



September 19, 2024

Authorization of Expanded Flexibility Conversion Agreement

Resolution 1496



Commitment to Renewable Energy: Green Invest & Generation Flexibility

KUB Environment, Social and Governance Goal:

*Advance the development of 400 MW of
new-to-the-Valley renewable energy
projects by 2030*



Green Invest Review

- Signed in 2020, a first-of-its-kind agreement with TVA to purchase solar from new projects in the Tennessee Valley
- Cost-effective option to add renewable energy to KUB's energy mix
- KUB contracted for 325 MW at three sites:
 - Golden Triangle – Columbus, MS (70 MW)
 - Optimist – West Point, MS (200 MW)
 - Tullahoma, TN (55 MW)
- Once complete, Green Invest projects will supply clean energy for ~14% of KUB load

Generation Flexibility Review

- Authorized by TVA Power Supply Expanded Flexibility Agreement
- Allows KUB to self-supply 5% of electric load

Generation Flexibility Goals:

- Achieve significant power cost savings
- Advance ESG renewable energy goal
- Demonstrate KUB's commitment to a cleaner environment

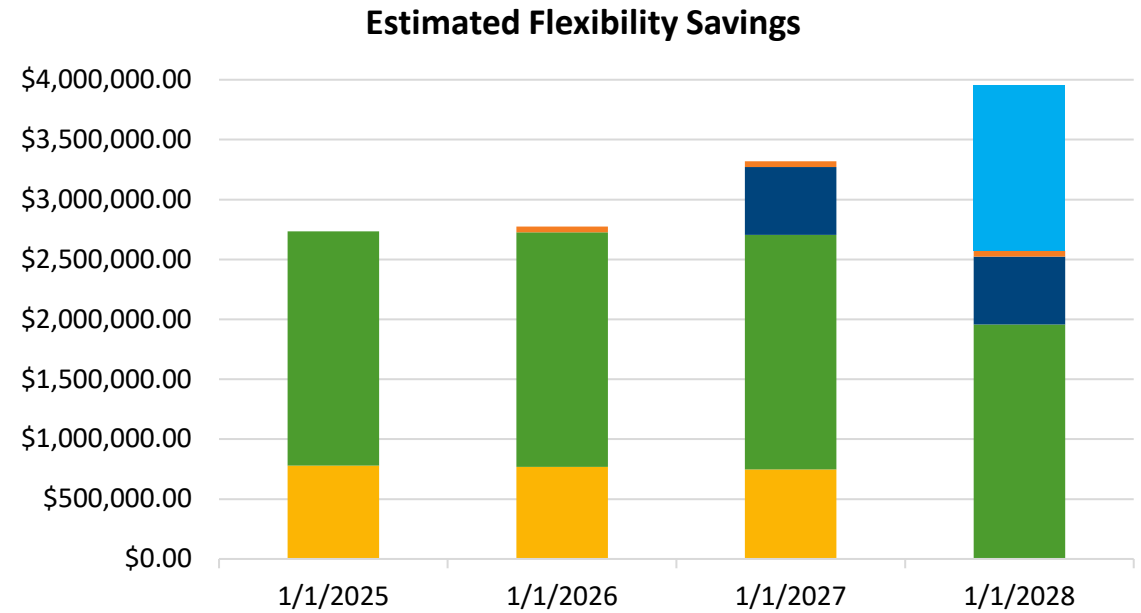
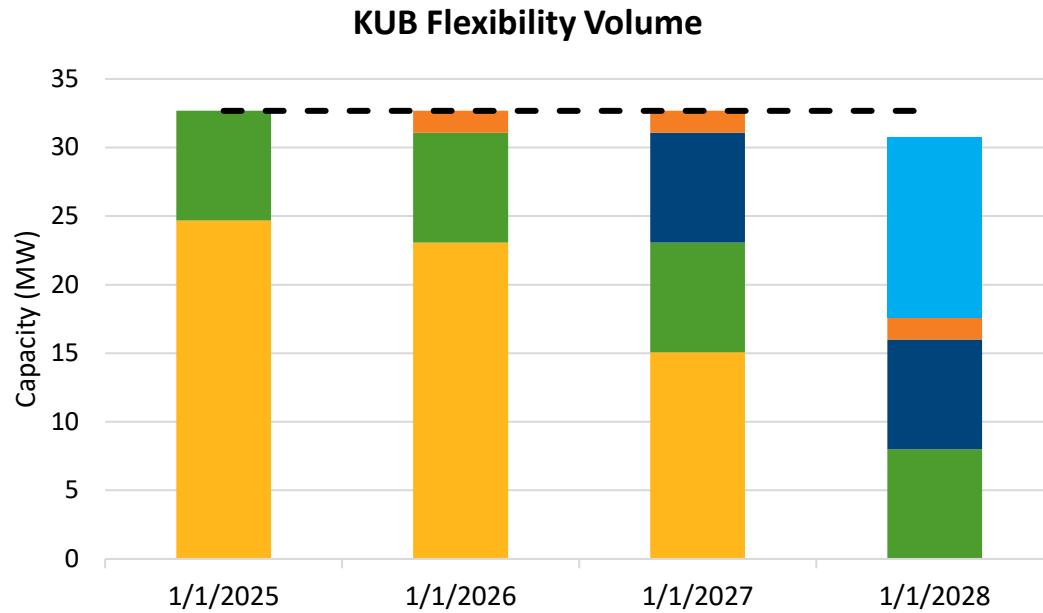


Flexibility Project Preview*

Project	Estimated Capacity	Expected KUB Board Review	Estimated Operation Date
Biomass Project (Three-year short-term)	Non-solar: 15 MW	Fall 2024	October 2024
Green Invest Conversion	Solar: 20 MW	Fall 2024	January 2025
LPC Aggregated Project	Solar: 33 MW	Fall 2024	December 2027
Local Solar Partnership	Solar: ~20 MW	Winter 2024	December 2026
Small Solar Site(s)	Solar: ~4 MW	Winter 2024	December 2026

*All projections are preliminary estimates and subject to change pending final agreements.

Flexibility Project Preview*



■ Biomass ■ Golden Triangle ■ Local Large ■ Local Small ■ LPC Aggregate

*All projections are preliminary estimates and subject to change pending final agreements.

Expanded Flexibility Conversion Agreement

- Converts 20 MW of Green Invest solar capacity at Golden Triangle to a Flexibility energy resource
- Projected annual savings of \$2 million
- Secures power purchase price and associated Net Flexibility Credit for 20-year term
- Agreement reflects approximately 25% of KUB Flexibility volume

Resolution 1496

- Authorizes execution of Expanded Flexibility Conversion Agreement with TVA
- Permits President and CEO to make minor revisions to the Agreement in the best interest of KUB
- Takes effect upon passage by the Board



September 19, 2024

Bond Sale Results & Gas Line of Credit



\$111M of New Bonds Sold

- Bonds fund electric and water capital improvements
- Sold competitively on August 7, 2024
- Bonds mature over 30 years
- Sale generated \$114.5M, reflecting premiums and issuance costs
- Large number of bidders
- Rates lower than budgeted
- High-quality bond ratings affirmed

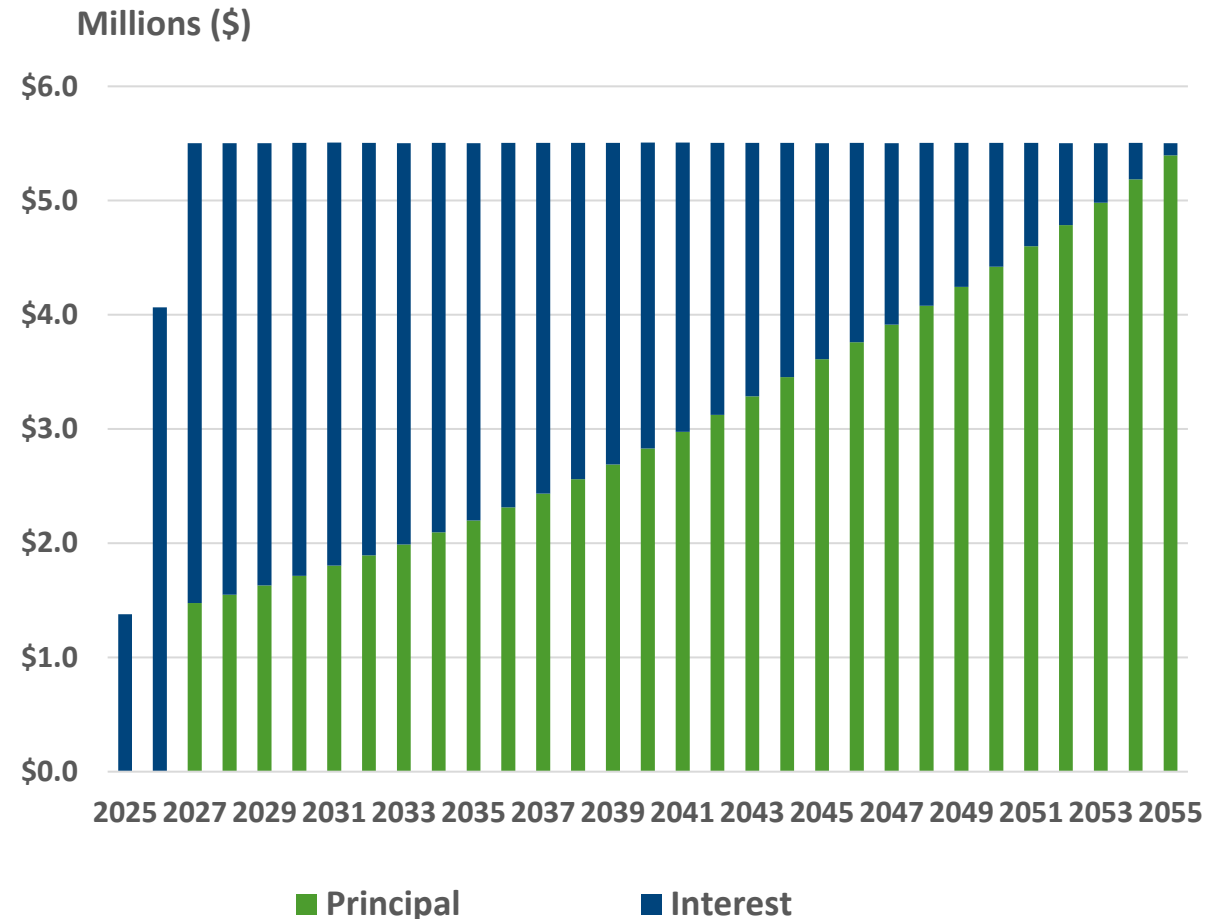
Bids on \$91M Electric Bonds

Bidder	True Interest Cost (%)
J.P. Morgan Securities LLC	4.056
Mesirow Financial Inc.	4.065
Robert W. Baird & Co.	4.099
TD Securities	4.123
BoA Securities	4.124
Hilltop Securities	4.130
Jefferies LLC	4.148
Wells Fargo Bank, NA	4.155
Morgan Stanley & Co. LLC	4.193
Janney Montgomery Scott LLC	4.258

Electric New Debt Issue Profile

New Bonds	\$91,000,000
Interest Cost	\$74,068,000
New Debt Service	\$165,068,000

- Bonds fully mature in 2054
- Level payback structure
- Callable in 2032
- Total debt outstanding: \$483M



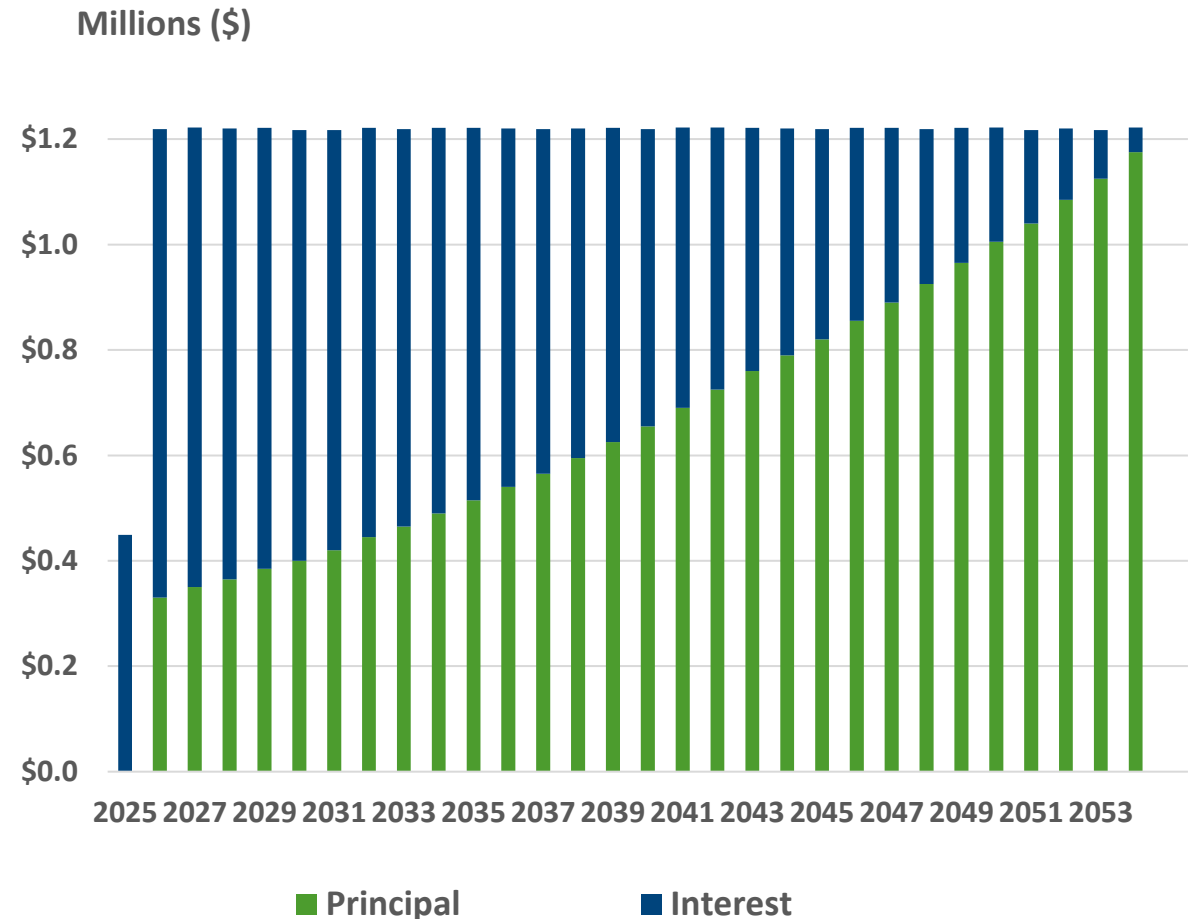
Bids on \$20M Water Bonds

Bidder	True Interest Cost (%)
J.P. Morgan Securities LLC	4.045
Janney Montgomery Scott LLC	4.069
Mesirow Financial, Inc.	4.070
Hilltop Securities	4.073
Robert W. Baird & Co.	4.097
TD Securities	4.151
Morgan Stanley & Co. LLC	4.263

Water New Debt Issue Profile

New Bonds	\$19,995,000
Interest Cost	\$15,835,000
New Debt Service	\$35,830,000

- Bonds fully mature in 2054
- Level payback structure
- Callable in 2032
- Total debt outstanding: \$217M



Professional Fees for New Bonds

Cost	Professional Firm	Fee
Financial Advisor	Cumberland Securities	\$83,750
Bond Counsel	Bass, Berry & Sims	\$99,100
Rating Agencies	Moody's/Standard & Poor's	\$176,975
Paying Agent	Regions Bank	\$1,400
		<hr/>
		\$361,225
Other Costs (POS, OS, Advertising, Misc.)		\$24,990
		<hr/>
		\$386,215

Gas Division Line of Credit

- \$16 million revenue anticipation note
- One-year maturity
- Needed to manage seasonal cash flow
- Approved by State Comptroller
- Received six proposals
- Awarded to Regions Bank

Gas Division Line of Credit (Non-Taxable)

Bank	Interest Rate	Bank Unused Fee	Total Closing Cost
Regions Bank	4.70	0.00%	\$7,500
Truist	4.66	0.00%	\$12,500
Truist	4.68	0.05%	\$7,500
Truist	4.72	0.00%	\$7,500
Pinnacle	5.25	0.00%	\$12,500
Pinnacle	5.53	0.00%	\$0

Line of Credit Issued Taxable

- KUB holds cash balances in excess of the 5% reserve threshold for non-taxable issues
- LOC document contains parameters should issue be determined taxable
- Interest rate increases to maintain margin for bank
- Regions awarded at 6% (rather than 4.7% originally bid)



September 19, 2024

MBE/WBE/SBE Programs



KUB | BLUEPRINT



Our Vision

KUB creates connections and enhances the quality of life in our East Tennessee communities so everyone can thrive.

Our Mission

KUB exists to serve its customers as a trusted partner and steward, providing industry-leading energy, water, and fiber optic services.

We Value

Our Customers

- Our services are safe, reliable, and affordable
- We are committed to great customer service
- Our decisions consider everyone's needs

Our Co-workers

- We put safety first and take care of each other
- We take pride in our hard work and expertise
- We invest in our people

Our Community

- We are committed to a cleaner environment
- We are personally invested in our community
- We help our region grow

Our Culture

- We always do our best and strive for better every day
- We hold ourselves to high ethical standards
- We value diversity, equity, inclusion, and belonging for all

Minority Business Enterprise (MBE) & Women-Owned Business Enterprise (WBE) Programs

- Outreach and education
- Recruit new contractors and vendors
- Host/attend community events
- Partner with consultant for outreach
- Issue quarterly newsletter
- Monitor and report



FY24 Program Highlights

- Participated in various community events
- Hosted one-on-one meet-and-greet sessions with MBE/WBE firms
- Added 50+ new vendors to KUB's MBE/WBE supplier list
- Awarded contracts to 19 new MBE/WBE vendors (\$8.2M)
- Record-setting year for MBE/WBE expenditures

MBE Success Story: Accurate Contracting Services, Inc.

- Connected at networking event
- Unsuccessful bid attempt
- Education and training on bidding process
- Recent contract awards from KUB
 - 2022 – Fleming Center upgrade project
 - 2023 – Outlet installations for natural gas water heaters
 - 2023 – General carpentry project support
 - 2024 – Class A historical office building general contractor support



Procurement Newsletter

Inside KUB Procurement

Quarterly Newsletter
April-June 2024

www.kub.org/procurement
Email: Smallbiz@KUB.org
Diversity@KUB.org



KUB provides more than 486,000 customers in Knox and parts of seven surrounding counties with safe and reliable electric, fiber, natural gas, wastewater treatment, and water services.

KUB Staff Connects with Local Businesses

KUB is committed to ensuring the community's Minority Business Enterprises, Women Business Enterprises, and Small Businesses have an equal opportunity to do business with KUB. Staff members from KUB's Procurement Department regularly connect with businesses through events in the community and by hosting events on KUB's campus.

In March, KUB staff members attended the East Tennessee Purchasing Association's Diversity Business Alliance Expo. KUB connected with multiple vendors and contractors about upcoming work opportunities and shared information about how to connect with KUB in the future.

Additionally, KUB's Procurement and Properties Departments hosted an event for contractors to learn about upcoming work related to the Properties Department. This event allowed contractors to learn about potential opportunities to work with KUB, and allowed KUB to identify skilled professionals who can contribute to KUB's success.



Upcoming Events

City of Knoxville Breakfast Summer 2024

Follow KUB Procurement on X @KUBbiz for details.

KUB Procurement Event

Fall 2024

Follow KUB Procurement on X @KUBbiz for details.

Upcoming Opportunities

Supply Agreements:

- KUB logo clothing
- KUB service awards
- Eyewash parts
- Bottled water deliveries
- Steel poles
- Pole mount switches

Service Agreements:

- Renovating and expanding a locker room
- Stormwater infrastructure
- FOC training facility renovation
- Various HVAC improvements
- Various roofing installations
- Historical office space facility maintenance and repair
- Natural gas, plumbing, and wastewater mechanical contractor services

Other Opportunities:

- Dental insurance
- Vision insurance

Follow us on



(previously Twitter)

@KUBbiz

KUB Purchasing Limits

The Procurement Department is responsible for materials, supplies, services, construction, and maintenance purchases separated into these categories:

Small Purchases:

- Purchases between \$0-\$14,999: No competition required

Formal Competitive Process:

- Purchases between \$15,000-\$49,999: Three written quotes
- Purchases \$50,000+: Requires publicly advertised bids

Your Procurement Contacts



Daniel Kembel
Daniel.Kembel@kub.org
(865) 558-2290
Manager



Savannah McMillan
Savannah.McMillan@kub.org
(865) 558-2594
Process Documentation,
MBE/WBE/SBE Program, & PSA's

Purchasing (Materials)



Marilee Metzger
Marilee.Metzger@kub.org
(865) 558-2554
Buyer, Team Lead
Fiber & Technology, Customer Service,
Finance, Human Resources



Daniel Parke
Daniel.Parke@kub.org
(865) 558-2307
Buyer
Engineering & Operations



Parker Pewitt
Parker.Pewitt@kub.org
(865) 558-2191
Buyer, Construction, Safety
& Maintenance, Transportation

Contract Services (Construction)



Zach Breeding
Zachary.Breeding@kub.org
(865) 558-2489
Contract Specialist, Team Lead
Construction & Maintenance



Luke Eldridge
Luke.Eldridge@kub.org
(865) 558-2165
Contract Specialist, Engineering &
Operations, & Contractor Prequalification



Abbey Marshall
Abbey.Marshall@kub.org
(865) 558-2798
Contract Specialist
Fiber, Facilities, Environmental,
& Storm Agreements



Ti Thomas
Tiryq.Thomas@kub.org
(865) 558-2274
Student, Administrative Support

MBE/WBE Program Impact

Fiscal Year	Percent MBE / WBE Contract Awards	Total Value MBE / WBE Contract Awards	Percent Majority Contract Awards	Total Value Majority Contract Awards	Total Expenditures
2015	10.4%	\$20.6 Million	89.6%	\$177.4 Million	\$198 Million
2016	10.1%	\$19.9 Million	89.9%	\$175.9 Million	\$196 Million
2017	11.7%	\$22.7 Million	88.3%	\$171.0 Million	\$194 Million
2018	10.3%	\$20.6 Million	89.7%	\$180.1 Million	\$201 Million
2019	9.2%	\$21.3 Million	90.8%	\$210.7 Million	\$232 Million
2020	11.7%	\$26.6 Million	88.3%	\$201.0 Million	\$228 Million
2021	8.0%	\$15.8 Million	92.0%	\$181.4 Million	\$197 Million
2022	9.6%	\$20.4 Million	90.4%	\$192.8 Million	\$213 Million
2023	11.3%	\$32.8 Million	88.7%	\$257.3 Million	\$290 Million
2024	10.7%	\$39.4 Million	89.3%	\$329.2 Million	\$369 Million

Adding New Firms Each Year

	FY22	FY23	FY24
Total MBE/WBEs	87	118	93
New MBE/WBEs	24	53	19
MBE/WBE \$	\$20.4M	\$32.8M	\$39.4M

Small Business Enterprise (SBE) Program

- Implemented December 2020
- Supports small and local businesses
- Business matchmaking
- Creates pipeline for future growth
- Simplified bidding requirements
- 50 or fewer employees and \leq \$10M revenue
- One-time quotes or bids $<$ \$100k



SBE Program Impact

Expenditures	FY22	FY23	FY24
Goal	\$500K	\$500K	\$500K
\$ Awarded	\$458K	\$309K	\$518K

Suppliers	FY22	FY23	FY24
Bids	13	10	16
SBE Vendors	8	7	12
MBE/WBEs	4	5	6

Small Business Vendors



First Place Finish



LH GLOBAL RESOURCES, LLC



Volunteer Erosion Control



s o f t w a r e



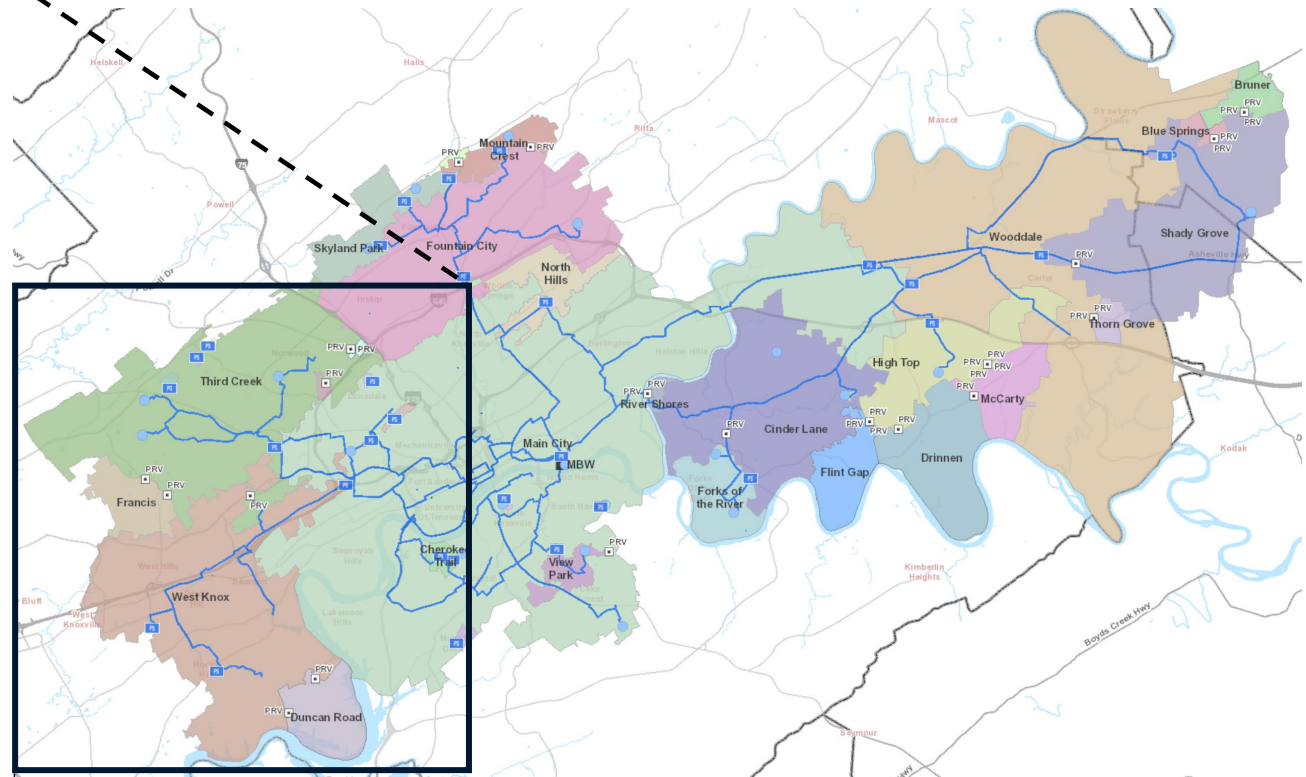
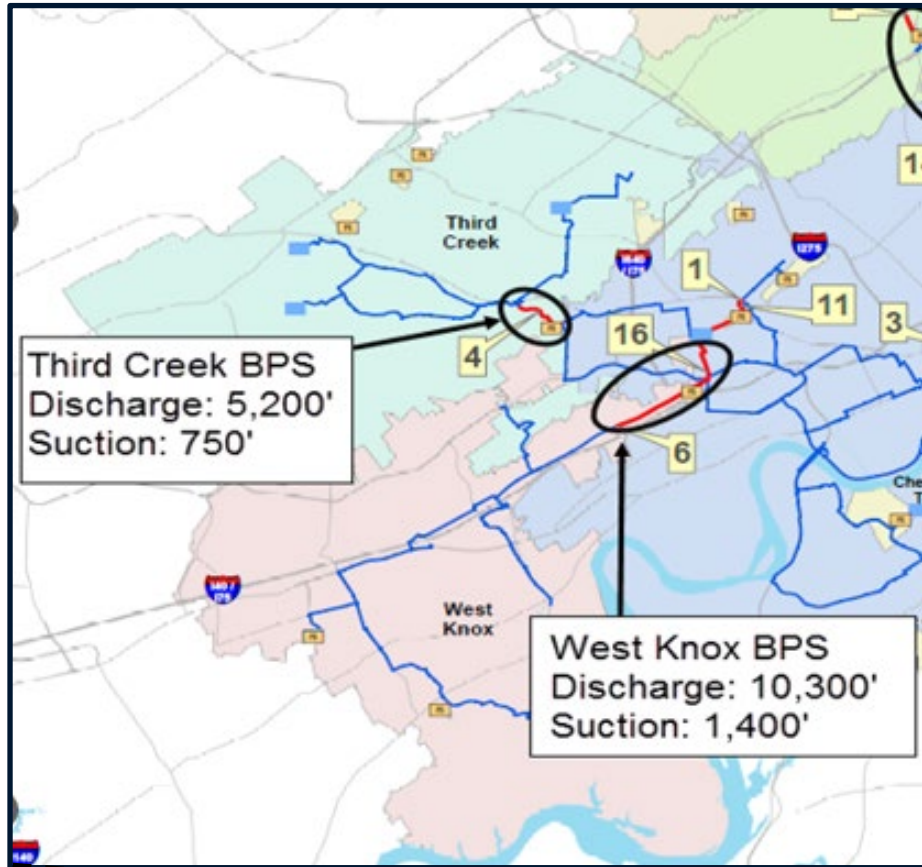
September 19, 2024

Middlebrook Pike Booster Pump Station



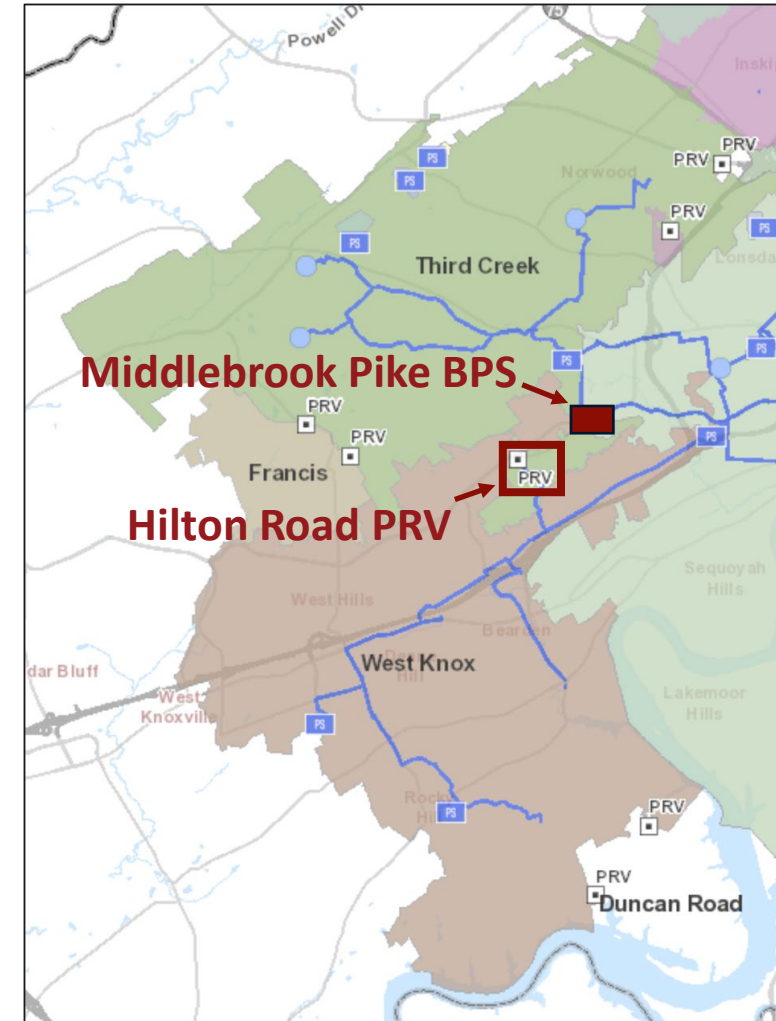
Water System Resiliency

West Knox and Third Creek

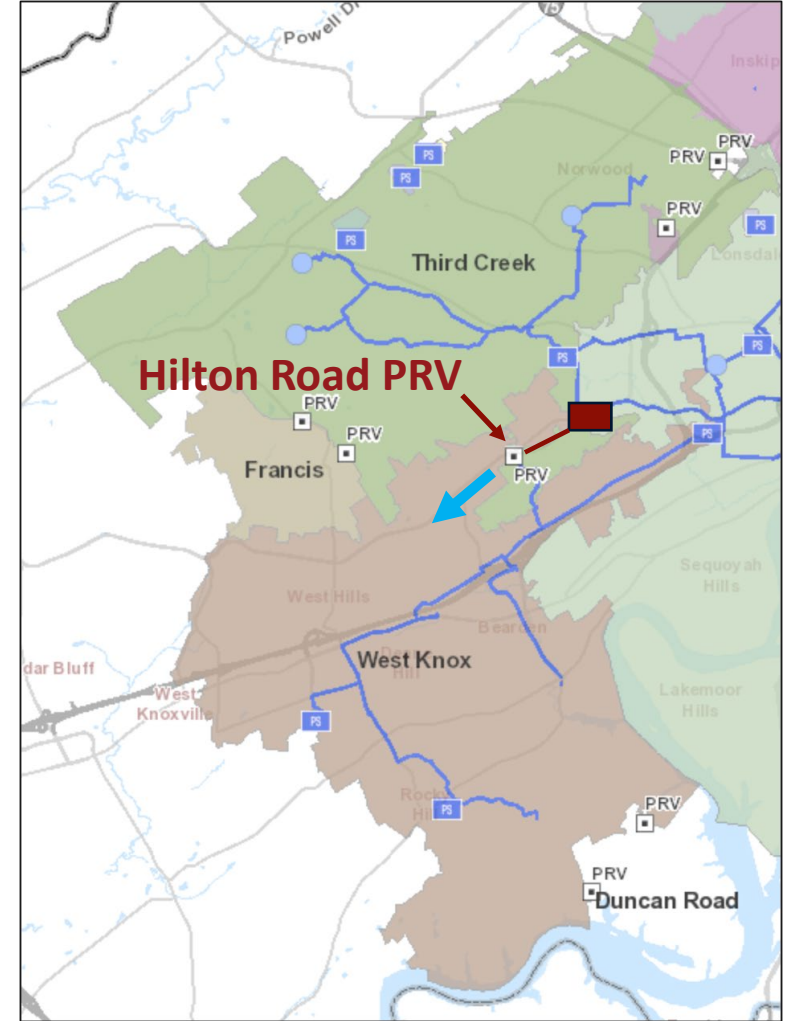


Projects & Benefits

- **Middlebrook Pike Booster Pump Station (BPS)**
 - Provides second feed into Third Creek
 - Eliminates potential single point of failure at Third Creek BPS
 - Allows for rehabilitation of Third Creek BPS
 - Ability to pump into West Knox via Hilton Road PRV
- **Hilton Road Pressure Reducing Valve (PRV)**
 - Completed in June 2023
 - Provides flow into West Knox
 - Eliminates potential single point of failure at West Knox Booster Pump Station



Hilton Road Pressure Reducing Valve



Middlebrook Pike Booster Pump Station

- Construction began in January 2024
- Majority of site work and building construction is complete
- Waiting on MCC and generator
- Substantial completion projected for January 2025
- Discharge line will help feed West Knox via Hilton Road PRV, when needed



Middlebrook & Weisgarber Main Break

- Morning of August 28
- 37 customers affected by broken 12-inch cast iron water main
- Significant traffic impacts to busy intersection
- Timeline:
 - 10:30 a.m. – Leak identified in SCADA
 - 4:30 p.m. – Water turned back on
 - 1:30 a.m. – Road reopened





September 19, 2024

Tennessee Municipal Electric Power Association Community Service Award



TMEPA Presents Community Service Award to KUB for Second Time

- Recognizes utility efforts to improve social, cultural, educational, or economic environments of their communities
- Emphasizes opportunities for employee involvement
- In honor of KUB's efforts for
 - Customer assistance
 - Community involvement
 - Career readiness
 - Diversity, equity, and inclusion
 - And more!





September 19, 2024

Water Environment Federation Water Heroes Award



Water Heroes Award Recognizes Boyd's Bridge Emergency Response

- National award recognizes emergency response to the May 2023 water main and wastewater force main breaks
 - No customer service interruption
 - Pumped and hauled wastewater 24/7 for four weeks
 - Installed temporary water and wastewater lines in less than four weeks





September 19, 2024

TDEC Sanitary Survey



KUB Achieves Perfect Score for Sanitary Survey

- Tennessee Department of Environment and Conversation (TDEC) onsite comprehensive inspection of KUB water operations, including:
 - Facilities
 - Treatment process
 - Equipment
 - Distribution network
 - Monitoring and reporting
- Ensures KUB provides safe drinking water for our customers
- Third perfect score in 10 years!



KUUB

KNOXVILLE
UTILITIES BOARD