



June 20, 2024

Purchased Power Adjustment, EVP Rate, PowerFlex, & Three Years of Annual Rate Increases

Resolutions 1487, 1488, 1489, & 1493 (Second & Final Readings)



Purchased Power Adjustment (PPA) Amendment

- Board authorized participation in TVA's Expanded Flexibility program last September
- Expanded Flexibility allows distributors to generate a portion of their own power through renewable sources
- Projects will generate savings by reducing payments to TVA
- Savings are included in the Inflation Response Plan and Electric Division Long Range Plan
- PPA amendment needed to retain savings

Electric Vehicle Charging Pump Rate (EVCP)

- Two KUB fast charging stations will open later this summer
- Rate developed using station costs and projected usage
- Rate is \$0.40 per kWh
- Comparable with other stations in the local and regional area

TVA's PowerFlex Program

- New TVA demand response program
 - Provides customer incentives
 - Customers must reduce load upon notification
 - Helps TVA manage system peaks
- Available on June 1 to customers with contracts 1MW or greater
- New KUB rate schedule needed

Rate Increase Recommendation

- Three years of annual rate increases for electric, natural gas, water, and wastewater
- Provide funding for inflationary impacts and Century II
- Increases applied solely to usage rates for residential customers
- No increases to residential basic service charges
- Impacts to business customers will vary based on rate classification and monthly usage

Rate Increases & Residential Bill Impacts

Rate Increases				
	FY25	FY26	FY27	FY28
Electric	4%	3%	2%	
Natural Gas	3%	3%	3%	
Water		6%	6%	6%
Wastewater		2%	2%	2%

Monthly Bill Impacts				
	FY25	FY26	FY27	FY28
Electric	\$5.00	\$3.85	\$2.70	
Natural Gas	\$1.90	\$1.95	\$2.00	
Water		\$2.00	\$2.15	\$2.30
Wastewater		\$1.45	\$1.50	\$1.55

Rate Actions Items – Second & Final Readings

- Resolution 1487 – Purchased Power Adjustment Amendment
- Resolution 1488 – Electric Vehicle Charging Pump Rate
- Resolution 1489 – PowerFlex Program
- Resolution 1493 – Three years of annual rate increases



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Vegetation Management Program

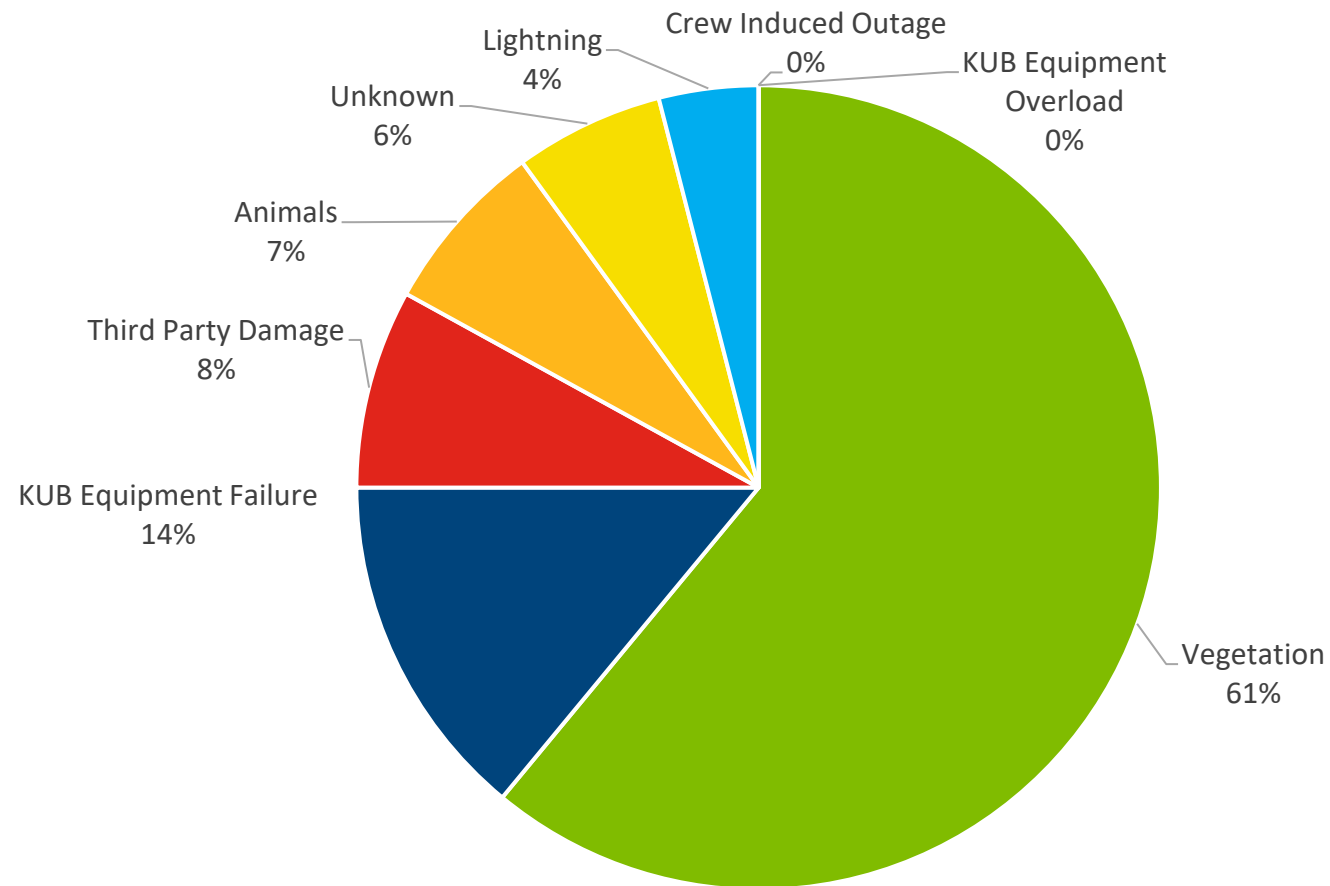


Trees Are Vital to Our Community



Vegetation Causes Over 60% of Electric Outages

Customer Minutes of Interruption Caused by Vegetation FY23



Vegetation Management Program Follows Industry Best Practices

- 22 Years as a Tree Line USA Utility
 - Arbor Day Foundation
 - Tennessee Urban Forestry Council
- Five Core Standards
 - Quality Tree Care
 - Annual Worker Training
 - Tree Planting and Public Education
 - Tree-Based Energy Conservation
 - Arbor Day Celebration
- 2012 Tree Trim Policy Review Panel recommendations also key to success



Internal Foresters Lead Program's Success

- Nineteen KUB staff employees
 - One Supervisor
 - Two Team Leads
 - 12 Foresters
 - Four Support Staff
 - One KUB Tree Crew
- Supports five utilities
 - Tree pruning
 - Brush removal
 - Selective herbicides
 - Hazardous tree removal



KUB Maintains 1,000 Miles Annually

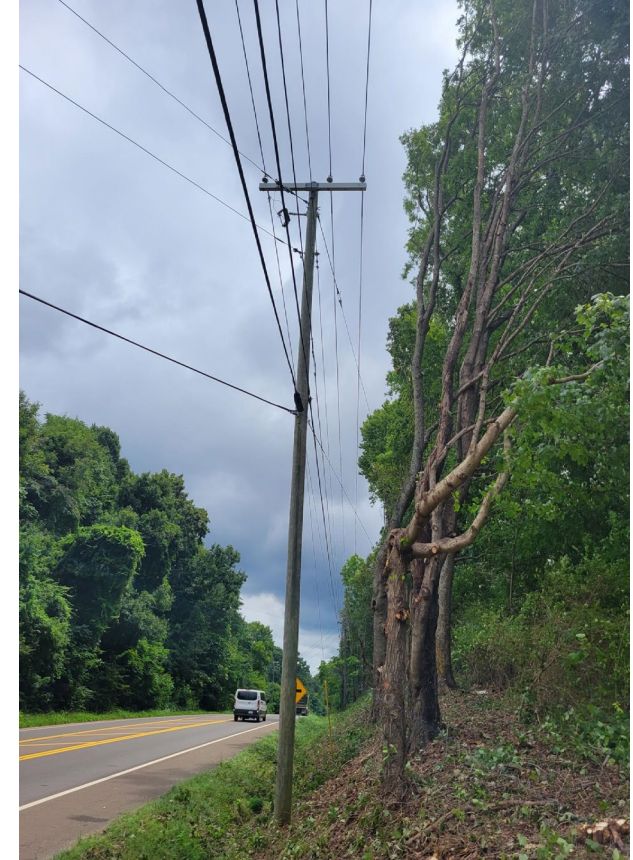
Subtransmission

- 265 miles
- Five-year cycle
- Approximately 50 miles per year



Distribution

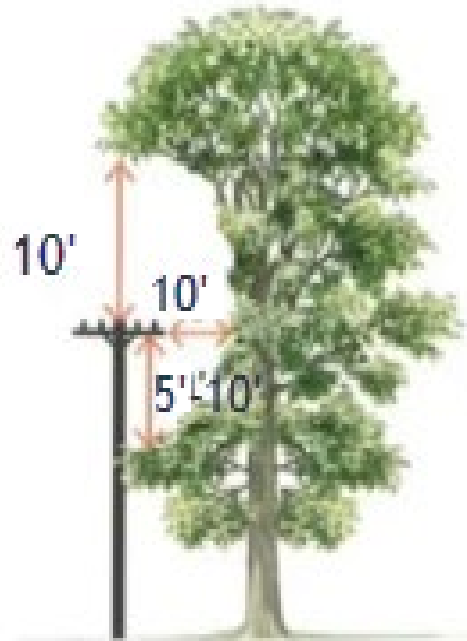
- ~4,000 miles
- Three- to five-year cycle
- Approximately 950 miles per year



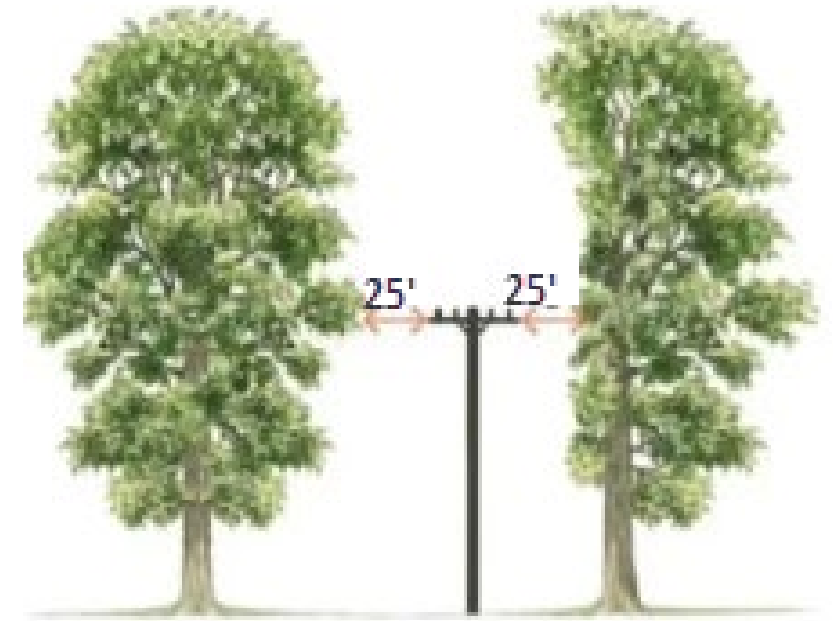
Lateral Pruning is Best Practice

- Reduces impact to tree health
- Cutting to the parent limb
- Trains the tree to grow away from electric wires
- Recommended by the Arbor Day Foundation and the American National Standards Institute
- KUB does not “top” or “round” trees

Distribution

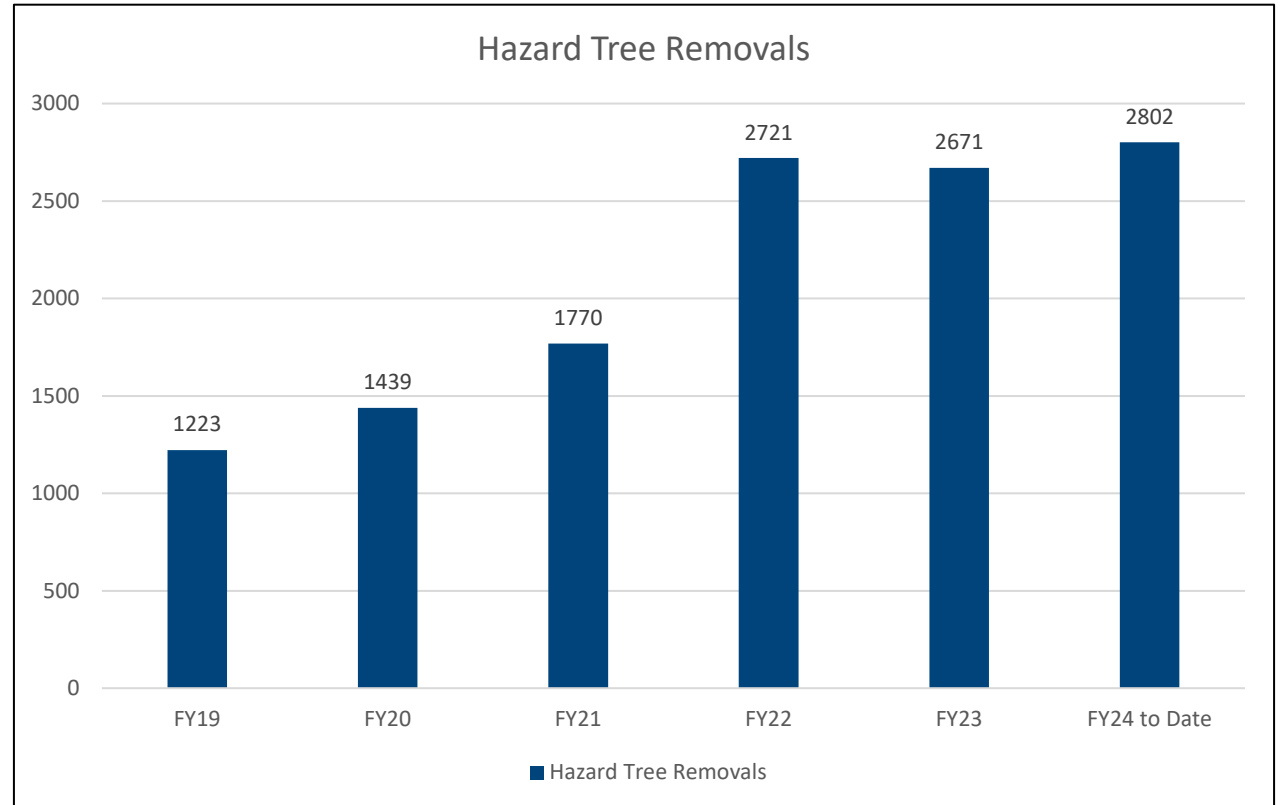


Subtransmission



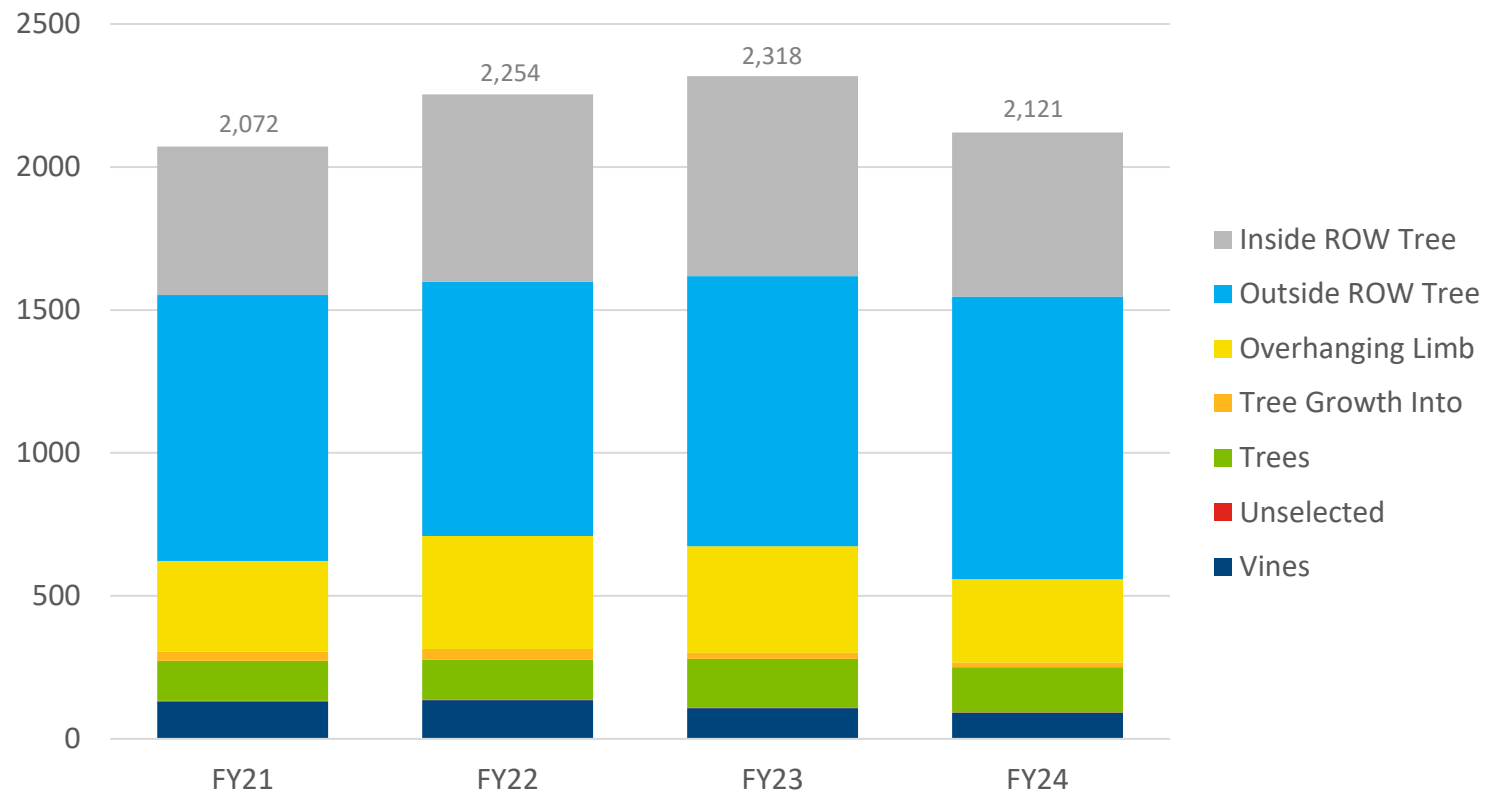
Removing Hazardous Trees Reduces Largest Cause of Tree-Related Outages

- Focuses on removals in rights-of-way that are dead or diseased
- Identified during circuit trimming and capital construction jobs
- Post storm follow-up program inspects impacted circuits and removes high risk trees



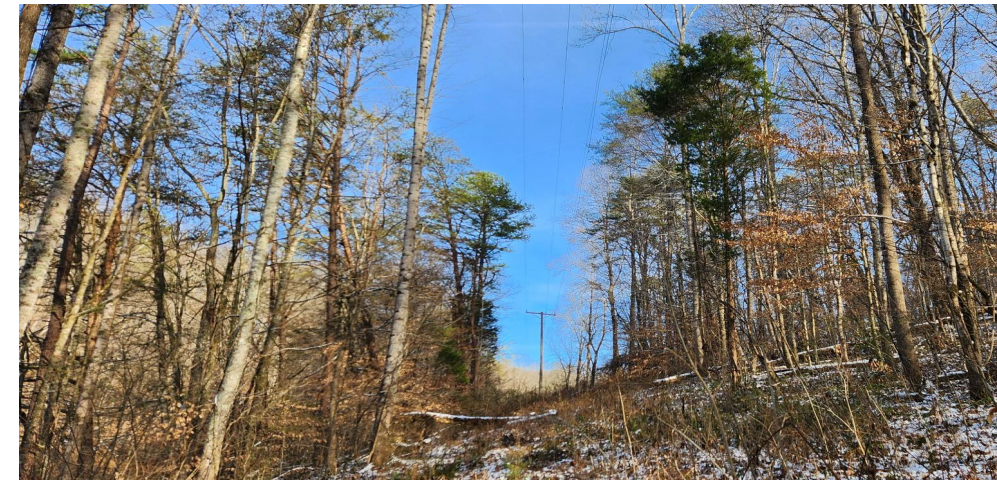
Tree Limbs Overhanging Distribution Lines Account for Over 300 Outages Annually

Outage Events Per Vegetation Cause Per Year



Adopted Panel Recommendation Improved Aesthetics & Lessened Reliability

- Panel recommended trimming only 10' around distribution lines
 - Limbs overhanging distribution only removed if deemed weak, diseased, etc.
 - Prior to 2012 KUB trimmed ground-to-sky
- Limbs overhanging distribution lines cause outages
 - Over 300 outage events annually
 - Over 15% of vegetation-related outages
- Meaningful, controllable impact on customer electric reliability



Input Gathered from Customer Advisory Panel (CAP)

- Covered program details and history of tree trim policy review panel
- Sought input on two program changes
 - Moving customer advocate role to centralized customer resolution process
 - Eliminating overhang from distribution lines
- Supported customer resolution improvement
- Comments varied on distribution line overhang
 - All appreciated efforts to improve reliability
 - Several comments related to aesthetics of lateral pruning
 - Cautioned individual property owners might object

Plan to Incorporate CAP Input & Transition to Removing Distribution Line Overhang

- Eliminates or minimizes over 300 customer outages annually
- Provides consistent standard for distribution and subtransmission
- Preserves foresters' ability to work with individual customers
 - Leverages professional judgment of internal foresters
 - Continues current practice used regularly and successfully
- Planning for a careful, gradual implementation
 - Updates to website and customer educational materials
 - Customer communication materials will include change
 - Additional outreach by foresters as needed



June 20, 2024

Salvation Army Volunteer Group of the Year



Second Consecutive Year Being Recognized as Volunteer Group of the Year

- Over 100 employees provided more than 360 hours of service
- Serving meals to neighbors experiencing homelessness
- Assisting with beautification projects at various facilities
- Acting as Red Kettle Fundraising Campaign Bell Ringers
- Sorting and counting Red Kettle donations
- Providing holiday gifts for 48 children receiving Angel Tree benefits
- Preparing and organizing hundreds of Angel Tree gift bundles



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