



October 15, 2026

Amendments to Electric Division Rate Schedules & Purchased Power Adjustment

Resolutions 1522 & 1523 – Second Reading



TVA Rate Actions Impact KUB Rates

- TVA Board approved rate changes effective October 1
- Changes designed to protect customers from infrastructure costs associated with serving large energy intensive loads
- Changes include:
 - New rates for data centers, including up-front payments for TVA infrastructure costs
 - Amending rate schedules for general and manufacturing service customers
- KUB electric rate schedules need to be amended to reflect changes
- KUB Purchased Power Adjustment needs to be amended to reflect new data center rate schedules

New Data Center Rate Schedules

- Aligns KUB with new TVA wholesale rate schedules
- Power rates equivalent to manufacturing service rates for one year
- Rates will increase approximately 5% in October 2027 and October 2028
- Includes TVA Capacity Commitment Charge
 - Payment from data center to TVA to cover TVA infrastructure costs associated with serving data center
 - Applies to new data centers or existing data centers increasing power load more than 5MW

Amend Electric General & Manufacturing Rates

Contract Demand Alignment

- General and Manufacturing Rates to be amended
 - GSB, GSC, GSD, MSB, MSC, and MSD
 - TDGSA and TDMSA
- Aligns customer contract demand usage to appropriate rate class, improving TVA system planning
- Customer must have used 75% of contract demand at least once during previous three years
- Annual lookback beginning October 2027

Redefining Manufacturing Applicability

- Manufacturing Rates to be amended
 - MSB, MSC, and MSD
 - TDMSA
- Removal of NAICS codes for data centers

Resolution 1522

- Establishes Data Center Rate Schedules for the Electric Division
- Amends General and Manufacturing Electric Rate Schedules
- Requires two readings
- Board approved on first reading in September

Resolution 1523

- Amends PPA Resolution to include new data center rate classes
- Other housekeeping items
- Requires two readings
- Board approved on first reading in September





October 15, 2026

Fort Sanders Century II Capital Improvements



Overview

- Project rationale
- Design and construction challenges
- Construction phases and sequencing
- In-house design and construction benefits
- Factors of success
- Upcoming Fourth and Gill project



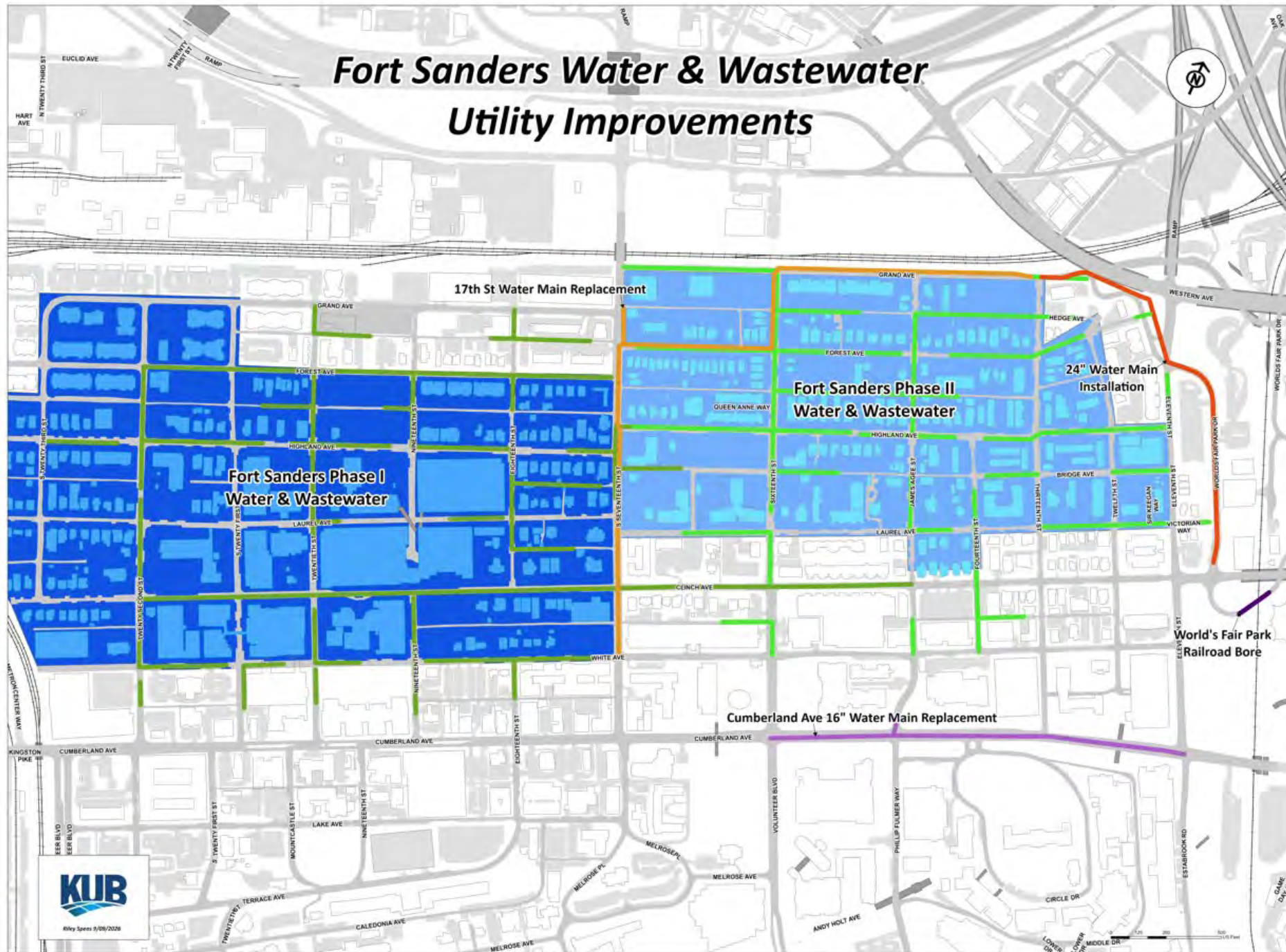
Project Rationale & Challenges

- Why? When?
 - Century II
 - Concurrent water and sewer construction
 - City of Knoxville paving schedule
- Challenges
 - Key Accounts
 - Traffic control and street parking
 - High-density housing
 - Public and university events
 - Utility conflicts
 - Commercial developments



Casing installation at World's Fair Park

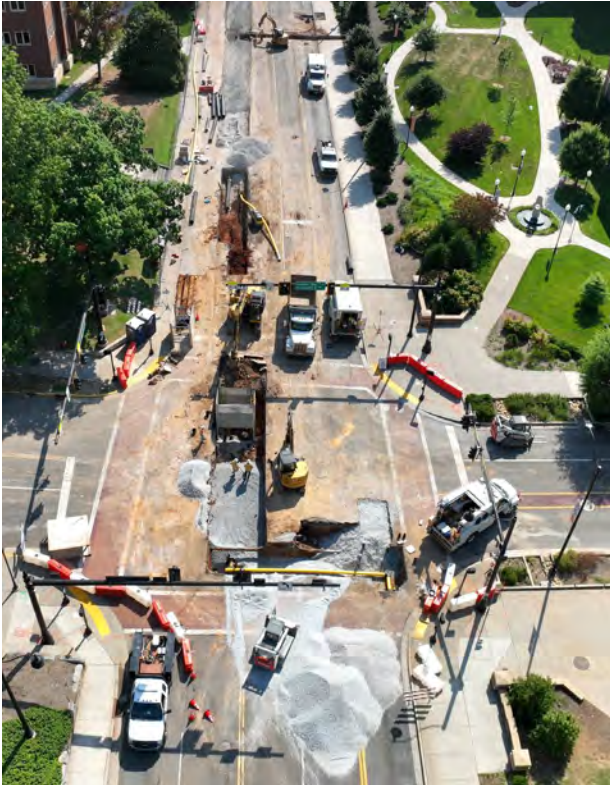
Fort Sanders Water & Wastewater Utility Improvements



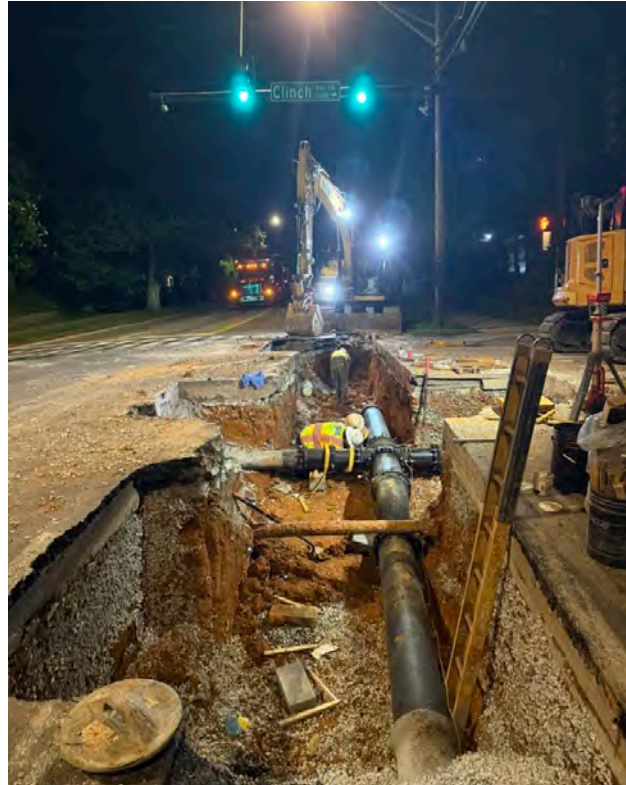
Construction Sequencing

	2023	2024	2025	2026	2027
Water					
UGC - Clinch Avenue Water					
UGC - Phase 1 Water					
UGC - Cumberland Avenue Water					
UGC - 17th Street					
UGC - Phase 2 Water					
UGC - 24" Transmission Water					
World's Fair Park Bore					
Sewer					
Clinch Ave Sewer					
Phase 1 Wastewater					
Phase 2 Wastewater					

Water Construction Highlights In-House Expertise



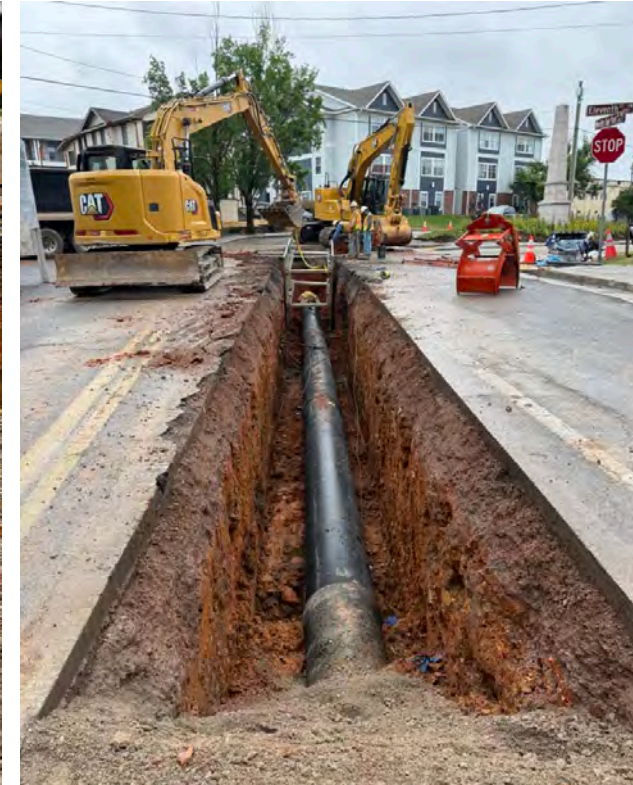
Cumberland Avenue 16-inch
Water Main Replacement



17th Street Water Main
Replacement



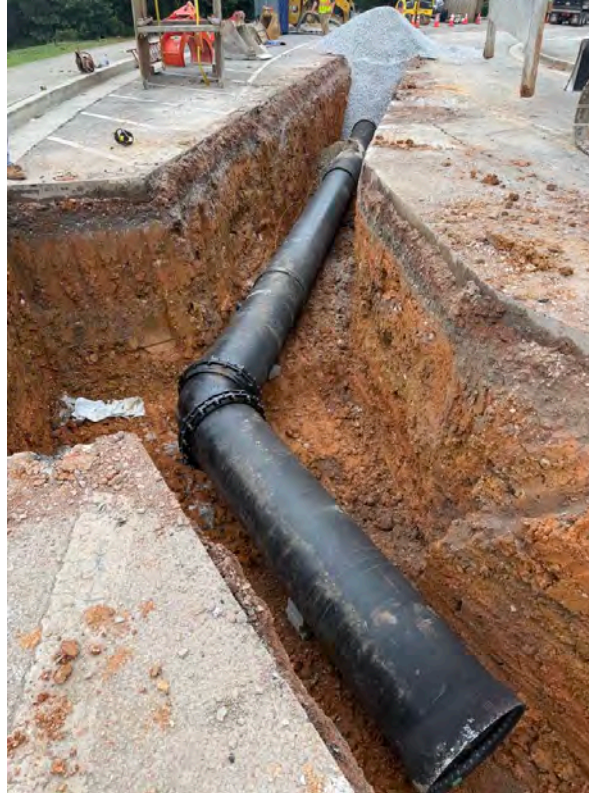
Fort Sanders Water Main
Replacement Project Phases 1 & 2



World's Fair Park 24-inch
Transmission Main Replacement

24-inch Transmission Main Replacement

- Project overview
 - 1,800 feet of pipe installed to replace 1927 transmission main
- Key aspects and takeaways
 - UGC capabilities for large-diameter main installation
 - Planning required to maintain critical water transmission
 - Work around historic monuments, art museum, businesses, and events
 - Allowed retirement of 17th Street bridge crossing



World's Fair Park Drive at 11th Street



Grand Avenue at 13th Street

Twelfth Street Transmission Main Break

- February 2026 24-inch main break
 - 1927 cast iron water main
 - 8°F low temperature
- Damage to granitoid concrete pavement and sidewalks
 - Granitoid concrete replacement required



Wastewater Construction & Specialized Work



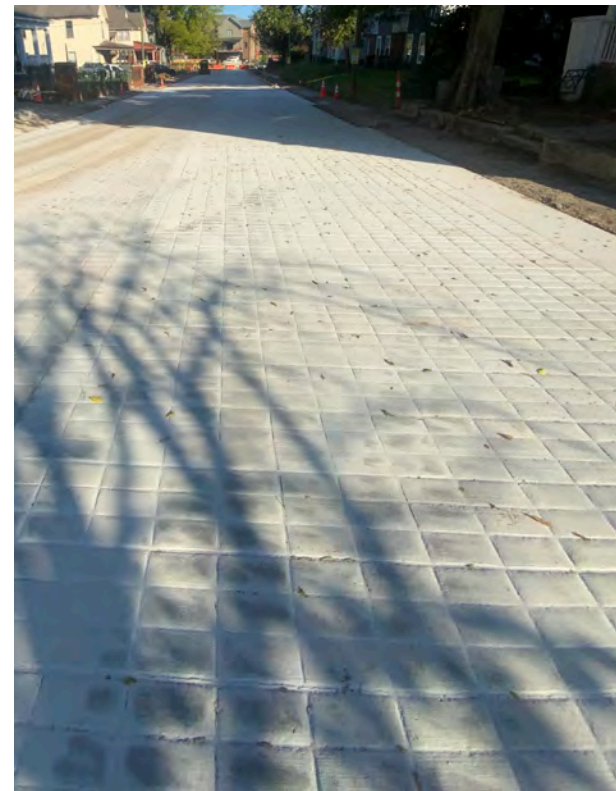
Fort Sanders Sewer
Replacement Phase 1



World's Fair Park – Jack & Bore



Fort Sanders Sewer
Replacement Phase 2



12th Street Granitoid
Concrete Replacement

In-House Design & Construction Benefits

- Extensive collaboration between Water System Engineering and UGC
- Flexibility in construction and increased response time to unexpected events
- Planning, design, and project management ownership
 - Water modeling outage scenarios
 - Group effort to minimize customer impacts
- Continue to strengthen in-house capabilities
- Cost savings



Installed Quantities & Cost

- Water (still in progress)
 - 34,206 feet of new water main installed so far, with about 7,200 feet remaining
 - Including 385 services, 329 valves, and 51 hydrants
 - Remaining 205 services, 60 valves, and 16 hydrants
 - Total Fort Sanders water investment - \$6.1M
- Wastewater (complete)
 - 27,418 feet of sewer main rehabbed or replaced
 - Including 186 manholes and 284 services
 - Total Fort Sanders wastewater investment - \$8M
- Estimated \$3.5M in paving cost saved through MOU with City of Knoxville



Key Takeaways for Success

- Importance of advanced planning and City coordination to address both utilities prior to roadway resurfacing
- Clear communication and notification for limiting impacts to Key Accounts and other customers
- Phased approach provided milestones, schedule flexibility, and budget control
- Value of collaboration across departments and partner organizations
- In-house design and construction expertise and strong contractor relationships enabled problem solving as conditions evolved

Thank You to Our Partners

- KUB

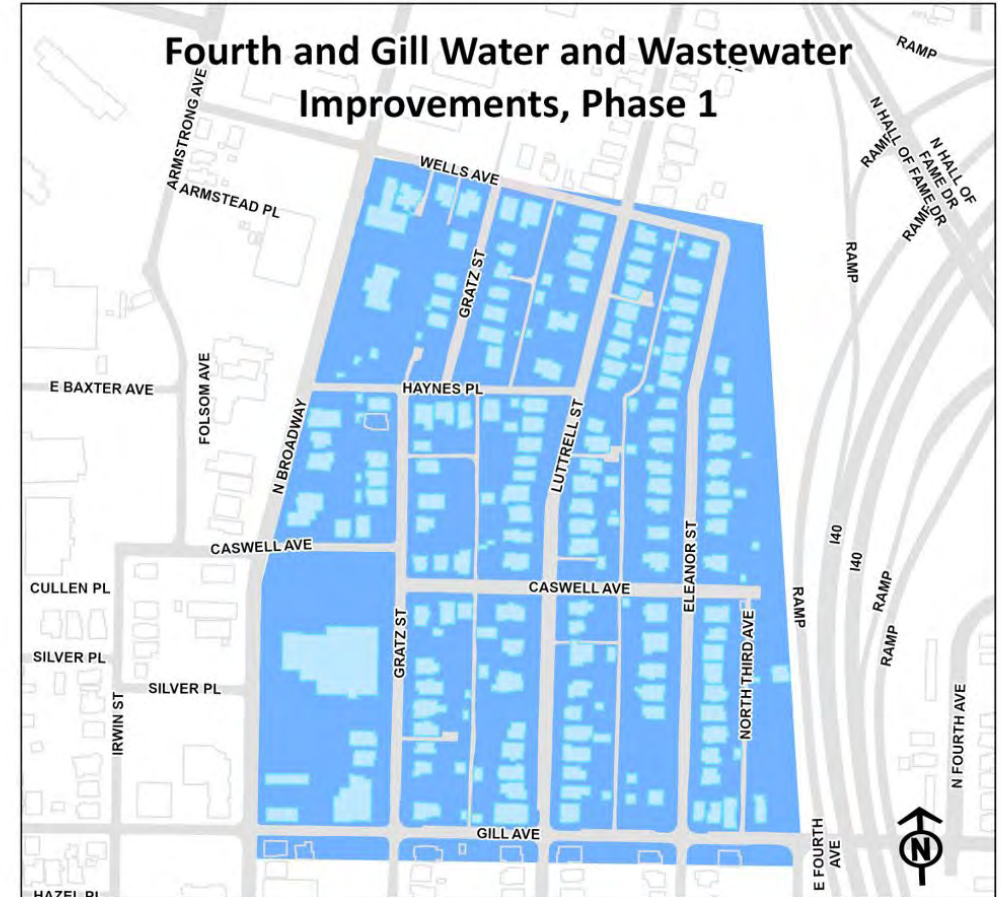
- Underground Construction
- Key Accounts & Customer Support
- Procurement
- Communications
- Plant Operations
- System Operations
- SMS – Pipes
- Labs & Regulatory Compliance
- Overhead Construction
- Safety & Technical Services
- Gas Systems Engineering

- External

- The University of Tennessee
- City of Knoxville
- Fort Sanders Medical
- Dolly Parton Children's Hospital
- Knox County Schools
- Public Building Authority
- Consolidated Pipe
- Norfolk Southern Railroad
- Global Communications
- United Rentals

Upcoming Fourth & Gill Project

- Similar infrastructure needs to Fort Sanders area
- Public meeting held in August
- Phase 1 (north of Gill Avenue)
 - Wastewater – Starts in October
 - Water – Begins in early 2027
- Completion slated for fall 2028





KUB

KNOXVILLE
UTILITIES BOARD



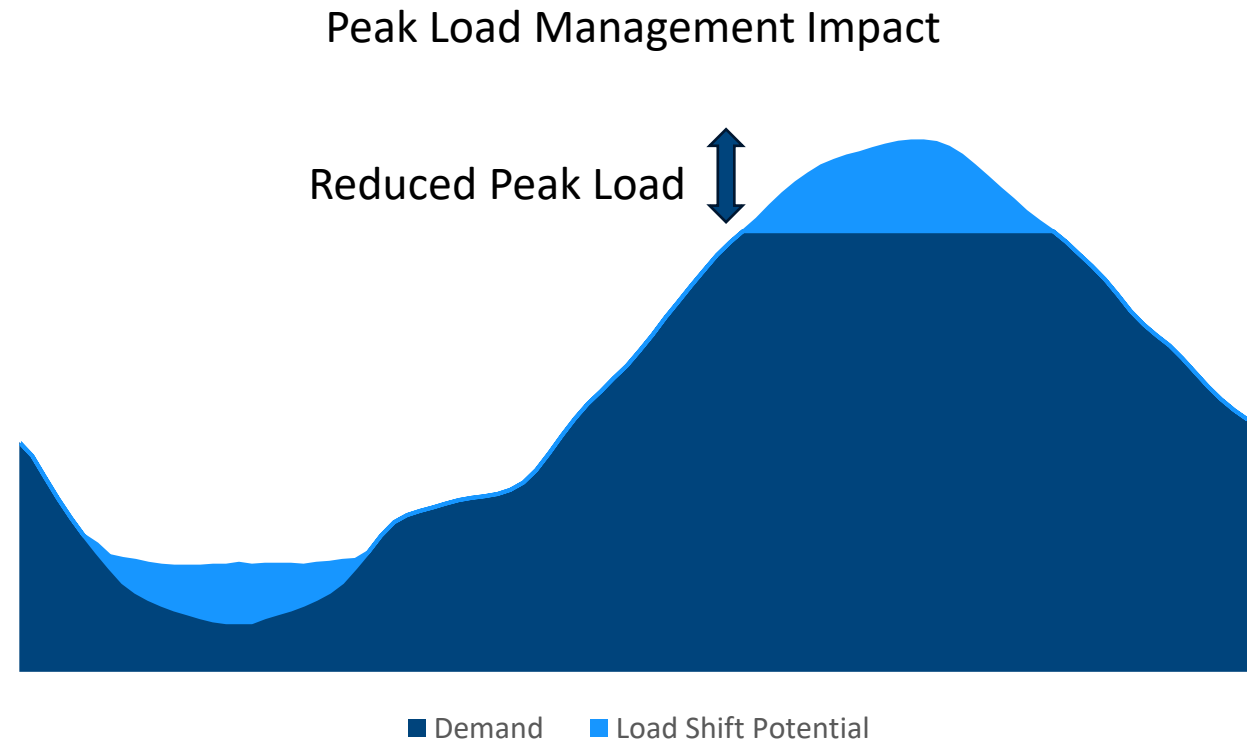
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Grid Modernization Update



Modernization Initiatives Increase Reliability & Control Costs

- Investment in fiber enables new technologies
- Smart switch deployment
 - Limit customer outage impacts
 - Improve grid situational awareness
- Demand Voltage Reduction (DVR) and Battery Energy Storage Systems (BESS)
 - Reduce peak load to save money and avoid system strain



Investing in Reliability through Smart Switches

- Program deployment
 - 436 in service
 - Additional 450 units FY27-FY30
- 57% of customers currently covered
- Impact: increased reliability
 - 43% decrease in SAIDI



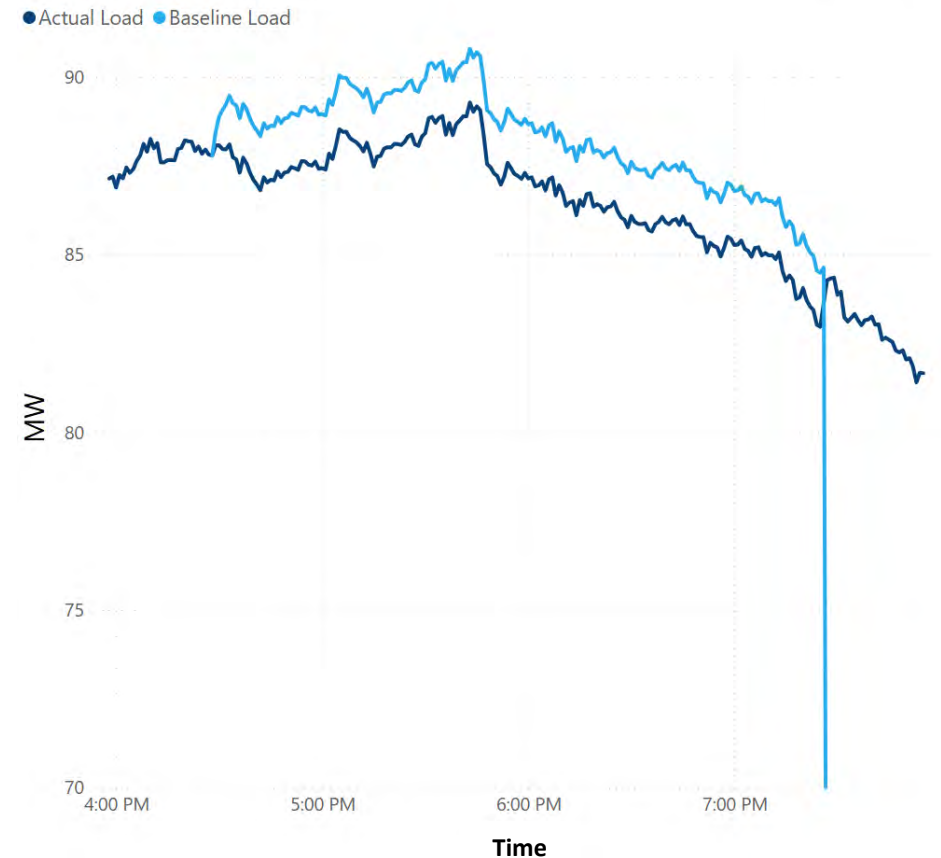
Smart Switch Installation



Demand Voltage Reduction Program Reduces Peak Demand Charges

- Substation transformers
 - 28 currently participating in program
 - 17 more to be added during FY27
- Average of 1.45MW shaved during August
 - Equates to ~\$17,000 in savings per month
- Four more years for full deployment
 - Expecting 80% participation out of 174 substation transformers

DVR Event Load Profile

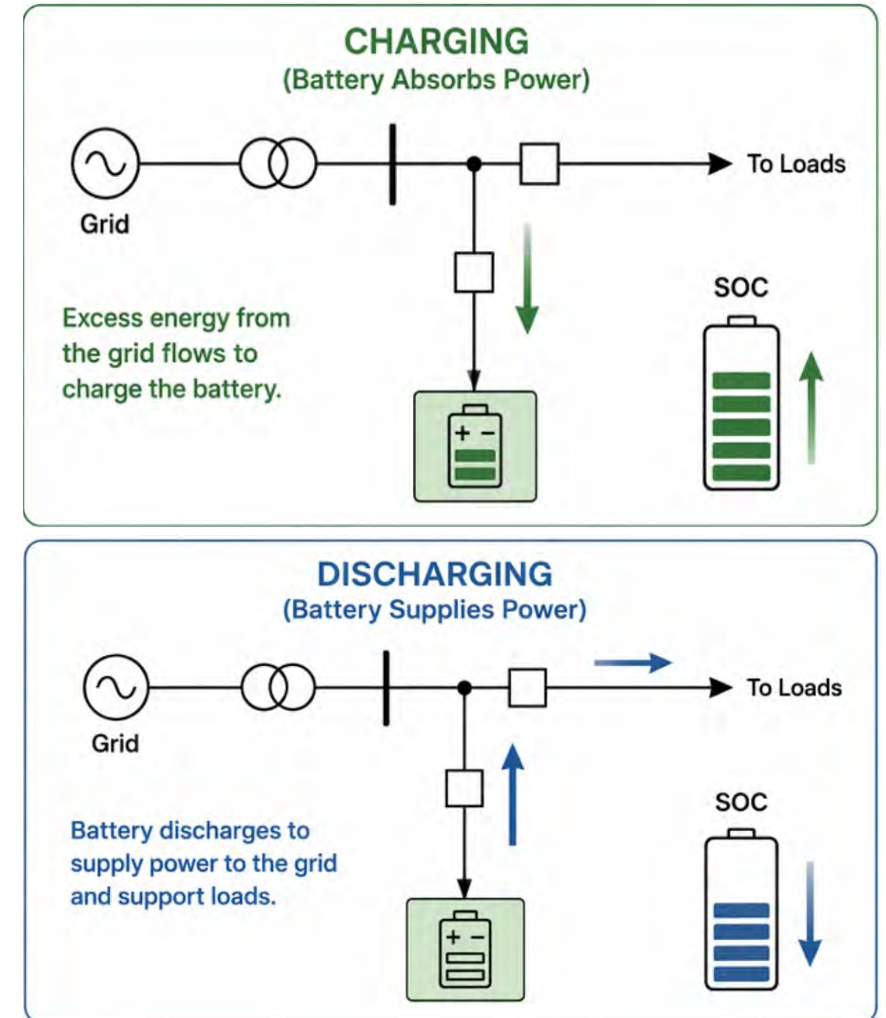


Site Setup for Demand Voltage Reduction



Battery Energy Storage Adds Flexibility & Resilience

- Batteries store energy from the grid when demand is low and supply the grid when demand is high
 - Lowers wholesale costs
 - Reduces strain on grid components
- KUB is adding 4MW of storage in 2026
 - Targeting 20MW by FY34
 - Payback period of seven years



Site Selection & Design are Critical to Project Success

- Site selection
 - Circuit loading
 - Available footprint
- Design
 - Vehicle access
 - Interconnection considerations
 - Communications



Dry Gap Substation

Site Selection



Site Preparation – Grading Work



Pouring Foundations



Battery



Transformer

Moving Equipment into Place



Dry Gap Substation BESS Project Closeout

- All major equipment in place
- Site and interconnection work finished
- Ongoing
 - Commissioning with Tesla
 - KUB interconnection recloser tests
 - Training for system operators
 - Safety training for field personnel and emergency services
- Expected first use of BESS in November 2026



