proper timing expectations for all customers
• Develop interactive platforms for customers to easily access information related to deployment
September 16, 2021

TeenWork Program
Program History and Overview

• Began in 1995 as a partnership with Austin-East High School
• Educates high school juniors on KUB careers and workplace-success skills
• Offers enrichment and community service activities
• Includes classroom sessions and summer work experience
• Nearly 450 students have successfully completed the program
2021 TeenWork Class Persevered through Challenges

- First completely virtual classroom environment
- Consisted of juniors and seniors (2020 and 2021 classes combined)
- Small-yet-mighty group of students
- Created “My Life Matters” public service announcement to speak out against gun violence
Program Enhanced Over Time

- Investing in qualified students and mentors
- Capturing and evaluating feedback on effectiveness
- Recruiting for long-term employment
- Partnering for expansion
What’s Next for TeenWork

• Offering TeenWork programming to additional high schools
• Revising program structure to accommodate more students
• Exposing students to KUB and program prior to junior year
How We Plan to Expand

• All students meeting in centralized KUB location for classroom sessions
• Compressed schedule (16 sessions reduced to 7 sessions)
  • Four Saturday sessions
  • Two student holiday sessions
  • In-school field trip
• Revised program curriculum to combine related topics
• Early program introductions
  • Freshman year – KUB career spotlights
  • Sophomore year – Job shadow day at KUB
More Enhancements

• Engaging more employment partners
• Finding opportunities to remain in contact
• Focus on recruiting and retaining college-students and full-time employees

Partnering Employers
• First Utility District
• Fresenius Medical Care
• Knoxville Chamber
• Tennessee Valley Authority
• West Knox Utility District
Success Beyond TeenWork: 2021 Internship Recipient

“They (TeenWork staff) recruited me to come back as a college student intern and have shown that they have my best interest at heart.”

Jarett Kyle, Engineering Student
“Rick Rice (TeenWork mentor) took me under his wings and helped me to develop my potential. I could see opportunities to grow with a stable organization and with the support of people I trust.”

Kalen Jones, Utility Apprentice
Promoting the Program
APGA System Operational Achievement Recognition (SOAR) - 2018

- Areas of evaluation
  - System Integrity
  - System Improvement
  - Employee Safety
  - Workforce Development

- 2018 SOAR Award
  - Gold 97-100%
  - Silver 90-96%
  - Bronze 80-89%
Significantly Expanded Application for 2021 Submittal

• New/expanded categories
  • Diversity, Equity, and Inclusion
  • Community involvement
  • Succession planning
  • Support of economic development
  • Environmental programs
  • Financial stability
  • Pipeline Safety Management System

• First group to submit under expanded application
2021 KUB Recognized as Gold

2021 GOLD STATUS
ACHIEVED WITH SCORE OF 99%