



Minutes for February 4, 2021

Members attending the meeting:

Christina Bouler, Mark Campen, Tiki Dixon, Coral Getino, Erin Gill, Tim Hill, Barbara Kelly, Terry Ledford, Amy Midis, Kent Minault, David Myers, Mike Odom, Felicia Outsey, Haseeb Qureshi, Dr. Vivian Shipe, Dr. Stephen Smith

Others in attendance:

Facilitator: Dr. Bill Lyons

KUB Staff: Gabriel Bolas, John Williams, Jamie Davis, Elba Marshall

Old Business

None

New Business

The Community Advisory Panel met at 6:00 p.m. via Zoom on February 4, 2021.

Dr. Lyons welcomed the panel members and asked if anyone had any corrections to the meeting minutes from last month's meeting. There were no corrections.

Dr. Lyons explained the agenda for the meeting and that it would include discussion on broadband as requested by the panel. Dr. Lyons explained KUB staff would first provide a general overview of the electric system because it relates to the broadband discussion.

Dr. Lyons recognized John Williams, KUB Senior Vice President of Construction and Engineering, for an overview of the electric system. John presented a description of how KUB delivers power provided from TVA to more than 210,000 customers through its distribution system of more than 5,200 miles of lines across parts of seven counties. John described the operations and maintenance of the system, as well as KUB's Century II Infrastructure Management program that helps to ensure investments necessary to provide safe and reliable service.

Haseeb Qureshi asked about the upgrading of 69kV lines and if the upgrades are related to providing fiber. John explained the upgrades are necessary because the equipment ages and requires replacement. As upgrades are done, KUB is able to add fiber and capacity to serve future growth where appropriate.

Dr. Vivian Shipe asked if there will be a day when the poles are not necessary if lines are put underground. John explained that while poles are not aesthetically pleasing, the

expense of putting lines underground is very high, and this affects affordability of service for the customers. The cost of putting lines underground also affects affordability for other companies that attach their equipment to KUB poles. Therefore, KUB does not typically put lines underground unless it is being paid for by the developer or in cases where the cost of maintaining the overhead line is greater than putting it underground.

Dr. Lyons asked John to talk about the other attachments to KUB poles and how these companies are charged. John explained there are a variety of other utilities who attach to KUB's poles and the processes for charging for them. The other question was if solar power will ever allow the number of poles to be reduced. John noted the poles are a function of holding the wires serving the customers as well as the other attachers.

Kent Minault noted that John mentioned KUB's existing fiber network and asked if this could be used for KUB to provide broadband service to customers or if KUB would have to start over in building a new system to provide broadband. John explained the next presentation would provide more information to answer this question.

Tiki Dixon noted factors that increase costs for customers and asked if there is anything in the future that could decrease rates for customers. John shared that more information on rates will be covered in a future panel meeting, and he was not prepared to answer this question in too much detail. He noted as with most things, costs typically rise rather than come down, however, KUB is very mindful of cost impacts on customers and always working on ways to keep costs as low as possible for customers.

Haseeb Qureshi asked about adding capacity to the system and the cost for customers. John discussed the way capacity at substations is determined by evaluating the current customers to be served as well as potential for growth. Capacity is also needed for times when equipment must be taken out of service for maintenance and load has to be shifted.

Erin Gill expressed appreciation for KUB's investment in the infrastructure and not deferring maintenance in a way that would negatively impact the community.

Dr. Lyons recognized Jamie Davis, KUB Vice President and Assistant to Chief Technology Officer, to present information on the potential for KUB to provide broadband service. Jamie explained many other municipal utilities across the state are now offering broadband and broadband has become an essential service for customers. Adding broadband at KUB would require a fifth utility division and approval by the KUB Board, TVA, and City Council. He explained the electric division would support the fiber assets, and the fiber division would pay for its costs. Jamie noted KUB will conduct a customer input process before making this decision, and the undertaking is expensive. It would require a balance of rates and debt to fund the \$500 million investment. It is expected to add 200 new jobs at KUB, and customers would be served as the system is built.

Tiki Dixon asked how other competitors feel about KUB getting in the broadband business and why KUB would not just buy its way into it by acquiring another business? Jamie noted the competitors are not going to like KUB getting into the fiber business. As far as

purchasing other systems, Jamie noted the other systems do not provide fiber to home which is important for the high speed service many customers are lacking.

Dr. Vivian Shipe asked what can be done to gain community support. Jamie explained KUB will provide many opportunities for input, and this panel will also be helpful in providing that. He emphasized this is something KUB wants to do only if it is clear this is something the community wants KUB to provide.

Dr. Stephen Smith shared that he has toured the Chattanooga Electric Power Board (EPB) system and noted the environmental benefits of a self-healing grid and not having to roll trucks as often. He noted how the pandemic has highlighted the need for high speed services, and he feels municipal broadband is beneficial to the community. He noted benefits for education and encouraged KUB to work quickly to move in this direction. He also noted while competitors will be upset, it is the right thing to do.

Amy Midis asked if it was accurate Chattanooga received a grant that helped them with their broadband service and also why so much of the municipal broadband outside of Chattanooga is in rural areas. Jamie explained it is accurate EPB received a \$110 million grant from the Department of Energy that was of significant help in expediting their fiber system. He also noted the lack of other broadband services in rural areas and the necessity for municipal utilities to provide it.

Tiki Dixon asked what the return on investment would be. Jamie discussed the great economic benefit and stability in electric rates that are important benefits aside from a direct return on investment. For example, EPB has 70% of the market share, and they have not had to raise their electric rates in a number of years because of the positive impact of fiber service.

Dr. Stephen Smith echoed Jamie's mention of the symbiotic relationship between the electric and fiber systems and how much it has helped in Chattanooga to keep electric rates stable.

Haseeb Qureshi asked how soon KUB could start delivering service. Jamie explained it would take about seven years for the full system to be built. Haseeb asked how soon it could start attracting business to the area. Jamie noted Mike Odom may be able to share his opinion on this question.

Kent Minault noted equity issues in making later decisions for how quickly to serve different customer segments such as the underserved and businesses. Kent also addressed Tiki's earlier question about reducing electric rates and stated that one thing that helps reduce rates is electric vehicles.

Dr. Stephen Smith asked about the critical path for a go / no-go decision. Jamie explained it is partly KUB's research to be comfortable with the business plan. Then, the State Comptroller must review the business plan and has 60 days to do so. Afterward, a public

hearing is required. No sooner than 14 days after the hearing, the KUB Board must vote to send the decision to City Council to vote on. Jamie noted all of this is codified in State law.

Mike Odom noted as soon as the decision is made, the Knoxville Chamber would start promoting this to attract business. He noted the importance of this service for education, with about 7,000 Knox County Schools households currently without internet service.

Dr. Lyons explained the next meeting would include discussion on pandemic response and support for low-income customers. He also noted the panel members may contact Elba Marshall or him at any time with questions.

Jamie noted KUB will be providing the panel members a summary document on broadband as well as an email address the public may use to provide input.

Dr. Stephen Smith noted he sent a letter to Gabe Bolas regarding a Federal Energy Regulatory Commission case with TVA. He asked that the letter be sent to the panel members and that there be a few minutes set aside in a future meeting to discuss this matter.

Following the discussion on meeting topics, the Community Advisory Panel adjourned at 7:30 p.m.