

Century II



Investing for
Another 100 Years

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Century II Information Sheet May 2014

- Century II is KUB's long-range program to improve and maintain our utility systems for our customers. It will help move KUB into our second century of service through sound planning, resource allocation, and continued or accelerated investment.
- KUB launched Century II in 2007 and rolled into it maintenance and replacement programs already in place.
- KUB's systems, like utility systems nationwide, are aging. It's important that we step up replacements now to continue to provide reliable service to our customers.
- Century II reflects KUB's commitment to provide reliable utility services and meet customer needs—now and in the future. Anticipating and addressing needs now provides long-term benefits and even fewer service interruptions for customers.
- Century II includes all four KUB services. At any given time, however, the services may be at different stages of assessment, prioritization, planning, or implementation.
- In 2011, KUB's Board of Commissioners endorsed 10-year funding plans to support Century II work in the water and electric systems. That work is well underway and on track with the replacement goals established for each system.
- In 2013, the Board endorsed 10-year funding plans for the natural gas and wastewater systems that were similar to the 2011 resolution for electric and water Century II programs.
- In April 2014, the Board discussed 10-year financial plans for all four systems that include proposed multi-year rate increases to support needed infrastructure replacement.
- To inform and educate the public about upcoming projects and their impact on the community, Century II will include
 - Public information about proposed improvements and rate increases
 - Conservation efforts to help customers manage costs
 - Speakers bureau to help inform customers and answer their questions
 - Construction communication to ensure no surprises when work begins.

Background/Industry Information

- Aging pipes and wires are an issue for utilities across the nation. KUB's systems are no different, and it's important that we begin now to increase our replacement work so we can continue to provide reliable service to our customers.
- Funding for KUB's systems comes from local ratepayers and the use of debt to spread costs out long-term for both current and future ratepayers. Current rates do not reflect the true cost of providing service plus the comprehensive upgrades proposed under Century II.
- When the systems were new, rates supported the cost of providing service and maintaining each system. Now, KUB must fund comprehensive projects to replace pipes, poles, transformers, etc., that are nearing the end of their useful life. Although we continue to work to find cost savings, we can't save our way out of this: KUB must increase rates to fund replacements and ensure continued reliable service.

- The American Society of Civil Engineers (ASCE) 2013 Report Card gave the overall condition of the nation's infrastructure a "D+." The report card graded all types of public infrastructure, including roads, bridges, levees, aviation, and utility systems. The total investment needed across all infrastructure categories was estimated at \$3.6 trillion, leaving a funding shortfall of \$1.6 trillion.

Additional Industry Resources

- American Society of Civil Engineers 2013 Report Card for America's Infrastructure:
<http://www.infrastructurereportcard.org/>
- EPA Survey Shows \$384 Billion Needed for Drinking Water Infrastructure by 2030:
<http://yosemite.epa.gov/opa/admpress.nsf/0/F72C2FDC7D61F92085257B800057655F>