

News Release

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For Immediate Release

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KUB Communications

UT Economic Impact Study: High-Speed Broadband Could Save KUB Customers Millions in Cost, Time-Savings

A new economic impact study of Knoxville Utilities Board's high-speed broadband internet proposal shows that 35% of its customers switching from their current service providers could translate to an increase of \$18.5 to \$85.7 million in Tennessee incomes per year.

[The Boyd Center for Business and Economic Research](#), located in the Haslam College of Business at the University of Tennessee, Knoxville, conducted the study entitled [How will Expanding Broadband Internet Access Benefit Knox County, TN?](#) in June 2021. Under KUB's current proposal, residential internet plans would offer upload and download speeds of 1 gigabit-per-second at roughly \$65 per month; the download speed is comparable to plans offered by Comcast/Xfinity, but the upload speed is more than 25-times faster.

"Maybe a handyman wants to upload a video for DIYers on a subject such as installing a new fence, or a teacher might need to post a lesson plan online," said Dr. Bill Fox, director of the Boyd Center. "Under KUB's proposal, these projects that are helping to build their business or educate their students would go much more quickly. When you typically spend two minutes of your time to upload a video or file, but now that only takes 8 seconds, the time savings really start to add up."

The Boyd Center also found that KUB's broadband plan would introduce more competition to the internet market and it likely will lead to competitors lowering the costs for their services. For instance, studies showed that when broadband was offered as a utility in Hamilton County, Xfinity decreased its 105 Mbps plan by 55% between 2010 and 2014, and consumer surplus in the Chattanooga area rose by \$128 million per year. The proposed upgrades to KUB's electrical grid will allow the utility to offer high-speed broadband similar to that in Hamilton County.

"All of us at KUB knew the benefits that a fiber network will bring to our electric grid, and our analysis showed that adding broadband services would leverage that system to provide even more benefits to our customers," said Gabriel Bolas, president of KUB. "It's reassuring to see that our analysis was correct, and that

the economic and other benefits to our community are substantial. We are excited to bring this system to our customers and look forward to seeing these benefits become reality.”

There are social benefits to high-speed broadband as well, such as increased educational attainment and better health outcomes. Research shows that students with high-speed internet have higher GPAs, do better on standardized tests and apply to more colleges. Broadband access often leads to healthier populations because residents are more likely to use the internet to gather health-related information and have access to healthcare services remotely through telehealth.

As of 2019, U.S. Census Bureau data showed that more than 15 percent of Knox County households did not subscribe to internet. The need for high-speed internet became more pressing as the COVID-19 pandemic began in 2020. “Many workers and students shifted to remote work and virtual learning over the past year, but these online options were only available to those with a reliable internet connection. For example, Knox County Schools couldn’t offer virtual learning for the second half of the spring 2020 semester due to gaps in internet access and device availability. This prevented many students from receiving formal education for a large chunk of the school year,” said Larry Kessler, research associate professor at the Boyd Center and lead author of the KUB report. “KUB’s proposal would be a big step in filling some of these gaps in internet access across the county.”

Other benefits of KUB’s proposal include potentially increasing the gross domestic product of this region by 1.1%, reducing an unemployed person’s job search time by roughly 25%, quicker information dissemination, small firm growth, and a reduction in rural depopulation trends. Though Knox County is not considered rural, KUB also services portions of Grainger, Union, and Jefferson counties as well – three counties where population growth has been slower than the state average.

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Study is posted online at [tiny.utk.edu/KUB Economic Impact](https://tiny.utk.edu/KUB_Economic_Impact)

KUB is a municipal utility serving Knox and parts of seven adjacent counties and provides electric, natural gas, water, and wastewater services to more than 471,000 customers.

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