Purchased Power Adjustment Amendment

September 17, 2020

Resolution 1423
Purchased Power Adjustment (PPA)

- PPA adjusts retail electric rates to reflect changes in purchased power costs from TVA
- Most recently amended in May/June 2020
  - Reflect Time Of Use rates
  - Reset base rates for current wholesale power costs
  - Reflect wholesale power cost credit from TVA long-term partnership agreement
- Proposing new amendment for TVA Pandemic Relief Credit
TVA Pandemic Relief Credit

- TVA Board approved $200 million in Pandemic Relief Credits for Local Power Companies (LPCs) and TVA Direct Served Customers

- LPC credits have 2 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 over a period of 12 months beginning October 2020
Proposed Use of Credits

- Credits for non-standard service must be applied directly to customers’ monthly bills
- LPCs have flexibility in use of credits for standard service
- KUB standard service credits estimated at $7.3M
- Propose to use standard service credits to provide utility bill assistance to KUB customers with past due balances accrued during Pandemic
- Requires amendment to PPA
Resolution 1423

- Amends PPA to address changes in wholesale power costs from TVA’s Pandemic Relief Credit
- Requires two readings
- Second reading in October 2020
Automatic Payment Plans Will Help Reduce Disconnections

<table>
<thead>
<tr>
<th>Account Balance</th>
<th>Installment Months</th>
<th>Number of Accounts</th>
<th>Total Past Due Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100-$249.99</td>
<td>3 months</td>
<td>1535</td>
<td>$329,453</td>
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<tr>
<td>$250-$499.99</td>
<td>6 months</td>
<td>6113</td>
<td>$2,202,749</td>
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<tr>
<td>$500-$749.99</td>
<td>9 months</td>
<td>3035</td>
<td>$1,855,824</td>
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<tr>
<td>$750-$999.99</td>
<td>12 months</td>
<td>1729</td>
<td>$1,491,714</td>
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<tr>
<td>$1000+</td>
<td>15 months</td>
<td>3568</td>
<td>$7,922,925</td>
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<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>15,980</strong></td>
<td><strong>$13,802,665</strong></td>
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</tbody>
</table>
Customers Appreciate Extended Payment Plans

Quotes from customer calls

“Thank you for what you’ve done to help everybody out over this hard time for all of us.”

“I appreciate everything you all are doing for everyone and for me.”

Handwritten note from customer

IN THIS TOGETHER
### Available Sources of Assistance

<table>
<thead>
<tr>
<th>Source</th>
<th>Available Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Home Energy Assistance (LIHEAP) Knox Co. 19/20-year remaining funds</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>LIHEAP CARES Act Supplement*</td>
<td>$2,300,000</td>
</tr>
<tr>
<td>Project Help</td>
<td>$400,000</td>
</tr>
<tr>
<td>TN CARES Grant** (CAC)</td>
<td>$600,000</td>
</tr>
<tr>
<td>Knox County – HUD/TN CARES (CAC and Centro Hispano)</td>
<td>$660,000</td>
</tr>
<tr>
<td>TVA LPC Pandemic Relief Credit</td>
<td>$7,300,000</td>
</tr>
<tr>
<td>TVA Community Cares Funding</td>
<td>$80,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,440,000</strong></td>
</tr>
</tbody>
</table>

*Applied as automatic $325 bill credit for previous LIHEAP recipients
**Recently approved and must be spent by November 15, 2020
Communicating about Available Assistance

- Media event with assistance partners on August 31
- Targeted and general posts on social media
- KUB.org information about payment plans and assistance
- Asking agencies and other partners to spread the word
- Developing plan to share assistance information at schools, churches, and community centers
KUB Last to Resume in Local Area

- Resuming after the summer heat has passed and prior to winter heating season
- Door notices begin October 12
- First disconnects for nonpayment October 19
Communication to Affected Customers

**September**

- **Bill** including waived late fees, first pay plan installment and one month of usage
- **Postcard** explaining payment arrangements and disconnection date
- **Letter** explaining payment arrangements and disconnection date and **Handout** with assistance information
- **Automated Call** explaining payment arrangements and disconnection date

**October**

- **Bill** with past due notice and date to pay to avoid disconnection
- **Automated Call** explaining payment arrangements and disconnection date
- **Door Notice** notifying customer of pending disconnect, payment and assistance options
Other Ways to Assist Customers

- KUB internal credit ratings not impacted by late payments during moratorium
- Payment transaction and $8 door notice fees waived through 2020
- Last resort is disconnection
- If disconnection occurs, waiving required $300 deposit as one-time courtesy
Bill Redesigned to Enhance Important Customer Touchpoint

- Highlights factors that impact bill fluctuations
- Addresses common customer questions / concerns
- Educates customers on ways to save
- Incorporates customer and employee feedback and industry best practices
- Improves readability
Current Bill Design

KUB wants to help our customers financially impacted by COVID-19. If you think you will have trouble paying your upcoming bill, please call 865-242-5911 or contact one of our customer service specialists at www.kub.org/help.

Bill Summary

Previous Amount Due $172.00
Payment Received 08/20/20 $160.00
Amount Due $160.00

Utility Service

Electric Residential

Billing Period: 07/15/20 - 08/29/20
Number of Days 33
Base Service $29.52
Basic Usage $17.92
Total Electric Charges $47.44

Gas - Residential

Billing Period: 07/27/20 - 08/28/20
Number of Days 33
Base Service $10.80
Total Gas Usage $10.80
Total Utility Charges for

Please don't include the portion with your payment - or bring all bill when paying in person.

Account Number Past Due After Amount Due on Receipt

Amount Paid $160.00

Amount Due

KUB P.O. Box 59629
Knoxville, TN
37909-9029

KUB offers many convenient online services. You can pay your bill 24 hours a day, seven days a week.

Customer Service: (865) 634-2811

Monday - Friday, 8:00 a.m. - 5:00 p.m. for account questions, only.

KUB Payment Options - KUB provides many convenient payment options, including no-cost bank draft. Sign up below or at www.kub.org.

- AutoPay - KUB's easiest payment option. Your monthly payment is deducted directly from your bank or credit card account on your due date or the following banking day. You'll receive a monthly statement showing the amount to be drafted.
- SelectPay - With this option, you have the flexibility to draft your payment online or by phone from your bank or credit card account. Pay the entire amount due or a portion of the bill balance later. It is easy, convenient, and you can use it anytime - 24 hours a day.
- Payment Kiosk - Pay your bill seven days a week at a convenient KUB kiosk. Visit www.kub.org or visit your local kiosk.
- Credit Card Payments - KUB accepts all major credit card payments for a small fee. Pay by credit or debit card on www.kub.org or call (865) 634-2795.

KUB Energy Services - 6814 Alcoa Highway 272267, Knoxville Shopping Center, 408 W. Main Street, Knoxville. You can visit online or call (865) 335-1450.

KUB Meter Access - KUB must have access to the customer’s premises at all times to read meters and test, inspect, repair, or maintain equipment.

Please check the box below to receive the latest news and updates on your account.

KUB Meter Services - KUB’s one-day test

For monthly billing questions, call (865) 242-5911 or contact one of our customer service specialists at www.kub.org/help.

Please view the attached form and save this document for your records.
Important Messages:

Start or stop service anytime online. See Start/Stop Link on kub.org home page.


As East Tennessee responds to the COVID-19 pandemic, resources are available to help pay bills. If you think you will have trouble paying your upcoming bill, please visit www.kub.org/assistance for program information.

Account Information

Billing Date: 08/28/2020
Billing Period: 07/01/2020 - 08/28/2020
Page 1 of 2

Billing Summary

Previous Amount Due: $172.00
Payment Received: $172.00
Current Charges for Period: $160.00
Amount Due: $160.00

Total Amount Due by 09/15/2020: $160.00

Summary of Charges by Address: $159.97
Billing Adjustments: $0.03
Round Up Contribution: $0.03

Savings Tip

Use your KUB bill as a monthly reminder to change your air filters. And did you know thinner, more affordable filters and more efficient?

Account Number: [Redacted]
Total Amount Due by 09/15/2020: $160.00
Payment Amount: $
Communicating Bill Improvements to Customers

New bills to customers in October
- KUB.org content about new features including video
- Social media promotion
- News release and media outreach
- Customer email with link to web content
- Informative bill insert with first bill
- Revised “your bill is ready” text message
Video Highlights New Features

Highlights

- Highest temp during billing cycle = 59°
- Lowest temp during billing cycle = 33°
- 31-day billing cycle
- +4 Days longer than previous month

Savings Tip
Use your KLB bill as a monthly reminder to change your air filters. And did you know thinner, more affordable filters are more efficient?
## Water Supply Master Plan Projects

<table>
<thead>
<tr>
<th>Phase I: Complete</th>
<th>Phase II: Underway</th>
<th>Phase III: Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parallel High Service Main</td>
<td>Emergency Generators</td>
<td>Raw Water Main</td>
</tr>
<tr>
<td>Electric Upgrades - Ph I</td>
<td>Additional Filters</td>
<td>Distribution Box Bypass</td>
</tr>
<tr>
<td>Engineering Report</td>
<td>Backwash Pump Station</td>
<td>Electric Upgrades – Ph II</td>
</tr>
<tr>
<td>Intake Improvements</td>
<td>Backwash Equalization Basin</td>
<td>High Service Pump Station</td>
</tr>
<tr>
<td></td>
<td>4 MG Clearwell</td>
<td>Source Water Resiliency</td>
</tr>
</tbody>
</table>
Water Supply Master Plan (WSMP)

- Increase overall electric resiliency and redundancy at Mark B. Whitaker Water Treatment Plant (MBW)
- Provide diesel-generator emergency back-up power system
- WSMP goal of 38 million gallons per day (MGD)

Generator setup similar to Fourth Creek and Kuwahee Wastewater Treatment Plant installations
Project Information

- New 10,000 square foot generator building
- Three 2,500 kilowatt generators
- Three 15,000-gallon diesel storage tanks
- 2,500 linear feet of electrical conduit
- Noise mitigation
- Expandable for future fourth generator
Project Schedule

- Project bid – February 2018
  - Award to Southern Constructors Inc.
  - $12M

- Generator delivery – March 2020

- Switchgear
  - Factory test – May 2020
  - Delivery – June 2020

- Project complete – December 2020
Design Complements Historic MBW Campus
Collaboration Improves Project

- Design consultant CDM-Smith
- KUB Engineering
  - Project management and coordination
  - Design support
  - Witness testing
- KUB Operations and Overhead Construction
  - System expertise
  - Training and site familiarity
  - Outage response capabilities
- Increased knowledge and ownership of generators for plant operators
Electrical Resiliency for MBW Plant

- Completed work provides power supply resiliency
  - Two current KUB reliable feeds
  - Diesel generator backup power
- Future work will ensure electrical resiliency within the plant
- Reinforces KUB’s commitment to providing high quality, reliable water.
Today’s Update

- Current landscape of broadband
- Demonstrated benefits of fiber at KUB
- Recent broadband interest survey
- What’s next
Recent years have brought significant change
- Broadband has nearly become a necessity
- Legislative landscape has changed
- Benefits of fiber for utility operations have been demonstrated

Older analog technologies becoming obsolete
Rural areas still not served at a level required for basic uses

Constructing and operating a “fiber to the home” (FTTH) network is expensive

For some, individual expansion of service to their home is cost prohibitive
Analog 4-wire circuits have been replaced by fiber at an annual cost savings of $0.4M

Fiber provides critical data from wireless advanced meter towers

Fiber is fast, dependable, and durable
Mayor Kincannon requested KUB give a fresh look at providing broadband service.

Initial step is to perform a purchase intent survey.

Survey inquires about how people feel about their current service and KUB providing broadband service.
Survey Results

- Customers overall very positive about KUB
  - 8.3 on a scale of 10

- Customers desire high quality and high-speed
  - Some customers cite problems with both

- Customers desire choice in their provider
  - Many served by only one provider

- Customers are interested in KUB providing broadband service
  - 80% interested in KUB
What’s Next

- Survey results are positive and reason to continue to research
- Main areas of research
  - Customer interest
  - Funding models
  - Approval/Governance
- Details shared in the coming months