

Bond Refinancing Opportunity

February 20, 2020



Resolution 1409

Refinancing Outstanding Bonds Projected to Save KUB Customers \$24M

- Refinance \$77.4M in bonds sold in 2010 and 2011 for all four systems
- Maturities not extended
- Refunding plans to be submitted to the Office of State and Local Finance
- City Council authorization required
- Proposed sale date: April 2020

Refunding Bonds Summary

System	Proposed Bonds	Proposed Bonds Avg. Rate *	Current Bonds Avg. Rate	Debt Service Savings	Issuance Cost
Electric	\$ 17.4M	2.09%	3.97%**	\$ 1.6M	\$ 119K
Gas	\$ 9.8M	2.23%	3.98%**	\$ 1.1M	\$ 90K
Water	\$ 21.0M	2.80%	3.95%	\$ 3.2M	\$ 127K
Wastewater	\$ 30.4M	2.85%	4.27%**	\$ 18.1M	\$ 162K
Total	\$ 78.6M			\$ 24.0M	\$ 498K

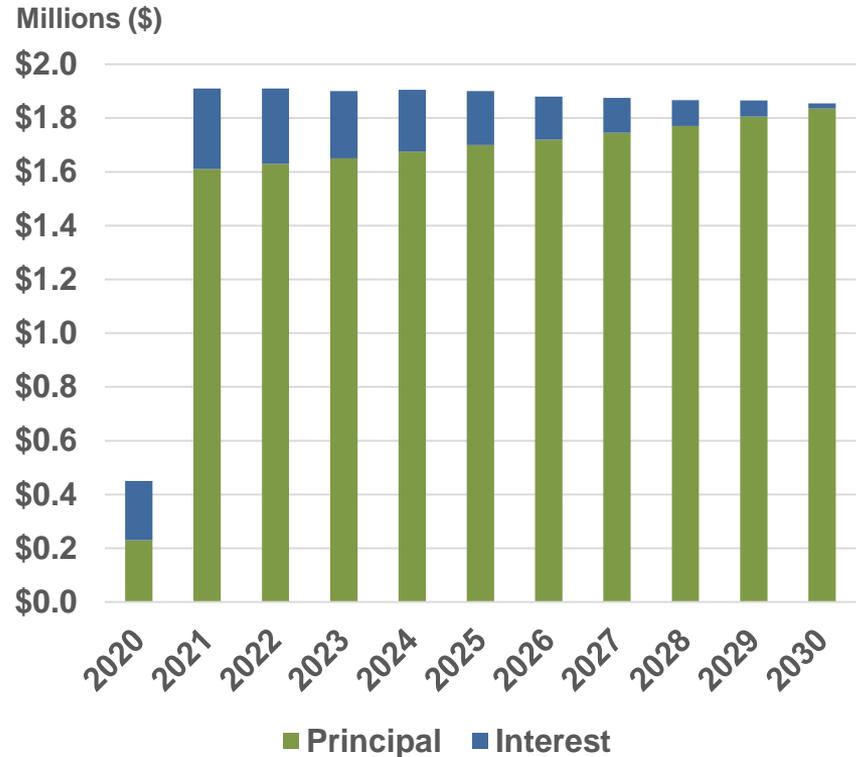
* Based on current market rates

** Includes BABs Sequestration Rate Reduction of 5.9%

\$17.4M Electric Refunding Bonds

Current Debt Service	\$20,888,000
Projected Debt Service	\$19,321,000
Savings	\$1,567,000

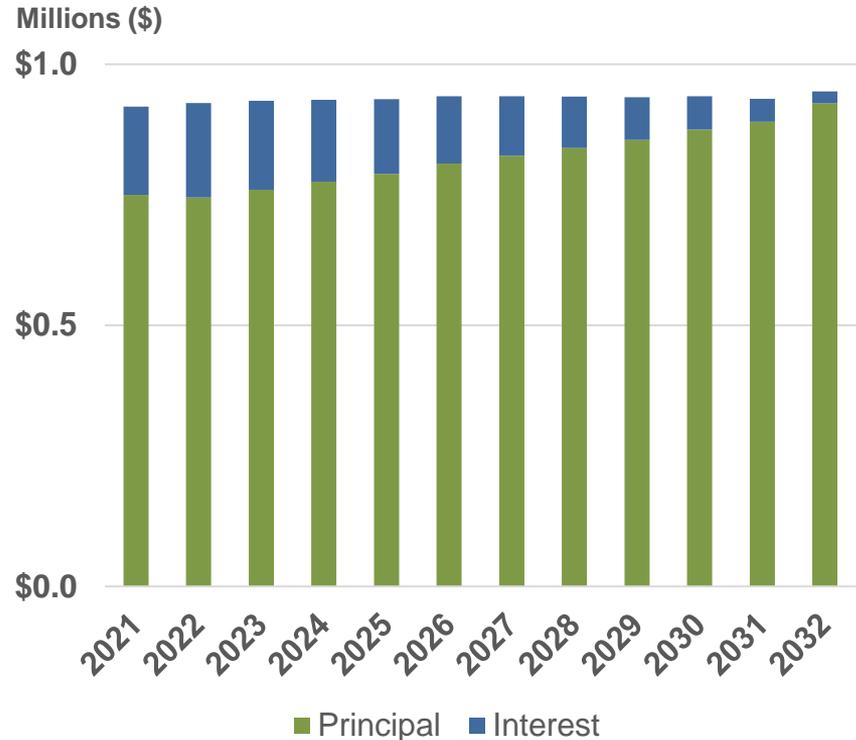
- Bonds fully mature in July 2030
- Weighted average life of bonds reduced from 6 years to 5.8 years



\$9.8M Gas Refunding Bonds

Current Debt Service	\$12,288,000
Projected Debt Service	\$11,215,000
Savings	\$1,073,000

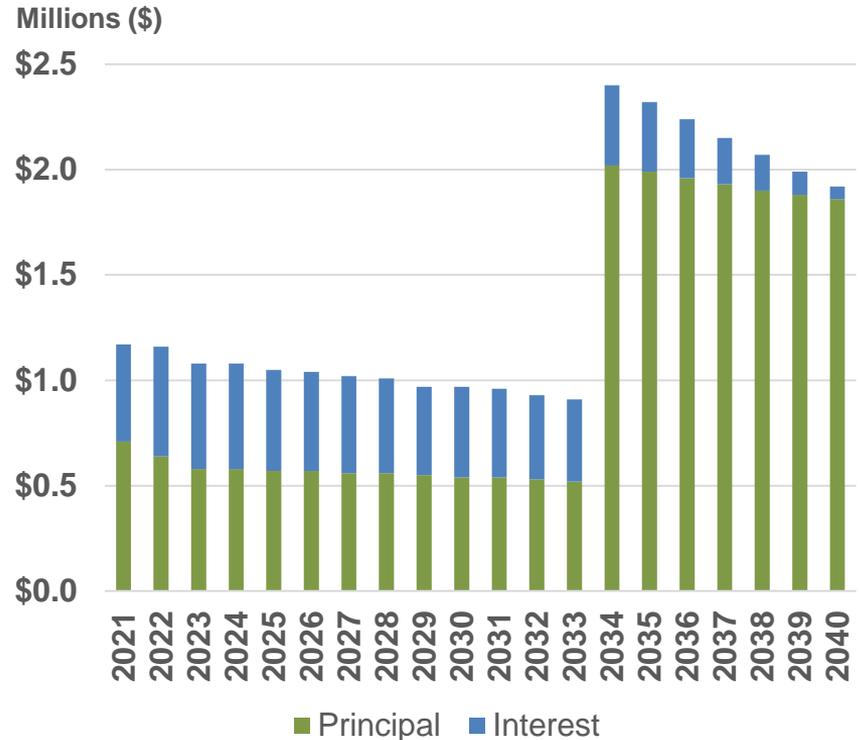
- Bonds fully mature in March 2032
- Weighted average life of bonds reduced from 6.8 years to 6.6 years



\$21M Water Refunding Bonds

Current Debt Service	\$31,693,000
Projected Debt Service	\$28,470,000
Savings	\$3,223,000

- Bonds fully mature in March 2040
- Weighted average life of bonds reduced from 13.6 years to 13.2 years

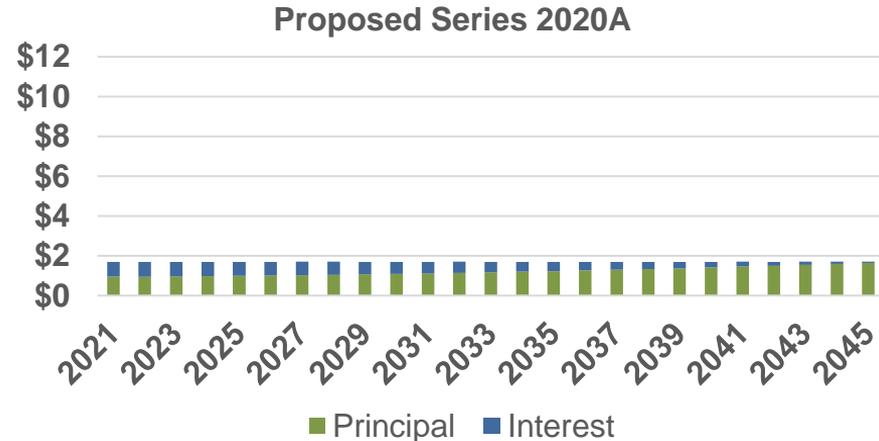
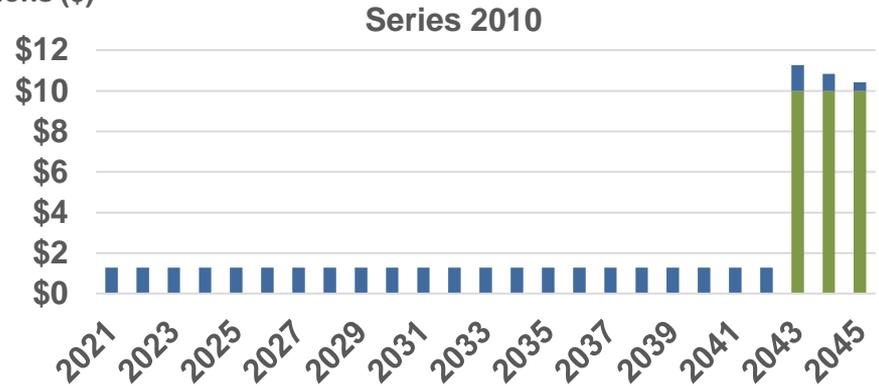


\$30.4M Wastewater Refunding Bonds

Current Debt Service	\$60,655,000
Projected Debt Service	\$42,563,000
Savings	\$18,092,000

- Bonds fully mature in April 2045
- Weighted average life of bonds reduced from 24 years to 14.2 years

Millions (\$)



Estimated Issuance Costs

Cost	Professional Firm	Fee
Financial Advisor	Cumberland Securities	\$132,000
Bond Counsel	Bass, Berry & Sims	\$97,000
Rating Agency	Moody's	\$109,500
Rating Agency	Standard & Poor's	\$102,500
Paying Agent	Regions Bank	\$3,300
		<hr/>
		\$444,300
Other Costs (POS, OS, Advertising, Misc.)		\$53,980
		<hr/>
		\$498,280

Key Provisions of Bond Resolutions

- Authorize (collectively) the issuance of up to \$78.6M in revenue refunding bonds
- Bonds secured by issuing system's revenues
- Bonds issued on parity with system outstanding bonds
- Authorize use of refunding escrow agreement (only needed for electric bonds)

Resolution 1409

- Requests City Council authorization for the issuance of revenue refunding bonds for each system
- Board adopts all provisions in City Council resolutions

KUB

New Natural Gas Growth Program “EasyConnect”

February 20, 2020



Builds on Success of Other Natural Gas Growth Programs

- Natural Gas Appliance Rebate Program
- Natural Gas Water Heater Program
- Strategic natural gas system extensions

CONNECT **to**
COMFORT

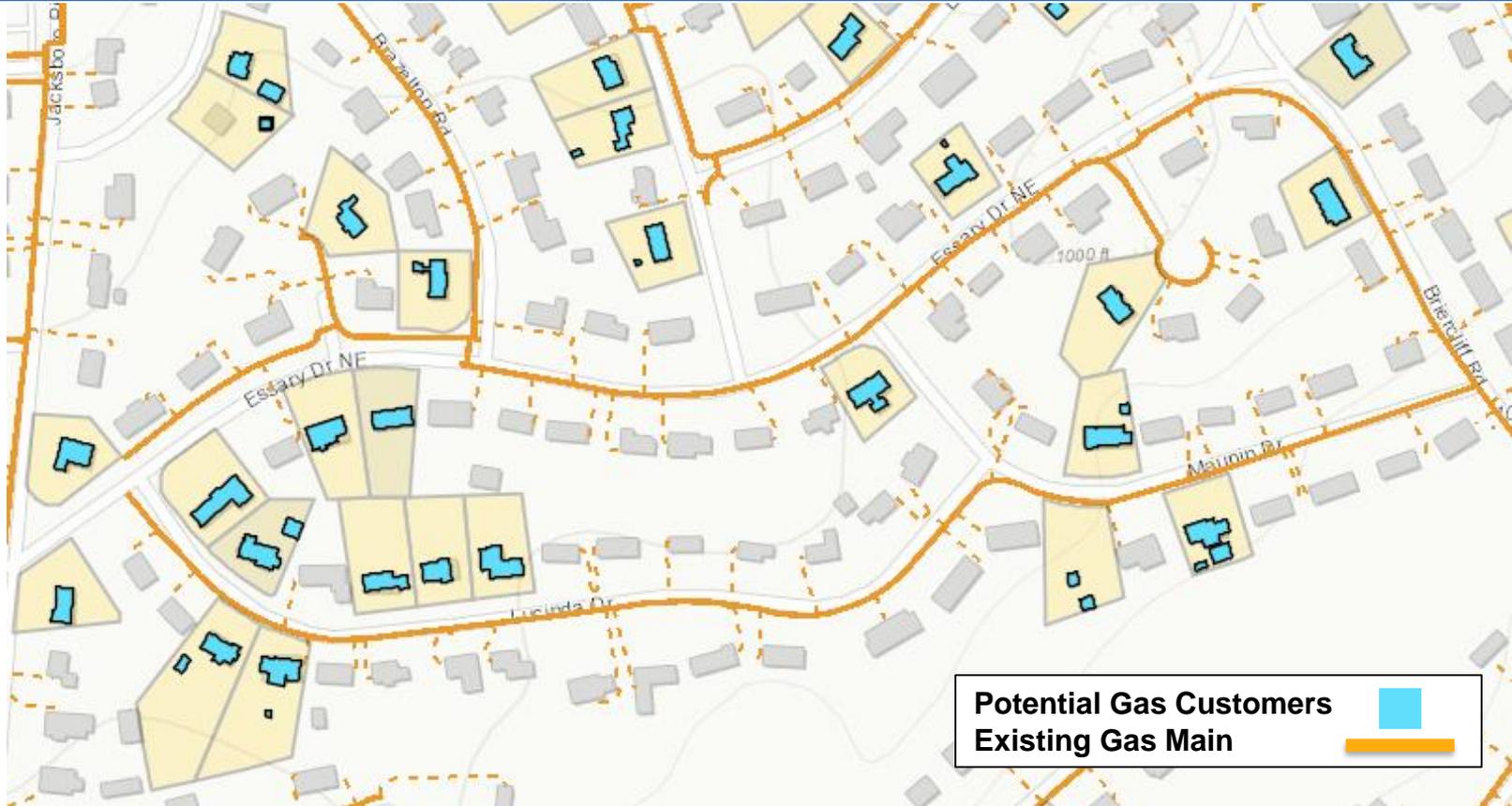


www.kub.org/gas

EasyConnect Highlights

- Targets residential homes within 200 feet of an existing KUB gas main
- Offers turnkey installation for natural gas service and water heater
- Appliance and installation costs eligible for on-bill financing
- Customers become eligible for rebates for additional natural gas appliances

Targeted Marketing Approach



Turnkey Installation

- Hassle-free for customers
- Work performed by KUB crews
- Appliances initially limited to water heaters



On-Bill Financing

- Appliance and installation cost applied to customer's monthly utility bill
- Financing available for 12 to 36 months depending on amount financed
- Requires financing agreement
- Finalizing terms and credit requirements

Implementation Schedule

- Spring – identify initial target areas and develop marketing materials
- Soft roll out in June 2020
- Control pace of work in first 12-months
- Assess results at end of first year

KUB

Project Help Update

February 20, 2020



Helping KUB Customers Stay Warm

- Established in 1983 by KUB and CAC
- Provides emergency heating assistance for low income customers
- Covers electricity, natural gas, propane, heating oil, wood, and coal

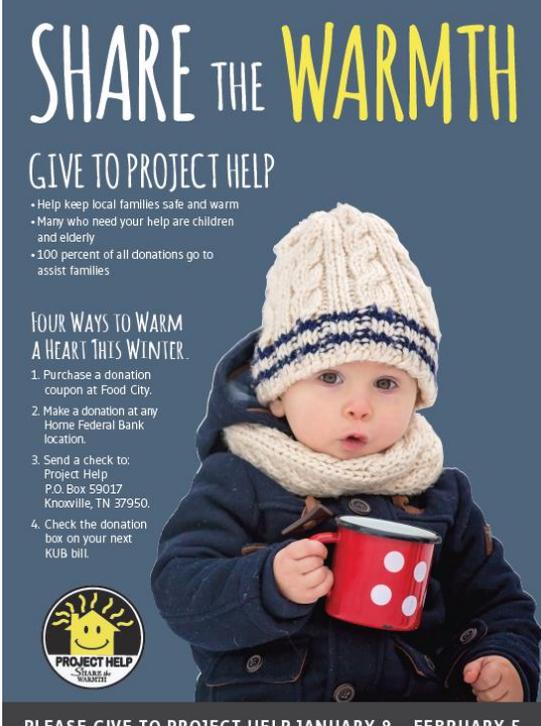


2,200+ Families Helped Since 2015

	2015	2016	2017	2018	2019
Families Assisted	283	667	382	504	383
Project Help Funds Provided	\$87,743	\$196,878	\$109,397	\$153,005	\$115,395
Average Per Household	\$310	\$295	\$287	\$304	\$301

Many Ways to Contribute

- Annual campaign with local partners
- Recurring monthly pledge with bill payment
- One-time contributions
 - KUB.org
 - Back of bill stub
 - Special events
 - KUB Connections and bill stuffers



SHARE THE WARMTH

GIVE TO PROJECT HELP

- Help keep local families safe and warm
- Many who need your help are children and elderly
- 100 percent of all donations go to assist families

FOUR WAYS TO WARM A HEART THIS WINTER.

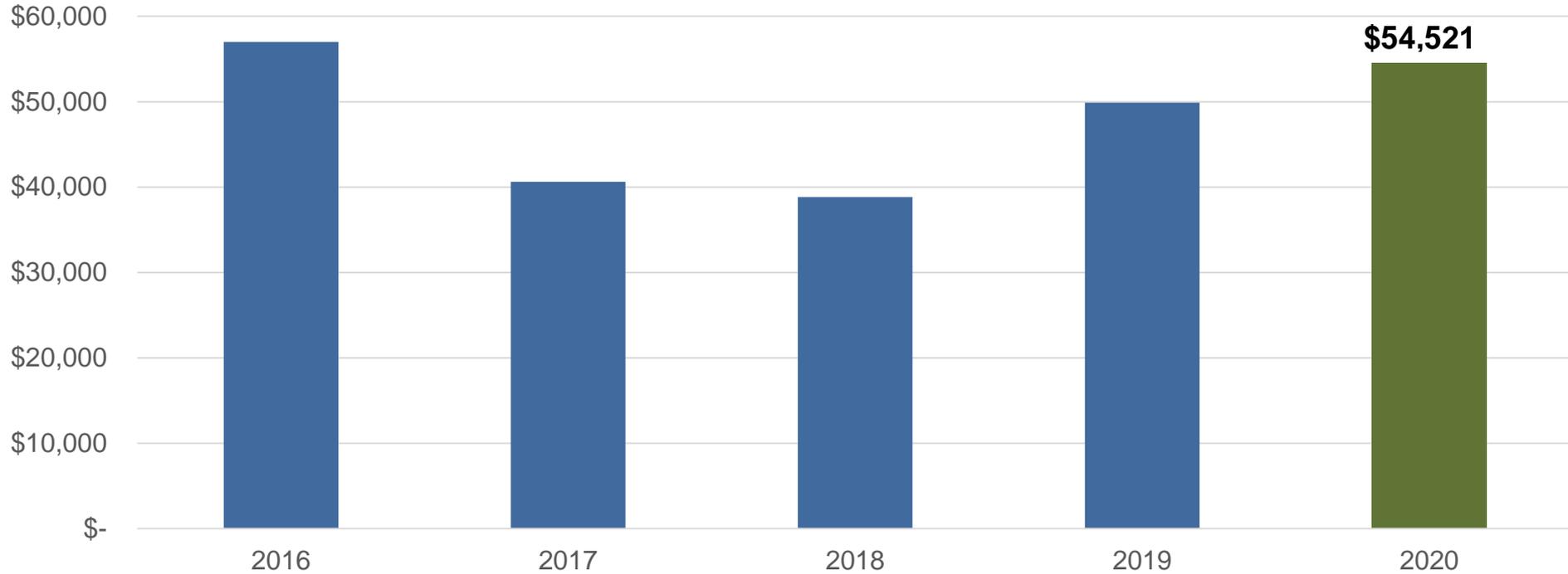
1. Purchase a donation coupon at Food City.
2. Make a donation at any Home Federal Bank location.
3. Send a check to:
Project Help
P.O. Box 59017
Knoxville, TN 37950.
4. Check the donation box on your next KUB bill.



PLEASE GIVE TO PROJECT HELP JANUARY 8 – FEBRUARY 5.

The poster features a baby wearing a white and blue striped knit hat and a dark blue jacket, holding a red mug with white polka dots. The background is a dark blue gradient.

Partnerships Lead to Successful Campaigns



Project Help Makes a Difference!

“Thank you for helping me in my time of need. I had an unexpected bill to pay and I also had been helping my nephew with his mom’s funeral expenses.”

“I appreciate this help. I am so glad I found out about Project Help. You all are wonderful people!”

KUB

Lineworker Apprentice Program

February 20, 2020



Apprentices Begin With 15-Weeks At Southeast Lineman Training Center

- Safety, tools, and equipment
- Electric theory
- Electrical systems
- Driving and equipment operation
- Rigging and hoisting
- Climbing
- 180 classroom, 320 field training hours















KUB's Program Has Five Apprenticeship Levels

- Advisory Committee
- Levels consist of coursework and on-the-job training
- Complete additional labs at SLTC
- Evaluations from Foremen, committee



Four Achieved Journeyman in October



KUB