



Cleveland Utilities

Broadband Business Plan

Submitted to the
Comptroller of the Treasury
for the State of Tennessee

June 21, 2022

(Updated July 29, 2022)

Table of Contents

INTRODUCTION.....	3
MANAGEMENT STATEMENT BY TIM HENDERSON, PRESIDENT/CEO OF CLEVELAND UTILITIES.....	4
PROPOSED SERVICES AND RATES	9
Internet Services	9
VoIP Services	10
Other Charges	11
COMPETITIVE ANALYSIS.....	12
Broadband Interest Survey	12
Profiles of Individual Internet Service Providers.....	14
Customer Advantages for Choosing CU Broadband	16
General Conclusions.....	17
CUSTOMER GROWTH PROJECTIONS.....	18
MARKETING PLAN	20
COST-BENEFIT ANALYSIS.....	23
Revenues.....	23
Capital Expenditures	24
Depreciation Schedule	25
Financing Plan	26
Use of Proceeds Analysis	288
Manpower Costs	28
Cost of Goods Sold (COGS).....	29
Operating Expenses	31
STATEMENT REGARDING THE PROPER ACCOUNTING AND RECORD KEEPING PRACTICES OF THE BROADBAND DIVISION.....	34
STATEMENT REGARDING PAYMENT OF IN LIEU OF TAXES (PILOT)	34
STATEMENT REGARDING TAX EQUIVALENT PAYMENTS TO BE MADE BY BROADBAND DIVISION.....	35
STATEMENT REGARDING CURRENT POLE ATTACHMENT CHARGES PAID BY INCUMBENT PROVIDERS OF THE SERVICES IN THE BUSINESS PLAN AND A COMPARISON OF THESE CHARGES IN THE BUSINESS PLAN	36
PRO FORMA FINANCIAL INFORMATION	36

BREAKEVEN ANALYSIS.....	37
Financial Statements.....	38
PUBLIC VIEWING AND COMMENT REGARDING THE BUSINESS PLAN	41

Appendix A – CU Board action directing CU Management to prepare and submit Business Plan

Appendix B – Younger Associates Broadband Internet Interest Survey Responses and Findings Report

Appendix C – Most-recent audited Financial Statements for CU Electric System

Cleveland Utilities Broadband Business Plan

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INTRODUCTION

Cleveland Utilities (CU) is a municipal utility providing electricity, water, and wastewater services to customers in the City of Cleveland and portions of surrounding Bradley County in Tennessee. CU functions as an enterprise fund of the City of Cleveland and is governed by a five-member Board of Directors which includes one member of the City Council or Mayor of the City of Cleveland. CU has 204 employees that serve its electric, water, and wastewater customers. Established in 1939, the Electric System operates 543 miles of electric lines serving over 32,400 customers across its service territory. CU derives over 81% of its electric revenues from within the Cleveland corporate limits with the remainder coming from outside the city in Bradley County. CU enjoys a relatively high electric customer density with 58 customers per mile of electric plant. CU receives its electricity supply from the Tennessee Valley Authority (TVA).

Modern electric systems utilize fiber optic lines to communicate with many new devices that automate the controls of the power grid to improve the reliability of the system, reduce downtime during service outages, and ensure the safety of line crews during restoration activities. CU currently has a limited fiber backbone network that connects its 17 electric substations for Supervisory Control and Data Acquisition (SCADA) to monitor and operate its critical components such as substation breakers, circuit reclosers, relay equipment and obtain daily operational information from its electric grid. In addition, CU utilizes its fiber backbone to backhaul electric and water meter readings for billing purposes. In recent years, many new technologies and applications have been developed to measure consumer power usage in real time and improve the operational efficiency of electric grids. These innovative applications depend on fast and reliable communication that can be best served by a fiber optic system. TVA encourages its distributors to consider their potential for building such a communication system for its electric grid to take advantage of these applications that enable TVA to monitor customer demand instantly to make their power generation more efficient during periods of peak demand.

The goal of CU is to implement a \$72 million dollar grid modernization program, to build a state-of-the-art fiber optic communication network to all portions of its service area. This will allow CU to design and install a smart grid infrastructure that will enable automatic fault location isolation for power restoration during outage events. CU's expanded fiber network can also be utilized to enhance existing outage notifications through AMI equipment to reduce outage response time and increase restoration times during outages. Leveraging the capabilities of this fiber network expansion, CU intends to obtain the statutory authority to offer high-speed internet and related services to its customers to generate new

revenues that will help the Electric System pay for its fiber expansion plans. The Electric System, which will own and operate the fiber network, will lease capacity on its network to a new internal Broadband Division that will use the network to deliver its internet and internet-related services to CU customers.

MANAGEMENT STATEMENT BY TIM HENDERSON, PRESIDENT/CEO OF CLEVELAND UTILITIES

Cleveland Utilities is submitting this business plan to offer the additional services of high-speed internet and other internet-related services, such as Voice-over-IP (VoIP) telephone, pursuant to the procedures described in Chapter 481, Tennessee Public Acts of 1999 and Tennessee Code Annotated Title 7, Chapter 52, Part 6. CU believes that offering these services will benefit its customers by providing significant improvement to essential internet and telephone services and will generate additional revenues in support of the CU electric system fiber expansion project.

Prior to developing this business plan, CU recently engaged a professional market research firm to conduct a Broadband Interest Survey among its utility customers to measure their satisfaction with their current internet service and telephone providers and gauge their interest in CU providing these services. The survey generated sufficient responses to obtain a 95% confidence level with a low margin of error of $\pm 2.02\%$. The survey report, included in this business plan, indicated that overall satisfaction of internet providers was only rated at 5.6 on a 10-point scale and 6.4 for telephone providers. More importantly, 97% of the survey respondents expressed interest in CU providing internet service with 46.4% indicating that they “definitely would” and 50.6% saying they “probably would” switch to CU if we offered a comparable internet product. Similarly, 79.1% of the survey respondents expressed interest in switching to telephone service being provided through CU.

In addition to the supportive results of the recent customer survey, CU has received encouragement to offer these services from local governmental and community leaders. The CU Board of Directors believes that CU should pursue this opportunity to provide these essential broadband services just as a neighboring utility and several other municipal utilities are doing successfully. The CU Board, in its February 24, 2022, meeting, passed a resolution and directed its management team to produce a business plan for CU to provide broadband services to its electric customers and to submit the plan to the Tennessee Comptroller of the Treasury (See Appendix A). The CU management team developed a business plan with the assistance of Kersey Consulting Services LLC, who has produced broadband project feasibility assessments and similar business plans for other Tennessee municipalities, and FiberRise, a national fiber project planning and construction management firm that has planned and executed fiber projects for several municipal electric systems and electric cooperatives in recent years. With the experienced guidance of these two consulting partners, CU has created a business plan that demonstrates the viability of the CU

broadband project even at a conservative 30% market take-rate. While CU believes its broadband project will far exceed this modest expectation, CU manages its lines of business in a fiscally responsible manner, and a broadband division will be done in the same fashion to ensure the greatest return on investment for the community as a whole.

The business plan meets the following conditions as outlined in Chapter 481, Tennessee Public Acts of 1999 and Tennessee Code Annotated Title 7, Chapter 52, Part 6:

Condition 1 – The proposed plan does not serve any area where a privately-held cable television operator is providing cable services over a cable system and in total serves 6,000 or fewer subscribers over one or more cable systems.

Condition 2 – The proposed plan does not serve any area where there is an existing telephone cooperative that has been providing cable service for not less than ten (10) years under the authority of the Federal Communications Commission.

CU will establish a new, separate Broadband Division business unit within its utility organization that will maintain its own accounting and record-keeping to accurately reflect its financial operations and will be structured to provide sufficient controls against cross-subsidization of its revenues and expenses by the other CU utility divisions. TVA will routinely review and monitor cost allocations between CU's Broadband Division and the Electric System and to ensure proper accounting practices are in place.

This business plan document presents CU's intended business direction and strategies for accomplishing the goals for customer growth, revenue generation, and net income production shown in its pro forma financial model. The business plan addresses all the statutory requirements and areas of consideration outlined in the Broadband Business Plan Feasibility Analysis Checklist issued by the Tennessee Comptroller's office. In addition to explaining CU's rationale of offering the new broadband services, the plan will describe the fiber optic network to be built and its technological advantages over the incumbent internet service providers' (ISP) networks. The plan discusses the broadband services to be offered, their pricing, and anticipated customer growth for each service during the initial ten years of operation. The plan will further detail CU's marketing tactics and budget for acquiring its projected customer gains. The business plan will include a ten-year cost-benefit analysis comparing revenues generated against capital investments, cost of goods sold (COGS), and operating expenses, along with detail on the project's financing plan. Accompanying the business plan will be a set of pro forma financial statements for the broadband venture illustrating the execution of the business plan as presented. Additionally, CU will submit supplemental information as requested by the Comptroller's staff for their review and determination of the feasibility of the business plan.

CU broadband services will consist of various levels of high-speed internet access and voice-over-internet protocol (VoIP) telephone service for residential and business customers. CU will permit a third-party voice-over-internet protocol provider (“VoIP”) to make available VoIP services to residential and business customer utilizing capacity on the CU broadband network. The third-party VoIP provider will be responsible for handling the voice traffic and for interconnecting its VoIP customers with the traditional telephone network. CU will provide the broadband internet connectivity, over which the VoIP provider will provide its VoIP phone service and provide marketing and support services as part of its overall broadband offering. Through a wholesale arrangement with the VoIP provider, CU will receive compensation for the provider’s use of capacity on the CU broadband network. For business customers that desire this service, CU will also offer services to create a virtual private network over its broadband network that will enable communications between two locations. In each case, CU services will be limited to providing capacity on its broadband network and the third-party VoIP provider will be the customer’s “provider of record”.

CU is deeply committed to offering the most technically advanced, fully supported, and competitively priced broadband services in the Cleveland market. CU will engage a qualified construction management firm to design, plan and build the fiber network and will use Chattanooga EPB as a strategic partner for providing technical and marketing support during CU’s start-up phase.

The fiber network infrastructure that CU will build to deliver its internet services is superior to the hybrid fiber copper (HFC) system of Charter/Spectrum (Charter), the dominant ISP with a 68% market share as indicated in the Broadband Interest Survey. CU will also compete head-to-head with AT&T who has recently completed its own fiber network. Based on the strong level of customer support shown in the recent Broadband Internet Interest Survey (February 2022), CU believes that its superior internet services with symmetrical Gigabit bandwidth speeds, telephone services, competitive pricing, and responsive local customer service will enable CU to achieve its customer growth goals in this business plan.

The fiber network that CU will build will offer virtually unlimited bandwidth capacity, and CU will install the most advanced internet access platform, XGS, that features 10 Gigabits of symmetrical bandwidth for uploading (sending) and downloading (receiving) internet traffic. Fiber optic lines deliver a clearer, more reliable signal over greater distances than the copper lines of the Charter system. CU will deploy the XGS platform over a Passive Optical Network (PON) architecture. This means the network has no in-line active (powered) electronics that can fail, such as Charter’s powered nodes and cascades of downstream amplifiers and will have the usable bandwidth capacity of 10 Gigabits (10,000 Mbps) of upload and download bandwidth. The network will be designed into small 32-customer segments, with each group of up to 32 customers sharing a pool of 10 Gigabits of symmetrical bandwidth that will be accessible by any of the potential 32 customers within that segment. CU will structure its internet service speeds (initially ranging from 400 Mbps up x 400 Mbps down to as high as 5 Gigabits up x 5 Gigabits down) so

that any or all of the customers in these small bandwidth-sharing segments can quickly send and receive their internet traffic without experiencing congestion and slowdown. By contrast, in Charter's design configurations of its HFC cable system, their signal is run to a powered neighborhood node over fiber, from which over a hundred customers are typically served through its copper coaxial cable lines. The top internet speed offered by Charter is 940 Mbps download by only 35 Mbps upload. The one hundred-plus customers associated with a node typically share a bandwidth pool of about 1,000 Mbps, compared to a maximum of 32 CU customers that will share 10,000 Mbps. Charter's node sharing commonly results in significant internet speed slowdown during heavy use periods. As bandwidth demand increases in the future, the CU XGS-PON network will have significant built-in bandwidth headroom to allow CU to easily increase its internet speeds to meet the demand without further investment or customer interruption. Charter faces substantial investment in time and money to upgrade its system to keep pace with the growing bandwidth demand of its customers.

Another key differentiator between CU and Charter is the symmetrical speeds offered by CU. During the recent pandemic, COVID-19 forced employees to work from home and students to participate in distance learning from home, the applications of video conferencing programs for work and school were hampered by the meager upload speeds of Charter (ranging from 10 Mbps to 35 Mbps) that made effective two-way communication difficult. The limited amount of frequency bandwidth for upload speeds is inherent in the cable industry's technological platforms for delivering internet over cable, thus Charter's upload speeds cannot be easily improved. CU will offer symmetrical bandwidth in all of its service levels, giving residential and business customers a seamless means of communicating over the internet. With the sharply growing increase in automated internet communication between computers and devices (the internet of Things - IOT) that is used for cloud storage, daily transactional activity, file transfers, etc., upload speeds are vitally important to modern businesses. CU's internet services will be best suited to address this need.

AT&T is also offering fiber services in Cleveland, but still relies on its DSL platform to serve some of its customers. While AT&T offers comparable internet packages, the impromptu comments of AT&T respondents in the Broadband Interest Survey report cite problems with AT&T's inconsistent speeds, higher pricing, and unsatisfactory customer service. Business pricing for internet and telephone services are higher than what CU is proposing and AT&T does not have a local office and call center that CU has for its customers. As a trusted utility provider, CU will leverage its strong customer relationships, earned by years of delivering responsive customer service, to attract its new broadband customers.

The electric system will own and maintain the fiber network to a network demarcation enclosure outside the customer's premise. From this demarcation point, the broadband division will be responsible for extending the fiber into the customer's premise and activating its Optical Network Terminal (ONT) that will serve the customer's devices (computers, routers, streaming equipment, telephone systems, etc.).

The electric system will lease the use of the network to the broadband division under a Network Access Lease structure that includes charges calculated by a shared-use formula developed by TVA that takes into account depreciation, CU's return on investment and taxes. The formula allocates the shared use charges based on the broadband division's customer count compared to the electric system's total customer count. The CU electric system will also charge the broadband division its highest pole attachment charge for each pole to which its network fiber is attached.

In addition to its direct expenses shown in the business plan, the broadband division will be allocated the shared cost of employees and other resources from other CU departments that support the broadband division's operations. A cost allocation manual will be established under TVA guidance to assign these shared costs as appropriate and to comply with TVA's prohibition against electric customer subsidization of non-electric business activity. These allocations will be reviewed annually by TVA to ensure compliance. The staffing costs and operating expenses presented in this business plan reflect a reasonable estimation of those cost assigned to the Broadband Division.

CU's broadband venture will bring many benefits to the Cleveland community. The Broadband Division's Network Access Lease payments, pole attachment fees, and its net revenue contributions will help fund the expansion of the CU electric system's fiber network that will serve the utility's electric customers through greater system reliability and faster response to service issues. The anticipated AMI controls of consumer electrical appliances and other system components enabled by the network will allow CU to manage its electric load which will translate into rate stability and reduced operating costs. Critically important as well, businesses and industries will have access to significantly greater bandwidth speeds to operate efficiently and effectively, at competitive pricing and with more responsive local support.

Cleveland Utilities is submitting this business plan to offer Gigabit speed internet access and telephone services in its service territory that will better serve our residential and business customers. The revenue contributions to the electric system's fiber expansion will benefit all electric customers regardless of which provider they choose for broadband services. CU believes the time is right to leverage our fiber resources and technical expertise to introduce the most advanced internet access platform – 10 Gigabit Symmetrical (XGS), to our residential and business customers and provide gigabit services at competitive pricing.

Respectfully submitted,



Tim O. Henderson
President/CEO

PROPOSED SERVICES AND RATES

CU has established the following schedule of services and rates for its residential and commercial internet and voice services that is competitive with the standard rates for similar services that are being charged by the incumbent providers Charter and AT&T.

Internet Services

Annual internet traffic demand is increasing exponentially year over year. Video streaming and gaming are commonplace among residential customers who are seeking robust internet speeds to ensure uninterrupted content delivery. Not only is eCommerce on the rise, but internet usage is evolving as well, with more businesses needing robust upload communication for timely cloud storage delivery, rapid transactional processing in customer queues, video conferencing, the growth of automated machine-to-machine communication and many more applications. Smart businesses recognize that fast, seamless two-way communication is critical to attracting and retaining repeat customers.

CU is investing in the latest internet access technology – 10 Gigabit Symmetrical (XGS) internet access, to not only give it an immediate technology advantage over cable operator Charter, the dominant incumbent provider serving approximately 68% of the market, but to also ensure that it has ample “headroom” to grow its bandwidth speeds to keep up with future demand. CU will offer high speed and Gigabit speed Symmetrical internet services over its fiber network to its residential and business customers with the goal to present the best internet value proposition in the Cleveland market. CU’s approach will be to competitively price its services and to surpass all providers in the market in terms of bandwidth speeds (especially symmetrical upload speeds), speed consistency, uptime reliability, and prompt local customer service.

Residential Internet Service Plans:

- | | |
|--------------------------------------|---------------|
| • 400 Mbps Symmetrical Internet | \$57.99/month |
| • 1 Gigabit Symmetrical Internet | \$67.99/month |
| • Multi-Gigabit Symmetrical Internet | \$97.99/month |
| • Residential Wi-Fi service | \$ 9.99/month |

Commercial Internet Service Plans:

- | | |
|--------------------------------------|----------------|
| • 500 Mbps Symmetrical Internet | \$ 99.99/month |
| • 1 Gigabit Symmetrical Internet | \$199.99/month |
| • Multi-Gigabit Symmetrical Internet | \$399.99/month |
| • Managed Wi-Fi | \$ 14.99/month |
| • Static IP Address, each | \$ 15.00/month |

A comparison of CU's proposed internet service levels and standard monthly rates to similar service levels and standard rates of Charter and AT&T is shown below (promotional rates and discounts are not included).

<u>Residential Service Description</u>	<u>CU</u>	<u>Charter</u>	<u>AT&T</u>
400 Mbps Symmetrical Internet	\$57.99	\$ 94.99*	\$65.00 (500 Mbps Symmetrical)
		*Upload speed 20 Mbps	
1 Gigabit Symmetrical Internet	\$67.99	\$114.99 **	\$80.00
		**Upload Speed 35 Mbps	
Multi-Gigabit Symmetrical Internet	\$97.99	n/a	\$110.00 (2 Gigabits)
Residential Wi-Fi service	\$ 9.99	\$ 5.00	\$ 10.00

<u>Business Service Description</u>	<u>CU</u>	<u>Charter</u>	<u>AT&T</u>
500 Mbps Symmetrical Internet	\$ 99.99	\$ 89.99*	Undisclosed
		*600 Mbps/35 Mbps	
1 Gigabit Symmetrical Internet	\$199.99	\$279.99**	Undisclosed
		**940 Mbps /35 Mbps	
Multi-Gigabit Symmetrical Internet	\$399.99	n/a	Undisclosed

In the recent Broadband Interest Survey conducted in February 2022 by Younger Associates, the average download speed among all internet providers as reported by survey respondents was 147 Mbps and the upload average speed was 63 Mbps. The average price for internet service was reported as \$103.49. The rates that CU will charge for its substantially higher symmetrical speeds position CU favorably in the market to achieve, and most likely exceed, its customer growth goals.

VoIP Services

Residential land-line telephone service is in continued decline as cell phone plans supplant the traditional dial-tone telephone service. However, CU anticipates that approximately 15% of its residential internet customers will still maintain a land-line voice service for security systems, home office use, or ease of use. Residential VoIP service will be available for \$29.99/month with standard calling features and unlimited domestic long-distance.

However, the primary focus of CU's VoIP services will be in the business market where it projects that at least 50% of its business internet customers will also subscribe to CU's business voice services. CU's fiber-delivered VoIP services will be clearer and more reliable than voice signals transmitted over copper lines. CU will offer flexibility to its business customers with voice plans that can serve a one-person business or a corporate office. CU intends to streamline its business voice services by offering a Basic Business Line with minimal calling features and metered long distance calling for \$24.99 and a Standard Business Line with full calling features and an unlimited North American long distance calling plan for \$29.99. CU will

also offer SIP trunk lines for customer-owned PBX switches and a cloud-based Hosted PBX for which the customer will have no capital outlay or on-going maintenance expense. Both the SIP trunk lines and Hosted PBX can have an unlimited long distance calling component.

A comparison of CU's proposed VoIP service levels and rates to similar telephone services of Charter and AT&T is shown below.

<u>Service Description</u>	<u>CU</u>	<u>Charter</u>	<u>AT&T</u>
Residential VoIP Service (full features, Unlimited Nationwide LD)	\$29.99	\$14.99* *Requires Internet Subscription	\$39.00 (LD not included)
Basic Business Line (limited features, metered LD)	\$24.99	n/a	\$30.00
Standard Business Line (full features, Unlimited Nationwide LD)	\$29.99	\$39.99	\$41.25
PRI/SIP Circuit (based on 7 DID lines avg.) (Unlimited LD)	\$295.00	Not Offered	Undisclosed
Hosted PBX Lines (full features, Unlimited Nationwide LD)	\$35.99	Not Offered	\$57.50

Other Charges

CU will establish an installation charge of \$150.00 for an aerial fiber service line installation and \$300.00 for an underground fiber service line installation, each with a standard footage allowance of 200 feet. For excess footage beyond this service line installation allowance, CU will charge \$1.00/foot for aerial installations, and \$3.00/foot for underground installations. The standard installation charge shall also include the mounting and activation of the ONT and internet service turn-up. CU reserves the right to waive the installation charge, partially or in total, for any reason and for any period, provided that such waiver is applied to all customers equally during the waiver period.

CU has also established a \$75.00 trip charge to its customers who wish to make changes to their CU broadband service requiring a trip to the customer's premise.

In the chart below, CU projects the rates that it will charge for each level of internet and VoIP telephone service throughout the ten-year period of the business plan. Note that the rates are projected to remain stable through the first four years of the analysis period, and then will be adjusted for inflation and/or underlying product costs over years 5-10 of the analysis.

CU Proposed BROADBAND RATES AND SERVICES										
INTERNET/DATA										
RESIDENTIAL INTERNET	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Standard 400/400 Mbps	\$57.99	\$57.99	\$57.99	\$57.99	\$59.15	\$ 60.33	\$ 61.54	\$ 62.77	\$ 64.03	\$ 65.31
1 Gigabit 1000/1000 Mbps	\$67.99	\$67.99	\$67.99	\$67.99	\$69.35	\$ 70.74	\$ 72.15	\$ 73.59	\$ 75.07	\$ 76.57
Multi-Gigabit	\$97.99	\$97.99	\$97.99	\$97.99	\$99.95	\$ 101.95	\$ 103.99	\$ 106.07	\$ 108.19	\$ 110.35
Residential Wi-Fi Plume	\$9.99	\$9.99	\$9.99	\$9.99	\$10.19	\$ 10.39	\$ 10.60	\$ 10.81	\$ 11.03	\$ 11.25
BUSINESS INTERNET										
Business Lite	\$99.99	\$99.99	\$99.99	\$99.99	\$ 101.99	\$ 104.03	\$ 106.11	\$ 108.23	\$ 110.40	\$ 112.60
Business Pro	\$199.99	\$199.99	\$199.99	\$199.99	\$ 203.99	\$ 208.07	\$ 212.23	\$ 216.48	\$ 220.81	\$ 225.22
Business Enterprise	\$399.99	\$399.99	\$399.99	\$399.99	\$ 407.99	\$ 416.15	\$ 424.47	\$ 432.96	\$ 441.62	\$ 450.45
Business Internet Options										
Managed Wireless Acc. Pt	\$14.99	\$14.99	\$14.99	\$14.99	\$15.29	\$15.60	\$15.91	\$16.23	\$16.55	\$16.88
Static IP Address (per IP)	\$15.00	\$15.00	\$15.00	\$15.00	\$15.30	\$15.61	\$15.92	\$16.24	\$16.56	\$16.89
TELEPHONE										
RESIDENTIAL TELEPHONE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Basic Telephone	\$19.99	\$19.99	\$19.99	\$19.99	\$20.39	\$20.80	\$21.21	\$21.64	\$22.07	\$22.51
Prem. Phone w/UnLtd LD	\$29.99	\$29.99	\$29.99	\$29.99	\$30.59	\$31.20	\$31.83	\$32.46	\$33.11	\$33.77
BUSINESS TELEPHONE										
Basic Business Line	\$24.99	\$27.99	\$27.99	\$27.99	\$28.55	\$29.12	\$29.70	\$30.30	\$30.90	\$31.52
Standard Business Line	\$29.99	\$29.99	\$29.99	\$29.99	\$30.59	\$31.20	\$31.83	\$32.46	\$33.11	\$33.77
SIP/PRI Circuits	\$27.99	\$27.99	\$27.99	\$27.99	\$28.55	\$29.12	\$29.70	\$30.30	\$30.90	\$31.52
Hosted PBX Accounts	\$35.99	\$35.99	\$35.99	\$35.99	\$36.71	\$37.44	\$38.19	\$38.96	\$39.74	\$40.53
NON-RECURRING CHARGES										
Aerial Installation Charge	\$150.00	\$150.00	\$150.00	\$150.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00
Underground Installation Charge	\$300.00	\$300.00	\$300.00	\$300.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00	\$350.00
Trip Charges	\$50.00	\$50.00	\$50.00	\$50.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00

COMPETITIVE ANALYSIS

Broadband Interest Survey

The critical first step for CU in determining if it should enter a competitive broadband market was to conduct a survey among its electric customers to obtain hard data about how well their internet needs are being met, who are the key internet providers serving the market, the levels and types of services they provide, and how their customers rate their services, support, and pricing. Additionally, CU sought to understand how its own performance is rated as a utility provider and the likelihood of their electric customers to switch to CU for internet and telephone services.

CU engaged Younger Associates (YA) of Jackson, TN, to conduct a Broadband Interest Survey among CU's 32,427 residential and business customers. YA sent an e-mail that included a link to an online survey on behalf of CU President/CEO Tim Henderson to all the CU 13,528 customers with whom CU had an email address on file requesting their participation in the survey. In addition to Mr. Henderson's email request, CU made the Broadband Interest Survey public on their website and promoted it via social media as well as other local news outlets to provide all customers with the opportunity to participate.

As of February 2022, a total of 2,143 surveys had been completed, which represents a 6.6% response rate among all CU customers. This number of completed surveys yields a margin of error of ± 2.02 with a confidence interval of 95%. The results are statistically valid and can be used for projecting trends within the range of the margin of error.

A unique feature of the survey was the inclusion of an internet speed test that allowed the respondent to accurately measure their own download and upload speeds of their current internet provider. The speed test component was administered by Ookla, the global leader in internet testing and analysis. In addition to measuring the respondent's internet speeds, Ookla also captured the location of the internet connection from which the test was taken.

Another valuable output of the survey were the impromptu comments made by respondents about their current providers that revealed the respondent's true insights as to the performance, specific concerns, and overall satisfaction with those providers, and also CU. There were nearly two thousand such comments and recurring themes came forward to provide CU with important information to help shape its proposed services. These comments are included in the full survey report in Appendix B and are worth reviewing to understand how Cleveland consumers truly regard their internet/phone providers and utility company.

KEY FINDINGS

Survey responses were tabulated, and the full survey results are included in this report. Below are some of the key findings/observations from the survey.

Internet Services

- CU customers currently use two primary providers for their internet service, with 67.7% subscribing to Charter/Spectrum and 28.5% using AT&T.
- The majority of participants, 73.3%, are currently paying between \$50-\$100 for their internet service monthly.
- Among survey respondents, the average rating for "Overall Satisfaction" of their current internet service is 5.6 out of 10. The average ratings for all service characteristics ranged between 4.7 and 6.5.
- A majority (97.0%) of respondents are interested in Cleveland Utilities offering internet service, with 46.4% indicating they "Definitely Would" and 50.6% indicating they "Probably Would" switch to Cleveland Utilities if they offered comparable internet service at competitive pricing.
- While the interest level dropped when asked if respondents would switch if the price for the CU internet service is 5% higher than they are currently paying, 47.2% still indicated a desire to switch with 13.0% stating that they "Definitely Would" switch and 34.2% saying that they "Probably Would" switch.

AVERAGE RATINGS OF CURRENT INTERNET SERVICE PROVIDER						
Internet speeds are as advertised and consistent	Internet service is highly reliable and rarely goes down	Video streaming is not interrupted by pauses (caching)	Customer service staff is easy to reach and helpful	Tech support response is prompt and effective	Price of internet service is reasonable	Overall, how satisfied are you with your current internet service provider?
6.4	6.5	6.1	5.5	5.7	4.7	5.6

VoIP Telephone Services

- 78.6% of the survey participants reported they do not have landline telephone service.
- Among those with a landline, the service was primarily divided between two providers with 67.1% using Charter/Spectrum and 24.9% of the respondents using AT&T.
- Overall, respondents are somewhat satisfied with their current provider indicated by an average rating of 6.4 on the same 1 to 10 satisfaction rating scale.
- Among survey participants, 23.1% "Definitely Would" and 56.0% "Probably Would" switch to Cleveland Utilities telephone service if comparable service is offered.

Profiles of Individual Internet Service Providers

CHARTER COMMUNICATIONS

Charter provides coverage to all the City of Cleveland and portions of surrounding Bradley County and currently maintains a 68% share of the market. Charter operates a hybrid fiber coaxial (HFC) network that utilizes fiber to reach neighborhood nodes from which its signal is transmitted over its copper coaxial cables to customers' homes, typically 100-150 homes per node. The nodes have a capacity of only 1 Gigabit of bandwidth (1,000 Megabits per second, or Mbps) that is shared by all the customers within the node area. This creates frequent occurrences of speed slow-downs during daily periods of heavy usage (after school, evening television streaming, multiple family devices in use, etc.) One of the major shortcomings of HFC network technology is its severe limitation on upload (sending) speeds which is capped at 35 Mbps. Charter's download/upload bandwidth speeds are set at 200/10 Mbps, 400/20 Mbps and 940/35 Mbps, yet the Ookla-measured speeds of survey respondents averages 138 Mbps download/16 Mbps upload for a median price of \$79.99. Upload speeds were not considered an

important design factor until more recent applications that require continuous two-way information transfer became more commonplace in business, telecommuting, video conferencing, and gaming. To progress beyond its current network limitations, Charter will be required to make substantial investment re-space or replace its hundreds of active network amplifiers throughout its network as well as customer modems. Another critical limitation of HFC networks is their reliance on electrically-powered amplifiers which are susceptible to failure of older equipment or outages during storms.

Charter's weakest satisfaction ratings are in the areas of customer service/support and pricing. Poor customer service has been the cable industry's Achilles heel as investor-owned operators like Charter must focus on bottom line profits and not on customer service. Charter, like other national cable operators have pulled their hometown call centers into regional centers that do not relate with local Cleveland customers. Further, the rising cost of cable programming have erased video margins and caused cable operators to raise its pricing increases to its ancillary services like internet to achieve their bottom-line targets. A review of the customer comments from the Broadband Interest Survey reveals the weaknesses of Charter's service.

CHARTER INTERNET SERVICE RATINGS						
Internet speeds are as advertised and consistent	Internet service is highly reliable and rarely goes down	Video streaming is not interrupted by pauses (caching)	Customer service staff is easy to reach and helpful	Tech support response is prompt and effective	Price of internet service is reasonable	Overall, how satisfied are you with your current internet service provider?
6.2	6.2	5.8	5.4	5.6	4.3	5.4

AT&T

In recent years, AT&T has moved away from its traditional landline telephone service to focus on wireless telephone service, while attempting to maintain their residential internet service with outdated DSL technology. In the face of stiff competition from superior fiber-based networks by municipal utilities operators, electric cooperatives and others, AT&T is now deploying fiber networks in communities like Cleveland. Average internet speeds were measured by Ookla in the broadband survey as 183 Mbps download and 181Mbps upload. The average price for AT&T internet service is \$72.50. Their technical performance ratings are somewhat higher than Charter, likely the result of a mixture of converting customers to fiber and legacy DSL customers. AT&T has a 29% market share due to this conversion and also from winning over some of Charter's customers. AT&T offers service levels similar to those that CU is proposing but continue to be hampered by their difficult customer service history and their pricing

structure. As with Charter, the customer comments in the Broadband Interest Survey point to the reasons for why AT&T has received lower ratings for their out-of-town call centers and less responsive customer technical support.

AT&T INTERNET SERVICE RATINGS						
Internet speeds are as advertised and consistent	Internet service is highly reliable and rarely goes down	Video streaming is not interrupted by pauses (caching)	Customer Service staff is easy to reach and helpful	Tech support response is prompt and effective	Price of internet service is reasonable	Overall, how satisfied are you with your current internet service provider?
6.8	7.4	6.6	5.6	5.8	5.5	6.2

CLEVELAND UTILITIES

As an electric utility, Cleveland Utilities is judged on how well it delivers its electricity and how well it services its customers. There are no shareholders, only ratepayers. In the broadband interest survey, CU's strong performance ratings in all areas are backed up by the high percentage of favorable comments from its customers. CU is purely a local organization, and its customers have expressed confidence that CU will serve them well. With the proximity of Chattanooga EPB, CU's customers can see the potential for the superior internet services that can be delivered by a trusted utility provider like Cleveland Utilities.

Respondents were also asked to rate their satisfaction levels in various CU service characteristics. Overall, respondents were very pleased with the services offered by Cleveland Utilities with ratings of 7.8 or better in every service category.

CLEVELAND UTILITIES SERVICE RATINGS				
Customer Service staff is easy to reach and courteous	Electric service is highly reliable and rarely goes out	Outage/Trouble call response is prompt and effective	Utility rates are stable and reasonable	Overall, how satisfied are you with Cleveland Utilities?
8.3	8.7	8.5	7.8	8.2

Customer Advantages for Choosing CU Broadband

Analyzing the customer survey information for the incumbent ISPs and reviewing the customer comments associated with those providers, CU is proposing internet services that will be attractive to its customers and will offer them advantages over their current provider. CU has incorporated these competitive conditions and factors into its services to position CU to capture its projected market share and achieve its financial goals.

- CU will make its internet service universally available across its electric service territory and will offer a uniform rate structure for all of its customers.
- A number of survey comments expressed a desire to work with their local utility provider with whom they have had a good service experience. CU will be able to leverage its strong reputation for service reliability, reasonable utility rates, and customer service to foster customer confidence in CU as their internet and telephone provider.
- CU's strategic partner, Chattanooga EPB, will offer its experienced technical support for CU's internet service.
- Pricing and slower internet speeds are key factors in widespread dissatisfaction with the current internet providers. CU will offer symmetrical internet speed plans that exceed the other providers' offerings and/or that are priced competitively to be affordable for its customers.
- CU will not place data caps on its residential internet services.
- CU will build the most advanced 10-Gigabit Symmetrical internet Access platform. Charter is not technically capable to offer the multi-Gigabit levels of symmetrical bandwidth that CU proposes. In order to match the capability of the CU XGS fiber network, Charter will need to make a significant investment in fiber plant and internet access equipment that may be considered preemptive. CU expects to maintain its technological advantage well into the future to satisfy customer needs.
- The CU fiber network will be designed so that its 10-Gigabits of available bandwidth will be shared by no more than 32 customers within each neighborhood service area, as compared with 100+ Charter subscribers that share the 1 Gigabit of bandwidth that is available in their neighborhood area. This means that CU customers will get the bandwidth speeds they pay for with virtually no bandwidth restriction during high use periods.
- The new CU fiber plant will operate with greater reliability and superior signal quality compared to the older HFC and DSL systems that are that have been cited by the survey respondents for slower speeds, poorer signal quality and less reliability.

General Conclusions

The response to the Broadband Interest Survey was positive as the market is heavily saturated by two competing national internet providers, AT&T and Charter, yet 97% of the survey respondents expressed a strong interest in Cleveland Utilities offering internet and telephone services. The survey responses from the Cleveland Utilities customers and their spontaneous comments are summarized for each of these providers in separate sections of the survey report, indicating why customers have expressed a desire to have these services provided by Cleveland Utilities. The survey comments in the individual providers sections are worth reading. A copy of the complete survey report and the provider maps are included in Appendix B of this document.

Likelihood to Switch to Cleveland Utilities Internet		
	Switch to Cleveland Utilities Internet Service	Switch to Cleveland Utilities Internet Service for 5% Higher Rate
Definitely Would	46.4%	13.0%
Probably Would	50.6%	34.2%
Probably Would Not	2.5%	39.9%
Definitely Would Not	0.5%	12.9%

Even with pricing being an important concern among survey respondents, the lackluster ratings for the key service characteristics of internet speeds, service quality, tech support and customer service led to a very high percentage of respondents expressing their likelihood to change to CU. CU plans to deliver superior bandwidth speeds and local support to customers at fair market rates. CU is confident that its competitively-priced IP telephone services, delivered clearly and reliably over the CU fiber network, will compete strongly with Charter's copper-based services and AT&T's higher-priced telephone services. CU believes that it can achieve higher take-rates for fiber-delivered internet and VoIP telephone services among its utility customers like other municipal utility operators who have been successfully offering competitive internet and telephone services against incumbent providers for several years. CU will have strong strategic advantages as it competes with the incumbent providers:

- CU's all-fiber optic network will be superior to its competitors' systems, with exceptional signal quality, reliability, and virtually unlimited bandwidth capacity that can be inexpensively scaled to keep pace with customer needs for decades to come.
- CU has designed its service offerings to deliver more value at competitive pricing. CU's internet speeds will be consistently higher than its competitors' speeds, and CU will offer symmetrical speeds that are not available from Charter and AT&T's lower speed service levels.
- CU is a trusted, public utility that has a reputation for prompt, responsive customer service and contributes to the local community.
- CU is owned by its customers who appreciate that the revenues generated by this project will remain in Cleveland to benefit them directly.

CUSTOMER GROWTH PROJECTIONS

Weighing the positive customer survey results and CU's strategic advantages against an anticipated strong competitive push-back by the incumbent providers, CU is conservatively projecting its internet services to

achieve a 30% share of the market within four years. The Customer Growth schedule on the following page illustrate the growth rate for residential and business internet and telephone services over the ten-year period.

Experience has shown that survey responses for switching providers does not translate into actual results. Customers tend to procrastinate going through the conversion process and incumbent providers will succeed in holding on to defecting customers with retention offers. Typically, municipal broadband projects such as this one can garner a 40% to 50% market share based on the past performance of the incumbent providers and their current network capabilities. The performance ratings of Charter and AT&T are mediocre in the CU survey and the customer comments are mostly unfavorable, and the customer regard toward CU is favorable, leading to the exceptionally high 97% of CU customers indicating a likelihood to switch to CU broadband services. In this case, given that AT&T has deployed a fiber network similar to the one that CU is planning, the customer take-rate projections have been conservatively reduced by applying the 2% margin of error to the survey results and then assuming that to one-half of the “definites” and one-quarter of the “probables” will actually switch to CU broadband services. The yields a very conservative projection of 31.83% take-rate, rounded down again to the 30% used in the pro forma model.

CU still believes that it will achieve a higher market share level approaching that of other municipal utility providers offering broadband services but is using more conservative customer projections to demonstrate the viability of this business plan.

CUSTOMER GROWTH PROJECTIONS											
INTERNET											
RESIDENTIAL INTERNET		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Standard 400/400 Mbps		635	2713	4077	4538	4546	4554	4563	4571	4579	4587
1 Gigabit 1000/1000 Mbps		404	1726	2594	2888	2893	2898	2903	2909	2914	2919
Multi-Gig		116	493	741	825	827	828	830	831	833	834
TOTAL RESIDENTIAL INTERNET		1155	4932	7412	8251	8266	8281	8296	8311	8326	8341
% of Homes Passed		15%	18%	27%	30%	30%	30%	30%	30%	30%	30%
BUSINESS INTERNET											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
500 Mbps Symmetrical Internet		96	292	439	490	492	494	495	497	499	501
1 Gigabit Symmetrical Internet		120	365	549	613	615	617	619	622	624	626
Multi-Gigabit Symmetrical Internet		24	73	110	123	123	123	124	124	125	125
TOTAL BUSINESS INTERNET		240	730	1099	1225	1230	1234	1239	1243	1248	1252
% of Businesses Passed		15%	18%	27%	30%	30%	30%	30%	30%	30%	30%
GRAND TOTAL INTERNET CUSTOMERS		1395	5662	8511	9476	9495	9515	9534	9554	9573	9593
Avg. Internet Customers		698	3529	7086	8993	9486	9505	9525	9544	9564	9583
TELEPHONE											
RESIDENTIAL TELEPHONE											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Basic Telephone		35	148	222	248	248	248	249	249	250	250
Prem. Phone w/UnLtd LD		139	592	889	990	992	994	995	997	999	1001
Total Residential Telephone		173	740	1112	1238	1240	1242	1244	1247	1249	1251
Total % of Residential Premises		2%	3%	4%	5%	5%	5%	5%	5%	5%	5%
Total Avg. Residential Telephone		87	457	926	1175	1239	1241	1243	1245	1248	1250
BUSINESS TELEPHONE LINES											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Basic Business Line		5	15	22	25	37	49	62	75	87	100
Standard Business Line		270	821	1187	1286	1291	1296	1301	1305	1310	1315
SIP/PRI DID Lines		67	204	308	343	344	346	347	348	349	351
Hosted PBX Seats		126	383	692	858	861	864	867	870	873	877
Total Comm. Telephone Lines		468	1423	2208	2512	2533	2555	2576	2598	2620	2642
TOTAL RESI. & BUS. TELEPHONE LINES		641	2163	3320	3749	3773	3797	3821	3845	3869	3893

MARKETING PLAN

Cleveland Utilities will conduct a significant media event to launch its new broadband venture and introduce its new broadband services to its customers. The media event will introduce the new brand for these services, describe their key features and immediate benefits to CU's residential and business customers and the long-range economic development impact on the Cleveland community as a whole.

CU will also describe its working relationship with Chattanooga EPB as a strategic partner in developing its broadband services and supporting CU's start-up period and on-going operations.

CU's launch announcement will be designed to accomplish the following strategic objectives to stimulate market awareness of its fiber network capabilities and generate customer demand for its new internet and telephone services.

- ✓ Create awareness within the Cleveland community of CU's plan to expand its fiber network to offer symmetrical gigabit-speed internet and VoIP telephone services at competitive pricing.
- ✓ Foster community support for CU's venture by explaining the benefits of fiber optic networks in improving the economic vitality of a community by attracting new industries, supporting existing businesses to be more productive and profitable, and enhancing the general quality of life for Cleveland citizens.
- ✓ Differentiate CU's gigabit-speed internet and telephone services from the incumbents' offerings, and communicate the strong value proposition of signal quality, reliability, competitive pricing, and very importantly local customer support.
- ✓ Leverage Chattanooga EPB's national reputation as a successful fiber services provider in its support relationship with Cleveland Utilities, reinforcing CU's positive image in the community as the trusted utility provider and conveying immediate credibility and customer confidence to CU's capabilities to deploy these important new services.
- ✓ Position these new services alongside of CU's electric, water, and wastewater services as essential services through a new branding campaign that will create a strong marketing image for CU in the community.
- ✓ Establish CU's plans for expanding its fiber network across its entire electric service area to deliver next-generation broadband services to all customers, laying out a timetable for availability of services to each area of the community.

To achieve its customer growth objectives, CU's marketing plan will consist of the following tactics –

- 1) promotion of the benefits of CU's new gigabit-speed internet and VoIP telephone services;
- 2) development of an on-going media and direct mail campaign to inform CU customers of the availability of the new services in their areas and solicit subscription responses; and
- 3) utilize direct sales contacts to acquire new residential and business customers.

The activities to achieve the strategic marketing objectives and implement the acquisition tactics are summarized below with their associated budget.

Market Awareness

During the first phase deployment to CU customers, the new services will not be immediately launched everywhere in the market, and CU will need to manage customer expectations for when they will be

available. CU will utilize its website and social media resources to provide information and updates about its new broadband services and their scheduled availability. The timing for this announcement should begin 60 days prior to the initial launch and continue through all remaining launch areas. The website will be set up for inter-active collection of customer inquiries for follow-up by CU sales personnel. Another cost-effective means for CU to distribute its launch announcement to its customers will be through the use of a series of bill inserts with the new branding logo on the outside of the envelope to indicate that information about the new services is included inside. Each insert should also refer customers to the CU website for complete details of the project. Over the course of several months, CU will utilize all of its resources to convey the key benefits of the new services to be provided and the timing of their availability.

CU will continue its market awareness campaign with periodic updates to customers via bill stuffers, social media, and website announcements on the progress of customer acquisition, new service enhancements, and other news and information relevant to the Broadband Division.

Branding Campaign

CU will create a brand image for its utility organization that will encompass its traditional electric, water and wastewater services along with the new broadband services as essential utilities delivered by an experienced and trusted utility provider. The new brand logo will have a contemporary look and will promote top of mind awareness of CU broadband services as it replaces CU's old logo.

Customer Acquisition

As CU completes construction and activation of its fiber network in new sections of its system, direct mail and follow up direct sales will be used to let customers know of the availability of CU broadband services. Direct mail allows CU to efficiently target those new potential customer households and direct sales personnel will be able to present the services and benefits, answer questions, and make immediate sign-ups and installation scheduling. Customer procrastination, distraction, and lack of information (or misinformation) are barriers to switching customers to CU that can be overcome by effective, well-trained sales personnel. Experience has shown that a direct sales visit preceded by an introductory direct mail piece can result in as much as an initial 20% take-rate during the first pass of newly built areas.

CU will hire two direct sales employees to follow behind the network construction crews and contact residential and business customers when the construction crews are visible and anticipation is greatest. CU plans to utilize the seasoned sales staff of Chattanooga EPB to provide sales training. EPB business sales personnel may also be engaged to assist CU in presentations to larger or more complex accounts.

The CU direct sales positions will be temporary positions that will be compensated by a base salary and sales commissions on installed customers. It is anticipated that the sales positions will be retained for approximately four years but will be continued if sales volume warrants. CU will also provide sales training

to its customer service staff to present its broadband services to newcomers as they sign up for their utility services.

The Sales and Marketing information summarizes the projected expenses of the Marketing Plan during the first four years when the majority of customers will be acquired. CU is budgeting \$2,095,885 during this period to reach its customer goals.

SALES AND MARKETING EXPENSE BUDGET										
Sales and Marketing Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Base Wages and Taxes	\$ 180,000	\$ 186,300	\$ 192,821	\$ 199,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ 115,200	\$ 119,232	\$ 123,405	\$ 127,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CSR Commissions	\$ 13,283	\$ 65,498	\$ 9,615	\$ 6,486	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173
EPB Consulting	\$ 60,000	\$ 91,223	\$ 107,351	\$ 61,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Mail	\$ 79,050	\$ 235,920	\$ 226,951	\$ 66,331	\$ 66,467	\$ 66,604	\$ 66,740	\$ 66,877	\$ 67,013	\$ 67,150
Branding	\$ 11,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising & Promotions	\$ 40,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Customer Collateral	\$ 3,000	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Sales & Marketing Exp.	\$ 502,033	\$ 730,173	\$ 691,143	\$ 493,053	\$ 72,640	\$ 72,776	\$ 72,913	\$ 73,049	\$ 73,186	\$ 73,322

COST-BENEFIT ANALYSIS

Revenues

With the planned build-out schedule of the Electric System's fiber grid improvements commencing before the launch of broadband services, CU will be positioned to acquire broadband customers and generate revenue during the last six months of its first year of operations. As the Electric fiber grid improvements will be completed over two years, the ramp up of broadband customers will be the greatest during Year 2 and Year 3, resulting in a dramatic increase in customer revenues. The Revenue schedule below details the growth of revenues over the ten years of the plan for CU's proposed Business internet and telephone service, and for the other revenue category which includes ancillary monthly internet account charges and non-recurring installation charges and trip charges for service changes.

REVENUES										
INTERNET REVENUE										
RESIDENTIAL INTERNET	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Standard 400/400 Mbps	\$ 110,514	\$ 1,164,920	\$ 2,362,311	\$ 2,997,312	\$ 3,223,869	\$ 3,294,319	\$ 3,366,298	\$ 3,439,838	\$ 3,514,973	\$ 3,591,738
1 Gigabit 1000/1000 Mbps	\$ 82,455	\$ 869,147	\$ 1,762,521	\$ 2,236,296	\$ 2,405,330	\$ 2,457,893	\$ 2,511,596	\$ 2,566,465	\$ 2,622,523	\$ 2,679,797
Multi-Gigabit	\$ 33,954	\$ 178,950	\$ 362,888	\$ 460,435	\$ 495,237	\$ 506,060	\$ 517,117	\$ 528,414	\$ 539,956	\$ 551,748
Residential Wi-Fi	\$ 34,615	\$ 182,438	\$ 369,962	\$ 469,409	\$ 504,890	\$ 515,924	\$ 527,196	\$ 538,713	\$ 550,480	\$ 562,502
Residential Internet Sub Total	\$ 192,969	\$ 2,034,067	\$ 4,124,832	\$ 5,233,609	\$ 5,629,199	\$ 5,752,212	\$ 5,877,894	\$ 6,006,303	\$ 6,137,497	\$ 6,271,536
BUSINESS INTERNET										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
500 Mbps Symmetrical Internet	\$ 28,797	\$ 232,710	\$ 438,760	\$ 557,663	\$ 600,899	\$ 615,164	\$ 629,760	\$ 644,693	\$ 659,971	\$ 675,603
1 Gigabit Symmetrical Internet	\$ 71,996	\$ 581,803	\$ 1,096,955	\$ 1,394,228	\$ 1,502,324	\$ 1,537,988	\$ 1,574,478	\$ 1,611,812	\$ 1,650,010	\$ 1,689,092
Multi-Gigabit Symmetrical Internet	\$ 28,799	\$ 116,363	\$ 219,397	\$ 278,853	\$ 300,472	\$ 307,605	\$ 314,903	\$ 322,371	\$ 330,010	\$ 337,827
Commercial Internet Sub-Total	\$ 129,593	\$ 930,876	\$ 1,755,112	\$ 2,230,744	\$ 2,403,695	\$ 2,460,758	\$ 2,519,141	\$ 2,578,876	\$ 2,639,992	\$ 2,702,521
Business Internet Options										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Managed Wi-Fi Access points	\$ 5,396	\$ 32,816	\$ 49,405	\$ 55,097	\$ 56,406	\$ 57,744	\$ 59,114	\$ 60,515	\$ 61,949	\$ 63,416
Static IP Addresses	\$ 216	\$ 1,313	\$ 1,978	\$ 2,205	\$ 2,258	\$ 2,311	\$ 2,366	\$ 2,422	\$ 2,480	\$ 2,538
Ancillary Sub-Total	\$ 5,612	\$ 34,129	\$ 51,383	\$ 57,303	\$ 58,663	\$ 60,056	\$ 61,480	\$ 62,937	\$ 64,429	\$ 65,954
Business Internet Sub-total	\$ 135,205	\$ 965,005	\$ 1,806,495	\$ 2,288,047	\$ 2,462,359	\$ 2,520,813	\$ 2,580,621	\$ 2,641,813	\$ 2,704,420	\$ 2,768,475
TOTAL INTERNET/DATA REVENUE	\$ 328,175	\$ 2,999,072	\$ 5,931,327	\$ 7,521,655	\$ 8,091,557	\$ 8,273,025	\$ 8,458,515	\$ 8,648,116	\$ 8,841,917	\$ 9,040,011
TELEPHONE REVENUE										
RESIDENTIAL TELEPHONE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Basic Telephone	\$ 2,078	\$ 21,904	\$ 44,418	\$ 56,357	\$ 60,617	\$ 61,942	\$ 63,295	\$ 64,678	\$ 66,091	\$ 67,534
Prem. Phone w/Unltd LD	\$ 3,117	\$ 131,443	\$ 266,550	\$ 338,200	\$ 363,764	\$ 371,713	\$ 379,835	\$ 388,132	\$ 396,610	\$ 405,272
Total Residential Telephone Revenue	\$ 5,195	\$ 153,347	\$ 310,968	\$ 394,558	\$ 424,381	\$ 433,655	\$ 443,130	\$ 452,810	\$ 462,701	\$ 472,806
BUSINESS TELEPHONE	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Basic Business Line	\$ 360	\$ 3,257	\$ 6,141	\$ 7,805	\$ 10,517	\$ 15,072	\$ 19,836	\$ 24,818	\$ 30,025	\$ 35,464
Standard Business Line	\$ 24,292	\$ 196,303	\$ 361,222	\$ 444,988	\$ 473,098	\$ 484,329	\$ 495,820	\$ 507,577	\$ 519,606	\$ 531,913
SIP/PRI Circuits	\$ 5,643	\$ 11,400	\$ 21,494	\$ 27,318	\$ 29,436	\$ 30,135	\$ 30,850	\$ 31,582	\$ 32,330	\$ 33,096
Hosted PBX Accounts	\$ 13,604	\$ 109,936	\$ 232,187	\$ 334,659	\$ 378,499	\$ 387,485	\$ 396,678	\$ 406,084	\$ 415,708	\$ 425,554
Total Commercial Telephone Revenue	\$ 43,899	\$ 320,895	\$ 621,044	\$ 814,771	\$ 891,551	\$ 917,021	\$ 943,185	\$ 970,061	\$ 997,669	\$ 1,026,028
TOTAL TELEPHONE REVENUE	\$ 49,094	\$ 474,242	\$ 932,011	\$ 1,209,328	\$ 1,315,931	\$ 1,350,675	\$ 1,386,315	\$ 1,422,872	\$ 1,460,370	\$ 1,498,834
OTHER REVENUE/NRC										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Installation Charges	\$ 20,925	\$ 64,425	\$ 44,427	\$ 17,030	\$ 3,658	\$ 3,665	\$ 3,671	\$ 3,678	\$ 3,685	\$ 3,692
Trip Charges	\$ 1,046	\$ 8,821	\$ 17,716	\$ 44,966	\$ 85,370	\$ 114,061	\$ 114,295	\$ 114,529	\$ 114,763	\$ 114,997
Total Other Revenue	\$ 21,971	\$ 73,246	\$ 62,143	\$ 61,996	\$ 89,028	\$ 117,725	\$ 117,966	\$ 118,207	\$ 118,448	\$ 118,689
GRAND TOTAL BROADBAND REVENUE	\$ 399,240	\$ 3,546,560	\$ 6,925,481	\$ 8,792,980	\$ 9,496,516	\$ 9,741,426	\$ 9,962,796	\$ 10,189,195	\$ 10,420,735	\$ 10,657,533
Average Internet Customer/Year	698	3529	7086	8993	9486	9505	9525	9544	9564	9583
Annual Revenue per Avg. Customer	\$ 572.39	\$ 1,005.11	\$ 977.30	\$ 977.73	\$ 1,001.16	\$ 1,024.87	\$ 1,046.01	\$ 1,067.60	\$ 1,089.63	\$ 1,112.12
Monthly Revenue per Avg. Customer	\$ 47.70	\$ 83.76	\$ 81.44	\$ 81.48	\$ 83.43	\$ 85.41	\$ 87.17	\$ 88.97	\$ 90.80	\$ 92.68

Capital Expenditures

The electric system will own, maintain, and utilize the fiber network for its electric operations, and will bear the capital cost for the outside plant construction of the network to a demarcation point on the outside of the customer's premises. The electric system will also be responsible for the capital expenditures for establishing CU's internet connectivity with EPB and providing and installing the network transmission equipment and associated switches and routers. The broadband division's capital expenditures, totaling \$7,949,919 over the ten-year period of the pro forma will be associated with the customer premise inside wiring from the electric system's point of demarcation outside the customers' premises, installing the Optical Network Terminals (ONTs), establishing connectivity with customer devices, and maintaining the integrity of the broadband connection. The following summarizes the planned capital expenditures for the Broadband Division over the first ten years of the project when the majority of the customers will be acquired and equipment is being replaced.

Inside Wiring and Service Turn-up

This expenditure includes the labor and materials to install the fiber service line from the outside demarcation enclosure at the customer's premise to the ONT inside, activate the ONT, and turn-up service to the customer's devices (computers, televisions, and telephone equipment). This cost is projected at an average of \$262.33 per installation.

Customer Premise Equipment

The Broadband Division will utilize a variety of ONTs based on the services ordered by the customer, from simple internet-only ONTs to multi-port ONTs for internet and voice services with Wi-Fi capability. The projected average cost of the ONTs is \$370.00 per unit. The budgeted capital costs reflect an ONT replacement program to upgrade 5% of the ONTs each year beginning in Year 5 and beyond.

Vehicles

Service vehicles will be purchased for the broadband technical staff as they are brought on board. These vehicles will be replaced after ten years of service or 100,000 miles, whichever comes first.

Tools and Test Equipment

CU is budgeting \$3,600 for tools and test equipment and a laptop computer for each of the two fiber technicians during the first five years of operations, plus a \$2,500 OTDR fiber tracer. This equipment will be replaced periodically throughout the ten years of the plan.

Broadband System FTTH Capital Summary										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Customer Premise Equipment	\$ 516,150	\$ 2,393,530	\$ 355,896	\$ 240,470	\$ 7,215	\$ 7,215	\$ 181,568	\$ 181,568	\$ 181,568	\$ 181,568
Inside Wiring and Turn-up Labor	\$ 365,950	\$ 1,704,332	\$ 293,589	\$ 216,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles, Test Equipment, Etc.	\$ 522,500	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -
Total Broadband Capital Exp.	\$ 1,404,600	\$ 4,097,862	\$ 649,485	\$ 457,270	\$ 7,215	\$ 607,215	\$ 181,568	\$ 181,568	\$ 181,568	\$ 181,568

Depreciation Schedule

Depreciation for the broadband capital items is based on a 5-year life for the consumer premise equipment, vehicles, test equipment, and tools, and a 10-year life for Inside wiring and turn-up.

Broadband System Depreciation Summary														
Item			Life %		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Customer Premise Electronic			20.0%	Yr 1	\$ 103,230	\$ 103,230	\$ 103,230	\$ 103,230	\$ 103,230	\$ -	\$ -	\$ -	\$ -	\$ -
	"		20.0%	Yr 2		\$ 315,764	\$ 315,764	\$ 315,764	\$ 315,764	\$ 315,764	\$ -	\$ -	\$ -	\$ -
	"		20.0%	Yr 3			\$ 210,796	\$ 210,796	\$ 210,796	\$ 210,796	\$ 210,796	\$ -	\$ -	\$ -
	"		20.0%	Yr 4				\$ 71,420	\$ 71,420	\$ 71,420	\$ 71,420	\$ 71,420	\$ -	\$ -
	"		20.0%	Yr 5					\$ 1,443	\$ 1,443	\$ 1,443	\$ 1,443	\$ 1,443	\$ -
	"		20.0%	Yr 6						\$ 15,496	\$ 15,496	\$ 15,496	\$ 15,496	\$ 15,496
	"		20.0%	Yr 7							\$ 15,525	\$ 15,525	\$ 15,525	\$ 15,525
	"		20.0%	Yr 8								\$ 15,554	\$ 15,554	\$ 15,554
	"		20.0%	Yr 9									\$ 15,583	\$ 15,583
	"		20.0%	Yr10										\$ 15,611
Inside Wiring/Serv. Turn-up			10.0%		\$ 36,595	\$ 92,930	\$ 188,114	\$ 241,855	\$ 259,488	\$ 262,230	\$ 262,230	\$ 262,230	\$ 262,230	\$ 262,230
Vehicles, Test Equipment, Etc			20.0%		\$ 104,500	\$ 104,500	\$ 104,500	\$ 104,500	\$ 104,500	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Total Broadband Depreciation					244,325	616,424	922,404	1,047,564	1,066,640	997,148	696,909	501,667	445,830	459,998

Financing Plan

The Broadband Division will obtain an inter-divisional loan from the electric system in the amount of \$8,000,000 for its capital and start-up operational expenses. The loan will be in two draws of \$3,500,000 in Year 1 of the Plan and \$4,500,000 in Year 2 (together totaling \$8,000,000). The loan amounts will be structured to be paid back over twenty years for each draw with an annual interest rate of 6.0%, with principal and interest for each loan draw deferred for one year. As interest rates are increasing, the 6% interest rate used for the pro forma is higher than interest rates that CU has obtained on recent debt issues in recent years. The business plan reflects that the project will produce sufficient available cash for the broadband division to pay off both of the inter-divisional loan draws from the electric system by the end of Year 6. In the event that customer growth for the project exceeds the plan goals and additional capital is required, the broadband division may elect to use its available cash for customer installations and defer the early payment of the electric loan until customer growth levels off.

The two amortization schedules below reflect the early pay-off of the electric loan by additional principal payments in the business plan and the 20-year pay-off schedule in which the regular principal payments are paid.

Cleveland Utilities Electric Loan to Broadband Amortization Schedule							
		EARLY PAY-OFF SCHEDULE					
Loan Amount	\$8,000,000						
Interest Rate	6%						
Term of Loan	7 Years						
Maturity Date	9/30/2028						
Year	Date	Beg. Balance	Total Pymt	Principal Pymt	Add'l Prin. Pymt	Interest Pymt	End Balance
1	10/1/2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000
2	10/1/2023	\$ 3,500,000	\$ 385,000	\$ 175,000	\$ -	\$ 210,000	\$ 7,825,000
3	10/1/2024	\$ 7,825,000	\$ 913,944	\$ 444,444	\$ -	\$ 469,500	\$ 7,380,556
4	10/1/2025	\$ 7,380,556	\$ 2,387,278	\$ 444,444	\$ 1,500,000	\$ 442,833	\$ 5,436,112
5	10/1/2026	\$ 5,436,112	\$ 2,270,611	\$ 444,444	\$ 1,500,000	\$ 326,167	\$ 3,491,668
6	10/1/2027	\$ 3,491,668	\$ 653,944	\$ 444,444	\$ 1,500,000	\$ 209,500	\$ 1,547,223
7	10/1/2028	\$ 1,547,224	\$ 1,640,057	\$ 444,444	\$ 1,102,780	\$ 92,833	\$ -

Cleveland Utilities Electric Loan to Broadband Amortization Schedule							
		20-YEAR PAY-OFF SCHEDULE					
Loan Amount	\$8,000,000						
Interest Rate	6%						
Term of Loan	20 Years						
Maturity Date	9/30/2042						
Year	Date	Beg. Balance	Total Pymt	Principal Pymt	Add'l Prin. Pymt	Interest Pymt	End Balance
1	10/1/2022	\$ 3,500,000	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000
2	10/1/2023	\$ 8,000,000	\$ 385,000	\$ 175,000	\$ -	\$ 210,000	\$ 7,825,000
3	10/1/2024	\$ 7,825,000	\$ 913,944	\$ 444,444	\$ -	\$ 469,500	\$ 7,380,556
4	10/1/2025	\$ 7,380,556	\$ 887,278	\$ 444,444	\$ -	\$ 442,833	\$ 6,936,111
5	10/1/2026	\$ 6,936,111	\$ 860,611	\$ 444,444	\$ -	\$ 416,167	\$ 6,491,667
6	10/1/2027	\$ 6,491,667	\$ 833,944	\$ 444,444	\$ -	\$ 389,500	\$ 6,047,222
7	10/1/2028	\$ 6,047,222	\$ 807,278	\$ 444,444	\$ -	\$ 362,833	\$ 5,602,778
8	10/1/2029	\$ 5,602,778	\$ 780,611	\$ 444,444	\$ -	\$ 336,167	\$ 5,158,333
9	10/1/2030	\$ 5,158,333	\$ 753,944	\$ 444,444	\$ -	\$ 309,500	\$ 4,713,889
10	10/1/2031	\$ 4,713,889	\$ 727,278	\$ 444,444	\$ -	\$ 282,833	\$ 4,269,444
11	10/1/2032	\$ 4,269,444	\$ 700,611	\$ 444,444	\$ -	\$ 256,167	\$ 3,825,000
12	10/1/2033	\$ 3,825,000	\$ 673,944	\$ 444,444	\$ -	\$ 229,500	\$ 3,380,556
13	10/1/2034	\$ 3,380,556	\$ 647,278	\$ 444,444	\$ -	\$ 202,833	\$ 2,936,111
14	10/1/2035	\$ 2,936,111	\$ 620,611	\$ 444,444	\$ -	\$ 176,167	\$ 2,491,667
15	10/1/2036	\$ 2,491,667	\$ 593,944	\$ 444,444	\$ -	\$ 149,500	\$ 2,047,222
16	10/1/2037	\$ 2,047,222	\$ 567,278	\$ 444,444	\$ -	\$ 122,833	\$ 1,602,778
17	10/1/2038	\$ 1,602,778	\$ 540,611	\$ 444,444	\$ -	\$ 96,167	\$ 1,158,333
18	10/1/2039	\$ 1,158,333	\$ 513,944	\$ 444,444	\$ -	\$ 69,500	\$ 713,889
19	10/1/2040	\$ 713,889	\$ 487,278	\$ 444,444	\$ -	\$ 42,833	\$ 269,444
20	10/1/2041	\$ 269,444	\$ 285,611	\$ 269,444	\$ -	\$ 16,167	\$ -

Use of Proceeds Analysis

USE OF PROCEEDS ANALYSIS										
BROADBAND CAPITAL	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Customer Premise Equipment	\$ 516,150	\$ 1,578,820	\$ 1,053,978	\$ 357,098	\$ 7,215	\$ 77,480	\$ 77,625	\$ 77,769	\$ 77,913	\$ 78,057
Inside Wiring and Turn-up Labor	\$ 365,950	\$ 1,126,702	\$ 776,977	\$ 297,835	\$ 54,831	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicles, Test Equipment, Etc.	\$ 522,500	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -
Total Broadband Capital	\$ 1,404,600	\$ 2,705,522	\$ 1,830,956	\$ 654,933	\$ 62,046	\$ 677,480	\$ 77,625	\$ 77,769	\$ 77,913	\$ 78,057
EXPENSES										
Network Leased Access Chgs.	\$ 403,840	\$ 1,411,361	\$ 1,787,093	\$ 1,905,579	\$ 1,870,515	\$ 1,824,216	\$ 1,835,987	\$ 1,741,761	\$ 1,763,686	\$ 1,738,553
Wholesale Costs	\$ 86,165	\$ 321,097	\$ 406,486	\$ 452,251	\$ 464,066	\$ 464,534	\$ 465,002	\$ 465,470	\$ 465,938	\$ 466,406
Direct Broadband O&M	\$ 1,203,115	\$ 1,983,413	\$ 2,285,757	\$ 2,273,480	\$ 1,913,095	\$ 1,959,960	\$ 2,005,917	\$ 2,056,023	\$ 2,107,836	\$ 2,161,414
Allocated Broadband O&M	\$ 186,898	\$ 179,171	\$ 221,838	\$ 170,665	\$ 156,261	\$ 157,822	\$ 162,289	\$ 166,890	\$ 171,628	\$ 176,509
Principal on Electric Loan	\$ -	\$ 175,000	\$ 444,444	\$ 1,944,444	\$ 1,944,444	\$ 1,944,444	\$ 1,547,224	\$ -	\$ -	\$ -
Interest on Electric Loan	\$ -	\$ 210,000	\$ 469,500	\$ 442,833	\$ 326,167	\$ 209,500	\$ 92,833	\$ -	\$ -	\$ -
Total Expenses	\$ 1,880,019	\$ 4,280,041	\$ 5,615,117	\$ 7,189,253	\$ 6,674,548	\$ 6,560,476	\$ 6,109,253	\$ 4,430,145	\$ 4,509,088	\$ 4,542,883
TAXES & EQUIVALENTS										
PILOT on Net Plant	\$ 22,816	\$ 63,425	\$ 80,533	\$ 72,543	\$ 53,028	\$ 47,126	\$ 35,006	\$ 26,868	\$ 19,804	\$ 12,471
PILOT on Revenue	\$ 12,374	\$ 70,032	\$ 132,735	\$ 238,708	\$ 315,379	\$ 351,800	\$ 367,085	\$ 376,217	\$ 385,170	\$ 394,325
Total Taxes & Equivalents	\$ 35,190	\$ 133,457	\$ 213,267	\$ 311,251	\$ 368,407	\$ 398,926	\$ 402,091	\$ 403,085	\$ 404,974	\$ 406,796
Contributions to Elec. Bond Debt	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000	\$ 2,000,000	\$ 3,000,000	\$ 4,800,000	\$ 5,000,000	\$ 5,000,000
TOTAL CASH DISBURSEMENTS	\$ 3,319,809	\$ 7,119,020	\$ 7,659,340	\$ 8,155,436	\$ 8,905,001	\$ 9,636,882	\$ 9,588,969	\$ 9,710,999	\$ 9,991,975	\$ 10,027,737

Manpower Costs

The manpower costs in the plan reflect the new direct employees of the broadband division and the allocated cost of existing CU employees who will perform management oversight and customer support functions for the broadband division. The allocated cost of the existing employees will be based on a projected percentage of their annual salary or an allocation methodology, such as the percentage of broadband customers to the total billed customer units of all of CU's business divisions – Electric, Water, Wastewater and Broadband, or on a per-task basis. CU's allocation methodologies and schedules, which will include the broadband division, are reviewed annually during TVA's annual distributor audit.

CU plans to grow its direct broadband staff to twelve employees during its customer ramp up through Year 4, after which it will discontinue its direct sales program and continue with ten full-time employees. CU will hire additional customer support staff as its broadband customer base grows. During the first five years of the project, contract labor, funded under the capital budget, will be used to handle the bulk of the fiber drop installations as capitalized activity. As customer growth levels off after the first few years, the fiber drop installations will transition to the broadband division employees. Shown in the manpower chart below are the positions to be filled and the number of employees associated

CU will allocate to the broadband division the shared time that its management, administrative, and customer support personnel spend on broadband-related activity. The manpower cost chart reflects the

ten-year annualized cost of the broadband division personnel as well as the other CU personnel expected to be involved in broadband activity whose wages will be allocated to the Broadband Division. The annualized wages are adjusted annually by a 3.3% wage increase.

MANPOWER COSTS											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Broadband Customers	1395	7864	8826	9476	9495	9515	9534	9554	9573	9593	
BROADBAND DIVISION EMPLOYEES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Projected Headcount											
Broadband Manager	1	1	1	1	1	1	1	1	1	1	
Network Tech	0	1	1	1	1	1	1	1	1	1	
Service Tech Foreman	1	1	1	1	1	1	1	1	1	1	
Service Techs/Installers	1	2	3	3	3	3	3	3	3	3	
CSR/Scheduling	1	2	2	3	3	3	3	3	3	3	
Admin/Marketing	1	1	1	1	1	1	1	1	1	1	
Sales	2	2	2	2	0	0	0	0	0	0	
Total Headcount	7.0	10.0	11.0	12.0	10.0	10.0	10.0	10.0	10.0	10.0	
Total Annual Broadband Wages	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Broadband Manager	\$ 150,000	\$ 155,250	\$ 160,684	\$ 166,308	\$ 172,128	\$ 178,153	\$ 184,388	\$ 190,842	\$ 197,521	\$ 204,435	
Network Tech	\$ -	\$ 113,850	\$ 117,835	\$ 121,959	\$ 126,228	\$ 130,645	\$ 135,218	\$ 139,951	\$ 144,849	\$ 149,919	
Service Tech Foreman	\$ 70,000	\$ 72,450	\$ 74,986	\$ 77,610	\$ 80,327	\$ 83,138	\$ 86,048	\$ 89,060	\$ 92,177	\$ 95,403	
Service Techs/Installers	\$ 50,000	\$ 103,500	\$ 160,684	\$ 166,308	\$ 172,128	\$ 178,153	\$ 184,388	\$ 190,842	\$ 197,521	\$ 204,435	
CSR/Scheduling	\$ 40,000	\$ 82,800	\$ 85,698	\$ 133,046	\$ 137,703	\$ 142,522	\$ 147,511	\$ 152,674	\$ 158,017	\$ 163,548	
Admin/Marketing	\$ 50,000	\$ 51,750	\$ 53,561	\$ 55,436	\$ 57,376	\$ 59,384	\$ 61,463	\$ 63,614	\$ 65,840	\$ 68,145	
Sales	\$ 180,000	\$ 186,300	\$ 192,821	\$ 199,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Broadband Annual Wages	\$ 540,000	\$ 765,900	\$ 846,268	\$ 920,236	\$ 745,890	\$ 771,996	\$ 799,016	\$ 826,982	\$ 855,926	\$ 885,883	
Total Allocated Admin. Wages	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
General Manager	\$ 25,875	\$ 13,390	\$ 27,718	\$ 14,344	\$ 5,938	\$ 6,146	\$ 6,361	\$ 6,584	\$ 6,814	\$ 7,053	
CFO	\$ 8,539	\$ 8,838	\$ 9,104	\$ 10,357	\$ 10,719	\$ 11,095	\$ 11,483	\$ 11,885	\$ 12,301	\$ 12,731	
Accounting	\$ 10,350	\$ 10,712	\$ 11,087	\$ 11,475	\$ 11,877	\$ 12,293	\$ 12,723	\$ 13,168	\$ 13,629	\$ 14,106	
IT Personnel	\$ 10,350	\$ 8,034	\$ 2,772	\$ 2,869	\$ 2,969	\$ 3,094	\$ 3,208	\$ 3,327	\$ 3,449	\$ 3,577	
CSR Manager	\$ 2,215	\$ 11,615	\$ 13,214	\$ 14,440	\$ 14,842	\$ 15,255	\$ 15,680	\$ 16,116	\$ 16,564	\$ 17,024	
CSR back-up (2)	\$ 1,812	\$ 9,503	\$ 10,811	\$ 11,815	\$ 12,144	\$ 12,482	\$ 12,829	\$ 13,186	\$ 13,552	\$ 13,929	
Sub-total Allocated Admin/Office	\$ 59,140	\$ 62,092	\$ 74,706	\$ 65,300	\$ 58,490	\$ 60,364	\$ 62,284	\$ 64,265	\$ 66,310	\$ 68,420	
Total Allocated Electric Wages	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Director of Operations	\$ 8,539	\$ 8,744	\$ 8,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Construction Supervisor	\$ 6,210	\$ 6,359	\$ 6,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Electric Fiber Engineer	\$ 4,140	\$ -	\$ 8,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Elec. Warehouse/Storekeeper	\$ 7,763	\$ 7,949	\$ 5,426	\$ 5,557	\$ 2,845	\$ 1,165	\$ 1,193	\$ 1,222	\$ 1,251	\$ 1,281	
Sub-total Allocated Electric	\$ 26,651	\$ 23,052	\$ 29,574	\$ 5,557	\$ 2,845	\$ 1,165	\$ 1,193	\$ 1,222	\$ 1,251	\$ 1,281	

Cost of Goods Sold (COGS)

The Cost of Goods Sold includes the costs for dedicated internet access, signal transport, Voice over IP service wholesale charges, and the network leased access charges for the broadband division's use of the electric system's fiber network.

Dedicated Internet Access and Signal Transport

CU will lease diverse fiber circuit routes into the network control center of nearby Chattanooga EPB where CU can access EPB's point of presence (POP) for multiple long-haul carriers from which CU can purchase Dedicated Internet Access (DIA) out to the World Wide Web.

INTERNET COSTS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Link Transport	\$ 9,600	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Dedicated Internet Access	\$ 64,000	\$ 222,000	\$ 222,000	\$ 222,000	\$ 222,000	\$ 222,000	\$ 222,000	\$ 222,000	\$ 222,000	\$ 222,000
Virtuoso OSS	\$ 4,186	\$ 55,557	\$ 100,143	\$ 109,814	\$ 113,830	\$ 114,064	\$ 114,298	\$ 114,532	\$ 114,766	\$ 115,000
Total internet Costs	\$ 77,786	\$ 291,957	\$ 336,543	\$ 346,214	\$ 350,230	\$ 350,464	\$ 350,698	\$ 350,932	\$ 351,166	\$ 351,400

Wholesale Voice over IP

A third-party CLEC will utilize the CU broadband network to offer its “white label” wholesale internet-based Voice-over-IP (VoIP) services that CU will market to its residential and business customers. The VoIP services will include standard business lines, SIP/PRI trunk lines for local customer PBX systems, Hosted PBX (cloud-based) services, calling features, and long-distance calling plans. The third party will manage the back-office operations and new account set-up, including local number portability processes, calling features, long-distance plans, interface with the Local Exchange Carrier (AT&T). The third-party will compensate CU for access to the CU broadband network and receive its wholesale charges from CU on a per-customer basis.

VoIP TELEPHONE COSTS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Residential VoIP Costs										
Basic Telephone	\$ 520	\$ 7,205	\$ 13,083	\$ 14,343	\$ 14,865	\$ 14,892	\$ 14,919	\$ 14,946	\$ 14,973	\$ 15,000
Prem. Phone w/UnLtd LD	\$ 3,326	\$ 46,112	\$ 83,733	\$ 91,798	\$ 95,133	\$ 95,306	\$ 95,479	\$ 95,652	\$ 95,825	\$ 95,997
TOTAL RESI. VoIP COSTS	\$ 3,846	\$ 53,317	\$ 96,817	\$ 106,141	\$ 109,998	\$ 110,198	\$ 110,397	\$ 110,597	\$ 110,797	\$ 110,997
Business VoIP Costs										
Basic Business Line	\$ 130	\$ 1,354	\$ 2,325	\$ 2,554	\$ 3,315	\$ 4,658	\$ 6,010	\$ 7,372	\$ 8,744	\$ 10,126
Standard Business Line	\$ 8,100	\$ 84,611	\$ 142,239	\$ 151,016	\$ 154,659	\$ 155,226	\$ 155,793	\$ 156,360	\$ 156,927	\$ 157,494
SIP/PRI	\$ 1,210	\$ 12,635	\$ 21,700	\$ 23,834	\$ 24,745	\$ 24,836	\$ 24,927	\$ 25,018	\$ 25,108	\$ 25,199
Hosted PBX	\$ 3,969	\$ 41,460	\$ 78,741	\$ 99,251	\$ 108,261	\$ 108,658	\$ 109,055	\$ 109,452	\$ 109,849	\$ 110,246
TOTAL BUSINESS VoIP COSTS	\$ 13,408	\$ 140,060	\$ 245,006	\$ 276,655	\$ 290,981	\$ 293,378	\$ 295,785	\$ 298,202	\$ 300,628	\$ 303,064
Total VoIP Costs	\$ 17,254	\$ 193,376	\$ 341,823	\$ 382,796	\$ 400,978	\$ 403,575	\$ 406,182	\$ 408,799	\$ 411,425	\$ 414,061

Network Access Lease Charges

The fiber network will be built, owned, and maintained by the CU electric system and the Broadband division will lease the use of the network for the provision of broadband services to CU customers under a shared-use calculation developed by the TVA. The shared-use calculation determines the Electric System’s annual cost of ownership of its fiber network based on plant depreciation, investment costs, operating expenses, facilities rent, and property taxes and then allocates the ownership cost to Electric and Broadband according to their pro-rata customer share of the combined Electric and Broadband customers using the network.

Another element of the Network Access Lease Charges is pole attachment fees for all of the poles on which the Electric System’s fiber network is attached. To comply with T.C.A. 7-52-603 (d), the Broadband

Division will be charged a pole attachment fee for each pole that supports the Electric System's fiber network, based on the highest pole attachment rate charged by CU, \$38.00.

NETWORK LEASE CHARGES										
CUSTOMER WEIGHTING	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Electric Customers	32450	32775	33102	33433	33768	34105	34446	34791	35139	35490
Internet Subscribers	1395	5662	8511	9476	9495	9515	9534	9554	9573	9593
Telephone Subscribers	120	365	549	613	615	617	619	622	624	626
Total Broadband Subs.	1515	6027	9060	10088	10110	10132	10154	10175	10197	10219
Total Service Customers (Electric + Internet + Telephone)	33965	38801	42162	43522	43878	44237	44600	44966	45336	45709
Electric Customers as % of Total	95.5%	84.5%	78.5%	76.8%	77.0%	77.1%	77.2%	77.4%	77.5%	77.6%
Broadband Customers as % of Total	4.5%	15.5%	21.5%	23.2%	23.0%	22.9%	22.8%	22.6%	22.5%	22.4%
Network Shared Use Calculation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cum. Gross Plant Distribution System	\$ 21,518,007	\$ 44,704,589	\$ 47,378,958	\$ 48,291,740	\$ 48,459,783	\$ 48,497,716	\$ 48,535,721	\$ 48,573,796	\$ 48,611,942	\$ 48,650,159
Cum. Gross Plant Fiber Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Accumulated Depreciation	\$ 791,074	\$ 2,269,356	\$ 4,178,222	\$ 6,146,815	\$ 8,133,404	\$ 10,123,422	\$ 12,114,704	\$ 13,617,331	\$ 15,121,227	\$ 16,626,394
Net Plant	\$ 20,726,933	\$ 42,435,233	\$ 43,200,736	\$ 42,144,925	\$ 40,326,379	\$ 38,374,295	\$ 36,421,017	\$ 34,956,465	\$ 33,490,715	\$ 32,023,764
Total CWIP	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Net Value	\$ 20,976,933	\$ 42,685,233	\$ 43,450,736	\$ 42,394,925	\$ 40,376,379	\$ 38,424,295	\$ 36,471,017	\$ 35,006,465	\$ 33,540,715	\$ 32,073,764
Rate from Bond	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Value of Money	\$ 1,258,616	\$ 2,561,114	\$ 2,607,044	\$ 2,543,695	\$ 2,422,583	\$ 2,305,458	\$ 2,188,261	\$ 2,100,388	\$ 2,012,443	\$ 1,924,426
Electric O&M	\$ (190,925)	\$ (172,267)	\$ (211,037)	\$ (152,363)	\$ (134,518)	\$ (134,020)	\$ (136,519)	\$ (138,953)	\$ (141,308)	\$ (143,566)
Annual Depreciation	\$ 791,074	\$ 1,478,282	\$ 1,908,867	\$ 1,968,593	\$ 1,986,589	\$ 1,990,018	\$ 1,991,282	\$ 1,502,627	\$ 1,503,896	\$ 1,505,167
Electric Property Tax/PILOT	\$ 341,351	\$ 723,044	\$ 692,874	\$ 680,847	\$ 651,836	\$ 613,173	\$ 602,228	\$ 566,617	\$ 532,229	\$ 497,034
Total Expense to Allocate	\$ 2,200,116	\$ 4,590,173	\$ 4,997,747	\$ 5,040,772	\$ 4,926,489	\$ 4,774,628	\$ 4,645,253	\$ 4,030,679	\$ 3,907,260	\$ 3,783,061
Electric Portion of Allocated Costs	\$ 2,101,980	\$ 3,877,192	\$ 3,923,812	\$ 3,872,312	\$ 3,791,346	\$ 3,681,067	\$ 3,587,713	\$ 3,118,576	\$ 3,028,421	\$ 2,937,304
Broadband Portion of Allocated Costs	\$ 98,136	\$ 712,981	\$ 1,073,935	\$ 1,168,460	\$ 1,135,144	\$ 1,093,561	\$ 1,057,540	\$ 912,102	\$ 878,839	\$ 845,758
PILOT Services	\$ 17,094	\$ 55,154	\$ 69,931	\$ 93,893	\$ 92,146	\$ 87,429	\$ 135,221	\$ 186,433	\$ 241,621	\$ 249,570
Shared Use Fee Paid to Electric System	\$ 115,230	\$ 768,135	\$ 1,143,867	\$ 1,262,353	\$ 1,227,289	\$ 1,180,990	\$ 1,192,761	\$ 1,098,535	\$ 1,120,460	\$ 1,095,327
Pole Attachment Charges @ \$38.00/pole	\$ 288,610	\$ 643,226	\$ 643,226	\$ 643,226	\$ 643,226	\$ 643,226	\$ 643,226	\$ 643,226	\$ 643,226	\$ 643,226
Total Network Lease Charges	\$ 403,840	\$ 1,411,361	\$ 1,787,093	\$ 1,905,579	\$ 1,870,515	\$ 1,824,216	\$ 1,835,987	\$ 1,741,761	\$ 1,763,686	\$ 1,738,553

Operating Expenses

Direct Broadband Expenses

Direct manpower costs are explained in the manpower expenses section and sales and marketing expenses are explained in previous sections but are included in the summary chart for direct broadband expenses. All other direct line-item expenses are explained below.

General & Administrative Expenses

- Legal and Accounting – CU anticipates legal and accounting fees of \$40,000 in the first year associated with the start-up expenses for its broadband operations. Annual audit charges are projected to be \$2,500 per year.
- Property/Liability Insurance – CU will maintain replacement insurance on its customer premise equipment and liability coverage for its Broadband employees.

- Bad Debt – Planned at 1% of total revenue per year as internet and voice services will be billed in advance.
- Customer Billing – Central Services Association, CU's billing agency for its electric service, is set up for broadband billing and charges. The additional cost to add billing lines for broadband services to bills is \$1.22/account.
- Travel & Entertainment – Modest travel expense is budgeted, primarily for attendance at regional industry trade shows and for product training.

Technical Expenses

- Technical Support Services – Chattanooga EPB will provide after-hours support for CU's internet customers and Tier 2 support for monitoring the performance of the network to ensure optimum operation.
- Annual Support Agreements – This agreement will cover the management software that CU will use for provisioning its internet customers and for annual upgrades to its switches and other equipment.
- Vehicle Expense – Annual vehicle operating costs are budgeted at \$9,957 per vehicle multiplied by the broadband technical employees.
- Mobile Communications – Cell phones for the Broadband technicians and sales personnel at \$50/month.
- Repairs & Maintenance – This is a replacement expense for customer premise equipment and broadband-owned tools and test equipment.
- Supplies – Maintenance items at \$600/year x 2.5% annual increase, starting in Year 2.
- Training & Seminars – On-site training for fiber access equipment by vendors.
- Uniforms – Cost per Broadband employee times \$600/employee a year.

Direct Broadband Expenses										
Gen. & Admin. Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Direct Broadband Wages	\$ 90,000	\$ 134,550	\$ 139,259	\$ 188,482	\$ 195,079	\$ 201,907	\$ 208,973	\$ 216,287	\$ 223,858	\$ 231,693
Direct Benefits & Taxes	\$ 57,600	\$ 86,112	\$ 89,126	\$ 120,629	\$ 124,851	\$ 129,220	\$ 133,743	\$ 138,424	\$ 143,269	\$ 148,283
Travel & Entertainment	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Property/Liability Insurance	\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078	\$ 6,381	\$ 6,700	\$ 7,036	\$ 7,387	\$ 7,757
Bank Charges	\$ 200	\$ 205	\$ 210	\$ 215	\$ 220	\$ 225	\$ 231	\$ 236	\$ 242	\$ 248
Bad Debt	\$ 3,721	\$ 33,200	\$ 65,524	\$ 83,364	\$ 89,831	\$ 91,900	\$ 94,017	\$ 96,182	\$ 98,396	\$ 100,660
Customer Billing Expense	\$ 10,211	\$ 82,893	\$ 124,596	\$ 138,726	\$ 139,011	\$ 139,297	\$ 139,582	\$ 139,868	\$ 140,153	\$ 140,439
Legal/Professional	\$ 40,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Total G & A Expenses	\$ 207,732	\$ 345,709	\$ 427,727	\$ 540,703	\$ 558,569	\$ 572,431	\$ 586,747	\$ 601,532	\$ 616,804	\$ 632,579
Technical Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Direct Broadband Wages	\$ 270,000	\$ 445,050	\$ 514,188	\$ 532,185	\$ 550,811	\$ 570,089	\$ 590,043	\$ 610,694	\$ 632,068	\$ 654,191
Direct Benefits & Taxes	\$ 172,800	\$ 284,832	\$ 329,080	\$ 340,598	\$ 352,519	\$ 364,857	\$ 377,627	\$ 390,844	\$ 404,524	\$ 418,682
Technical Support Services	\$ 10,881	\$ 110,090	\$ 221,095	\$ 280,589	\$ 295,949	\$ 296,558	\$ 297,166	\$ 297,774	\$ 298,383	\$ 298,991
Annual Support Agreements	\$ -	\$ 4,000	\$ 4,200	\$ 4,410	\$ 4,631	\$ 4,862	\$ 5,105	\$ 5,360	\$ 5,628	\$ 5,910
Vehicle Expense	\$ 29,870	\$ 49,783	\$ 59,739	\$ 59,739	\$ 59,739	\$ 59,739	\$ 59,739	\$ 59,739	\$ 59,739	\$ 59,739
Repairs & Maintenance	\$ -	\$ 5,000	\$ 5,000	\$ 7,500	\$ 7,875	\$ 8,269	\$ 8,682	\$ 9,116	\$ 9,572	\$ 10,051
Mobile Communications	\$ 3,000	\$ 4,200	\$ 4,800	\$ 4,800	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Supplies	\$ -	\$ 615	\$ 630	\$ 646	\$ 662	\$ 679	\$ 696	\$ 713	\$ 731	\$ 749
Training & Seminars	\$ 5,000	\$ 1,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	\$ -	\$ -	\$ -
Uniforms	\$ 1,800	\$ 3,000	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Total Technical Expenses	\$ 493,351	\$ 907,570	\$ 1,144,833	\$ 1,236,567	\$ 1,281,886	\$ 1,314,753	\$ 1,346,258	\$ 1,381,442	\$ 1,417,846	\$ 1,455,513
Sales and Marketing Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Base Wages and Taxes	\$ 180,000	\$ 186,300	\$ 192,821	\$ 199,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ 115,200	\$ 119,232	\$ 123,405	\$ 127,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CSR Commissions	\$ 13,283	\$ 43,440	\$ 28,516	\$ 9,643	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173	\$ 173
EPB Consulting	\$ 60,000	\$ 91,223	\$ 107,351	\$ 61,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Mail	\$ 79,050	\$ 257,939	\$ 230,103	\$ 66,331	\$ 66,467	\$ 66,604	\$ 66,740	\$ 66,877	\$ 67,013	\$ 67,150
Branding	\$ 11,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising & Promotions	\$ 40,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Customer Collateral	\$ 3,000	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Sales & Marketing Expenses	\$ 502,033	\$ 730,133	\$ 713,196	\$ 496,210	\$ 72,640	\$ 72,776	\$ 72,913	\$ 73,049	\$ 73,186	\$ 73,322
Total Direct Broadband Exp.	\$ 1,203,115	\$ 1,983,413	\$ 2,285,757	\$ 2,273,480	\$ 1,913,095	\$ 1,959,960	\$ 2,005,917	\$ 2,056,023	\$ 2,107,836	\$ 2,161,414

Allocated Expenses to Broadband

Allocated manpower expenses are shown in the manpower section and included in the allocated expense summary chart.

General and Administrative

- Utilities – Cost to power and air condition the network access equipment in the Network Operations Center specific to broadband operations.
- Facilities Rent – Space within CU facilities that will be provisioned for broadband operations.

Allocated Expenses to Broadband										
Gen. & Admin. Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Allocated Employee Wages	\$ 59,140	\$ 56,611	\$ 73,938	\$ 65,300	\$ 58,490	\$ 60,364	\$ 62,284	\$ 64,265	\$ 66,310	\$ 68,420
Allocated Benefits/Taxes	\$ 37,850	\$ 36,231	\$ 47,321	\$ 41,792	\$ 37,434	\$ 38,633	\$ 39,862	\$ 41,130	\$ 42,438	\$ 43,789
NOC/Hub Site Utilities	\$ 1,200	\$ 2,400	\$ 4,800	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Facilities Rent	\$ 45,000	\$ 46,125	\$ 47,278	\$ 48,460	\$ 49,672	\$ 50,913	\$ 52,186	\$ 53,491	\$ 54,828	\$ 56,199
Total	\$ 143,190	\$ 141,366	\$ 173,337	\$ 161,552	\$ 151,595	\$ 155,911	\$ 160,332	\$ 164,886	\$ 169,576	\$ 174,408
Technical Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Allocated Employee Wages	\$ 26,651	\$ 23,052	\$ 29,574	\$ 5,557	\$ 2,845	\$ 1,165	\$ 1,193	\$ 1,222	\$ 1,251	\$ 1,281
Allocated Benefits/Taxes	\$ 17,057	\$ 14,753	\$ 18,927	\$ 3,556	\$ 1,821	\$ 746	\$ 764	\$ 782	\$ 801	\$ 820
Total	\$ 43,708	\$ 37,804	\$ 48,501	\$ 9,113	\$ 4,666	\$ 1,911	\$ 1,957	\$ 2,004	\$ 2,052	\$ 2,101
Total Allocated Expenses	\$ 186,898	\$ 179,171	\$ 221,838	\$ 170,665	\$ 156,261	\$ 157,822	\$ 162,289	\$ 166,890	\$ 171,628	\$ 176,509

STATEMENT REGARDING THE PROPER ACCOUNTING AND RECORD KEEPING PRACTICES OF THE BROADBAND DIVISION

CU is regulated by the Tennessee Valley Authority and as such, its financials are monitored on a regular basis. TVA requires any non-electric utility transactions or divisions to be accounted for separately. CU will develop a chart of accounts specifically for the broadband division and will pro-rate joint expenditures in a manner based on which division benefits. CU has engaged TVA in discussions regarding its intentions of entering this business and will be using a TVA model for the leasing of fiber between divisions. Separate financial statements for the new division will be generated monthly and a complete joint expenditure allocation model will be submitted to TVA for its approval. CU believes that its compliance with TVA's record-keeping requirements will also meet the similar requirements set forth in T.C.A. 7-52-601 et. seq.

STATEMENT REGARDING PAYMENT OF IN LIEU OF TAXES (PILOT)

The In-lieu of tax calculation by statute is broken down into two formulas: First, applying the prevailing City and County property tax rates to the depreciated value of broadband plant (real and personal property). Secondly, payment of a 4% tax on the prior three year's average of operating revenues less cost of goods sold is calculated. The combination of these two calculations represents the In-Lieu of Tax for the fiscal year that is paid to the City of Cleveland and other jurisdictions.

The chart below shows the payments in lieu of taxes to be paid by CU over the ten-year period of the cost-benefit analysis. These PILOT payments are reflected in the financial statements.

BROADBAND DIVISION PILOT AND OTHER TAXES										
Tax On Plant Assets	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Beginning Book Value	0	\$ 1,160,275	\$ 3,249,373	\$ 4,157,925	\$ 3,765,294	\$ 2,760,700	\$ 2,441,032	\$ 1,821,748	\$ 1,397,850	\$ 1,029,933
Annual Investment in Plant	\$ 1,404,600	\$ 2,705,522	\$ 1,830,956	\$ 654,933	\$ 62,046	\$ 677,480	\$ 77,625	\$ 77,769	\$ 77,913	\$ 78,057
Total Depreciation	\$ 244,325	\$ 616,424	\$ 922,404	\$ 1,047,564	\$ 1,066,640	\$ 997,148	\$ 696,909	\$ 501,667	\$ 445,830	\$ 459,998
Adjusted Book Value	\$ 1,160,275	\$ 3,249,373	\$ 4,157,925	\$ 3,765,294	\$ 2,760,700	\$ 2,441,032	\$ 1,821,748	\$ 1,397,850	\$ 1,029,933	\$ 647,992
Materials & Supplies	\$ 28,092	\$ 54,110	\$ 36,619	\$ 13,099	\$ 1,241	\$ 13,550	\$ 1,552	\$ 1,555	\$ 1,558	\$ 1,561
Total Property Base	\$ 1,188,367	\$ 3,303,483	\$ 4,194,544	\$ 3,778,392	\$ 2,761,941	\$ 2,454,582	\$ 1,823,300	\$ 1,399,405	\$ 1,031,491	\$ 649,553
City of Cleveland PILOT										
Net Investment	\$ 967,331	\$ 2,689,035	\$ 3,414,359	\$ 3,075,611	\$ 2,248,220	\$ 1,998,029	\$ 1,484,166	\$ 1,139,116	\$ 839,634	\$ 528,736
Adjustment Factor	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Tax Rate Per \$100	1.713	1.713	1.713	1.713	1.713	1.713	1.713	1.713	1.713	1.713
City Pilot	\$ 11,196	\$ 31,124	\$ 39,519	\$ 35,598	\$ 26,022	\$ 23,126	\$ 17,178	\$ 13,184	\$ 9,718	\$ 6,120
Bradley County PILOT										
Net Investment	\$ 1,188,367	\$ 3,303,483	\$ 4,194,544	\$ 3,778,392	\$ 2,761,941	\$ 2,454,582	\$ 1,823,300	\$ 1,399,405	\$ 1,031,491	\$ 649,553
Adjustment Factor	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Tax Rate Per \$100	1.4392	1.4392	1.4392	1.4392	1.4392	1.4392	1.4392	1.4392	1.4392	1.4392
County Pilot	\$ 9,407	\$ 26,149	\$ 33,202	\$ 29,908	\$ 21,862	\$ 19,429	\$ 14,433	\$ 11,077	\$ 8,165	\$ 5,142
Bradley County Fire Tax PILOT										
Net Investment	\$ 221,036	\$ 614,448	\$ 780,185	\$ 702,781	\$ 513,721	\$ 456,552	\$ 339,134	\$ 260,289	\$ 191,857	\$ 120,817
Adjustment Factor	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Tax Rate Per \$100	0.3386	0.3386	0.3386	0.3386	0.3386	0.3386	0.3386	0.3386	0.3386	0.3386
County Fire Pilot	\$ 2,213	\$ 6,152	\$ 7,811	\$ 7,037	\$ 5,144	\$ 4,571	\$ 3,396	\$ 2,606	\$ 1,921	\$ 1,210
Sub-total Broadband Asset PILOT	\$ 22,816	\$ 63,425	\$ 80,533	\$ 72,543	\$ 53,028	\$ 47,126	\$ 35,006	\$ 26,868	\$ 19,804	\$ 12,471
Tax on Operating Revenue after COGS										
Gross Broadband Revenue	\$ 399,240	\$ 3,546,560	\$ 6,925,481	\$ 8,792,980	\$ 9,496,516	\$ 9,741,426	\$ 9,962,796	\$ 10,189,195	\$ 10,420,735	\$ 10,657,533
less bad debt	\$ 3,721	\$ 33,200	\$ 65,524	\$ 83,364	\$ 89,831	\$ 91,900	\$ 94,017	\$ 96,182	\$ 98,396	\$ 100,660
Net Operating Revenue	\$ 395,519	\$ 3,513,360	\$ 6,859,958	\$ 8,709,616	\$ 9,406,685	\$ 9,649,525	\$ 9,868,779	\$ 10,093,013	\$ 10,322,339	\$ 10,556,873
less COGS	\$ 86,165	\$ 321,097	\$ 406,486	\$ 452,251	\$ 464,066	\$ 464,534	\$ 465,002	\$ 465,470	\$ 465,938	\$ 466,406
Net Operating Revenue after COGS	\$ 309,354	\$ 3,192,264	\$ 6,453,472	\$ 8,257,365	\$ 8,942,619	\$ 9,184,991	\$ 9,403,777	\$ 9,627,542	\$ 9,856,401	\$ 10,090,466
3 Year Average Net Revenue	\$ 309,354	\$ 1,750,809	\$ 3,318,363	\$ 5,967,700	\$ 7,884,485	\$ 8,794,992	\$ 9,177,129	\$ 9,405,437	\$ 9,629,240	\$ 9,858,136
Tax on Broadband Operating Rev. @ 4%	\$ 12,374	\$ 70,032	\$ 132,735	\$ 238,708	\$ 315,379	\$ 351,800	\$ 367,085	\$ 376,217	\$ 385,170	\$ 394,325
Total Broadband PILOT & Equivalents	\$ 35,190	\$ 133,457	\$ 213,267	\$ 311,251	\$ 368,407	\$ 398,926	\$ 402,091	\$ 403,085	\$ 404,974	\$ 406,796

STATEMENT REGARDING TAX EQUIVALENT PAYMENTS TO BE MADE BY BROADBAND DIVISION

Under current law, internet services are not subject to local, state, or federal taxes. Neither CU nor AT&T and Charter will pay any taxes on their internet services. However, revenues from telephone services and other non-internet sources will be subject to the same taxes as are applied to Charter and AT&T.

STATEMENT REGARDING CURRENT POLE ATTACHMENT CHARGES PAID BY INCUMBENT PROVIDERS OF THE SERVICES IN THE BUSINESS PLAN AND A COMPARISON OF THESE CHARGES IN THE BUSINESS PLAN

Charter Communications currently pays CU an annual pole attachment charge of \$33.27 per pole, but this rate will be escalating over time to \$38.00 per pole annually per TVA formula. AT&T pays CU an annual pole attachment charge based on a TVPPA Joint Use agreement in the amount of \$36.36 per pole.

As stated in the business plan, the CU electric system will own, operate, and maintain the fiber network. The Broadband Division will lease the use of the network from the electric system under a network access lease structure that includes as one of its components a pole attachment charge to the broadband division for each pole to which the leased fiber network will be attached. The pole attachment rate to be charged to the broadband division will be \$38.00 which is the highest rate charged by CU Electric to any attaching entity.

PRO FORMA FINANCIAL INFORMATION

A pro forma income statement, cash flow statement, and balance sheet for the CU broadband division reflecting CU's broadband venture are provided in this section of the business plan. The business plan financial statements illustrate that CU's new broadband venture will achieve positive, sustainable results and make contributions to the electric system to assist in retiring its bond debt for the fiber network.

The assumptions used in developing the customer growth goals and revenue projections in the pro forma financial model are reasonable and achievable. The recent Broadband Interest Survey revealed widespread customer dissatisfaction with the incumbent providers and a strong interest in CU providing internet and voice services, indicating that CU can achieve a much higher customer take-rate than the conservative 30% market share that has been presented in its business plan. There are other many factors that support this assertion. The XGS 10 gigabit symmetrical internet access platform will position CU will a significant technological advantage in the market and ensure that CU will have ready availability to ample symmetrical bandwidth to meet customer needs well into the future. The strategic partnership with Chattanooga EPB for marketing and technical support will bolster customer confidence in the broadband project. CU's committed personnel, equipment resources, infrastructure expertise, strong customer relationships and community goodwill to aid in CU successfully achieving its customer goals and beyond. The network access lease payments and other net income contributions derived from the new venture will help pay for the fiber infrastructure investment that will enable the CU electric system to

implement its continued fiber expansion, AMI functionality and other operational improvements for the benefit of its customers.

Financial highlights of the business plan include:

- The broadband division, by leasing network capacity from the electric system and working through with a telephone partner, will require a relatively modest capital investment to develop and deliver its internet and VoIP service offerings. The capital required over the first four years to reach its market share goal of 30% is only \$6,609,217.
- The Broadband Division will obtain an inter-divisional loan from the Electric System in the amount of \$8,000,000 to pay for its capital and operational startup costs. Applying its cash reserves to the loan balance, the electric system loan can be paid back in six years.
- The broadband division can contribute \$21,600,000 from its cash reserves to the electric system for its debt retirement in the projected 10-year pro forma estimates.
- EBITDA becomes positive in Year 3 and remains positive throughout the remainder of the 10-year period of the pro forma illustration.
- Net Income become positive in Year 3 and grows steadily for the balance of the ten-year plan, enabling the Broadband Division to make contributions to the Electric System debt repayment.
- Net Assets become positive in Year 5 in the amount of \$37,057 and grow to \$1,387,144 by Year 10 of the plan.
- The Broadband Division is projected to make Payment in Lieu of Taxes in the amount of \$3,077,445 over the course of the 10-year plan.
- The overall performance of the broadband business plan is good. The broadband business is fully capable of paying its capital and operating expenses and the network access lease payments to the electric system, while also building its cash reserves. By Year 10 of the pro forma Cash Flow, the broadband division will have a cash balance of \$739,152 after having paid the electric system \$47,633,426 in network access fees, loan repayment/interest, and contributions toward its bond debt.

BREAKEVEN ANALYSIS

The Broadband Division will recover its net assets deficit in Year 5, ending with a positive net assets balance of \$37,057 which is after a \$1,800,000 contribution to the electric system. Net assets will grow to \$1,387,144 by Year 10 of the plan.

On the following pages, please find the Broadband Division's income statement, cash Flow statement, and balance sheet.

Financial Statements

BROADBAND DIVISION INCOME STATEMENT										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Revenue										
Internet/Data Revenue	\$ 328,175	\$ 2,999,072	\$ 5,931,327	\$ 7,521,655	\$ 8,091,557	\$ 8,273,025	\$ 8,458,515	\$ 8,648,116	\$ 8,841,917	\$ 9,040,011
Telephone Revenue	\$ 49,094	\$ 474,242	\$ 932,011	\$ 1,209,328	\$ 1,315,931	\$ 1,350,675	\$ 1,386,315	\$ 1,422,872	\$ 1,460,370	\$ 1,498,834
Other Revenue	\$ 21,971	\$ 73,246	\$ 62,143	\$ 61,996	\$ 89,028	\$ 117,725	\$ 117,966	\$ 118,207	\$ 118,448	\$ 118,689
Total Revenue	\$ 399,240	\$ 3,546,560	\$ 6,925,481	\$ 8,792,980	\$ 9,496,516	\$ 9,741,426	\$ 9,962,796	\$ 10,189,195	\$ 10,420,735	\$ 10,657,533
Cost of Goods Sold										
Internet Wholesale & Transport	\$ 86,156	\$ 321,087	\$ 406,476	\$ 452,241	\$ 464,057	\$ 464,525	\$ 464,993	\$ 465,461	\$ 465,929	\$ 466,397
Telephone Wholesale Charges	\$ 17,254	\$ 148,893	\$ 290,806	\$ 376,262	\$ 400,978	\$ 403,575	\$ 406,182	\$ 408,799	\$ 411,425	\$ 414,061
Network Lease Charges	\$ 403,840	\$ 1,411,361	\$ 1,787,093	\$ 1,905,579	\$ 1,870,515	\$ 1,824,216	\$ 1,835,987	\$ 1,741,761	\$ 1,763,686	\$ 1,738,553
Total Cost of Goods Sold	\$ 507,250	\$ 1,881,342	\$ 2,484,375	\$ 2,734,082	\$ 2,735,551	\$ 2,692,316	\$ 2,707,163	\$ 2,616,021	\$ 2,641,040	\$ 2,619,011
Revenue after COGS	\$ (108,010)	\$ 1,665,218	\$ 4,441,107	\$ 6,058,898	\$ 6,760,966	\$ 7,049,110	\$ 7,255,633	\$ 7,573,173	\$ 7,779,695	\$ 8,038,522
Operating & Maintenance Expense	\$ 1,390,014	\$ 2,162,583	\$ 2,507,594	\$ 2,444,145	\$ 2,069,356	\$ 2,117,782	\$ 2,168,206	\$ 2,222,913	\$ 2,279,464	\$ 2,337,923
EBITDA	\$ (1,498,023)	\$ (497,365)	\$ 1,933,512	\$ 3,614,753	\$ 4,691,610	\$ 4,931,328	\$ 5,087,427	\$ 5,350,261	\$ 5,500,231	\$ 5,700,599
FTTH Depreciation	\$ 244,325	\$ 616,424	\$ 922,404	\$ 1,047,564	\$ 1,066,640	\$ 997,148	\$ 696,909	\$ 501,667	\$ 445,830	\$ 459,998
Interest paid on inter-divisional loan	\$ -	\$ 210,000	\$ 469,500	\$ 442,833	\$ 326,167	\$ 209,500	\$ 92,833	\$ -	\$ -	\$ -
Broadband PILOT	\$ 35,190	\$ 133,457	\$ 213,267	\$ 311,251	\$ 368,407	\$ 398,926	\$ 402,091	\$ 403,085	\$ 404,974	\$ 406,796
Total operating expense	\$ 279,515	\$ 959,881	\$ 1,605,171	\$ 1,801,648	\$ 1,761,214	\$ 1,605,574	\$ 1,191,834	\$ 904,752	\$ 850,803	\$ 866,795
Operating Income	\$ (1,777,539)	\$ (1,457,247)	\$ 328,341	\$ 1,813,104	\$ 2,930,396	\$ 3,325,754	\$ 3,895,594	\$ 4,445,509	\$ 4,649,428	\$ 4,833,804
Net Income	\$ (1,777,539)	\$ (1,457,247)	\$ 328,341	\$ 1,813,104	\$ 2,930,396	\$ 3,325,754	\$ 3,895,594	\$ 4,445,509	\$ 4,649,428	\$ 4,833,804
Contributions in Aid	\$ -	\$ -	\$ -	\$ -	\$ (1,800,000)	\$ (2,000,000)	\$ (3,000,000)	\$ (4,800,000)	\$ (5,000,000)	\$ (5,000,000)
Increase (Decrease) in Net Assets	\$ (1,777,539)	\$ (1,457,247)	\$ 328,341	\$ 1,813,104	\$ 1,130,396	\$ 1,325,754	\$ 895,594	\$ (354,491)	\$ (350,572)	\$ (166,196)
Net Assets at Beginning of the Year	\$ -	\$ (1,777,539)	\$ (3,234,785)	\$ (2,906,444)	\$ (1,093,339)	\$ 37,057	\$ 1,362,811	\$ 2,258,404	\$ 1,903,913	\$ 1,553,340
Net Assets at the End of the Year	\$ (1,777,539)	\$ (3,234,785)	\$ (2,906,444)	\$ (1,093,339)	\$ 37,057	\$ 1,362,811	\$ 2,258,404	\$ 1,903,913	\$ 1,553,340	\$ 1,387,144

BROADBAND DIVISION CASH FLOW STATEMENT										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CASH FLOWS TO/(FROM) OPERATING ACTIVITIES:										
Cash received from Broadband customers	\$ 399,240	\$ 3,546,560	\$ 6,925,481	\$ 8,792,980	\$ 9,496,516	\$ 9,741,426	\$ 9,962,796	\$ 10,189,195	\$ 10,420,735	\$ 10,657,533
Cash paid to Electric for Network Lease	\$ (403,840)	\$ (1,411,361)	\$ (1,787,093)	\$ (1,905,579)	\$ (1,870,515)	\$ (1,824,216)	\$ (1,835,987)	\$ (1,741,761)	\$ (1,763,686)	\$ (1,738,553)
Cash paid to suppliers	\$ (453,843)	\$ (1,202,403)	\$ (1,618,721)	\$ (1,637,613)	\$ (1,610,370)	\$ (1,618,727)	\$ (1,624,720)	\$ (1,633,351)	\$ (1,642,127)	\$ (1,651,050)
Cash paid to employees	\$ (1,039,581)	\$ (1,430,161)	\$ (1,586,155)	\$ (1,635,035)	\$ (1,324,021)	\$ (1,367,155)	\$ (1,414,661)	\$ (1,463,821)	\$ (1,514,691)	\$ (1,567,331)
Payment of PILOT	\$ (35,190)	\$ (133,457)	\$ (213,267)	\$ (311,251)	\$ (368,407)	\$ (398,926)	\$ (402,091)	\$ (403,085)	\$ (404,974)	\$ (406,796)
Net cash provided by operating activities	\$ (1,533,214)	\$ (630,823)	\$ 1,720,245	\$ 3,303,502	\$ 4,323,203	\$ 4,532,402	\$ 4,685,336	\$ 4,947,175	\$ 5,095,258	\$ 5,293,802
CASH FLOWS TO/(FROM) CAPITAL AND RELATED FINANCING ACTIVITIES:										
Additions to Broadband Assets	\$ (1,404,600)	\$ (2,705,522)	\$ (1,830,956)	\$ (654,933)	\$ (62,046)	\$ (677,480)	\$ (77,625)	\$ (77,769)	\$ (77,913)	\$ (78,057)
Inter-divisional loan from Electric System	\$ 3,500,000	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal repayment of inter-divisional loan	\$ -	\$ (175,000)	\$ (444,444)	\$ (444,444)	\$ (444,444)	\$ (444,444)	\$ (444,444)	\$ -	\$ -	\$ -
Add'l Inter-divisional Loan Principal Payments	\$ -	\$ -	\$ -	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)	\$ (1,102,780)	\$ -	\$ -	\$ -
Interest paid on inter-divisional loan	\$ -	\$ (210,000)	\$ (469,500)	\$ (442,833)	\$ (326,167)	\$ (209,500)	\$ (92,833)	\$ -	\$ -	\$ -
Contributions to Electric Bond Debt Repayment	\$ -	\$ -	\$ -	\$ -	\$ (1,800,000)	\$ (2,000,000)	\$ (3,000,000)	\$ (4,800,000)	\$ (5,000,000)	\$ (5,000,000)
Net cash used in Capital and related financing activities	\$ 2,095,400	\$ 1,409,478	\$ (2,744,900)	\$ (3,042,210)	\$ (4,132,657)	\$ (4,831,424)	\$ (4,717,682)	\$ (4,877,769)	\$ (5,077,913)	\$ (5,078,057)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 562,186	\$ 778,656	\$ (1,024,655)	\$ 261,292	\$ 190,546	\$ (299,023)	\$ (32,346)	\$ 69,407	\$ 17,344	\$ 215,745
CASH AND CASH EQUIVALENTS - BEGINNING	0	\$ 562,186	\$ 1,340,842	\$ 316,187	\$ 577,479	\$ 768,025	\$ 469,003	\$ 436,656	\$ 506,063	\$ 523,407
ADD NET INCREASE IN CASH & CASH EQUIVALENTS	\$ 562,186	\$ 778,656	\$ (1,024,655)	\$ 261,292	\$ 190,546	\$ (299,023)	\$ (32,346)	\$ 69,407	\$ 17,344	\$ 215,745
CASH AND CASH EQUIVALENTS - ENDING	\$ 562,186	\$ 1,340,842	\$ 316,187	\$ 577,479	\$ 768,025	\$ 469,003	\$ 436,656	\$ 506,063	\$ 523,407	\$ 739,152

BROADBAND DIVISION BALANCE SHEET										
ASSETS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Utility Plant										
Broadband System plant	1,404,600	4,110,122	5,941,078	6,596,010	6,658,057	7,335,537	7,413,161	7,490,930	7,568,843	7,646,901
Less depreciation	244,325	860,749	1,783,153	2,830,717	3,897,357	4,894,505	5,591,413	6,093,080	6,538,910	6,998,909
Net telecommunications plant	1,160,275	3,249,373	4,157,925	3,765,294	2,760,700	2,441,032	1,821,748	1,397,850	1,029,933	647,992
Current Assets										
Cash and temporary investments	562,186	1,340,842	316,187	577,479	768,025	469,003	436,656	506,063	523,407	739,152
Total current assets	562,186	1,340,842	316,187	577,479	768,025	469,003	436,656	506,063	523,407	739,152
Restricted/Other Assets										
Other Assets										
Total other assets	-	-	-	-						
Total Assets	\$ 1,722,461	\$ 4,590,215	\$ 4,474,112	\$ 4,342,773	\$ 3,528,725	\$ 2,910,035	\$ 2,258,404	\$ 1,903,913	\$ 1,553,340	\$ 1,387,144
LIABILITIES AND CAPITAL	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Long-Term Debt										
Loan to Broadband Payable - long term portion	\$ 3,500,000	\$ 7,650,000	\$ 5,436,112	\$ 3,491,668	\$ 1,547,224	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Debt	3,500,000	7,650,000	5,436,112	3,491,668	1,547,224	-	-	-	-	-
Current Liabilities										
Electric Loan payable - current portion	\$ -	\$ 175,000	\$ 1,944,444	\$ 1,944,444	\$ 1,944,444	\$ 1,547,224	\$ -	\$ -	\$ -	\$ -
Total current liabilities	-	175,000	1,944,444	1,944,444	1,944,444	1,547,224	-	-	-	-
Total Liabilities	3,500,000	7,825,000	5,436,112	3,491,668	1,547,224	-	-	-	-	-
Net Assets										
Investment in Capital Assets, Net of Related Debt	(2,339,725)	(4,400,627)	(3,222,631)	273,626	1,213,476	2,441,032	1,821,748	1,397,850	1,029,933	647,992
Restricted For:										
Capital Projects										-
Contributions in Aid	-	-	-	-	(1,800,000)	(2,000,000)	(3,000,000)	(4,800,000)	(5,000,000)	(5,000,000)
Debt Service	\$ -	\$ (385,000)	\$ (913,944)	\$ (2,387,277)	\$ (2,270,611)	\$ (2,153,944)	\$ (1,640,057)	\$ -	\$ -	\$ -
Unrestricted	562,186	1,550,842	1,230,131	1,020,312	2,894,192	3,075,723	5,076,714	5,306,063	5,523,407	5,739,152
Total Net Assets	(1,777,539)	(3,234,785)	(2,906,444)	(1,093,339)	37,057	1,362,811	2,258,404	1,903,913	1,553,340	1,387,144
Total Liabilities and Net Assets	\$ 1,722,461	\$ 4,590,215	\$ 4,474,112	\$ 4,342,773	\$ 3,528,725	\$ 2,910,035	\$ 2,258,404	\$ 1,903,913	\$ 1,553,340	\$ 1,387,144

PUBLIC VIEWING AND COMMENT REGARDING THE BUSINESS PLAN

A copy of the business plan is available for public review at the Cleveland Utilities business office at 2450 Guthrie Avenue NW, Cleveland, TN during normal business hours of 8:00 a.m. to 5:00 p.m. Monday – Friday.

The members of the Cleveland Utilities Board of Public Utilities are listed below. The Board of Directors is the governing body for Cleveland Utilities and meets on the fourth Thursday of each month at 12:30 P.M. at the Tom Wheeler Training Center on the Cleveland Utilities campus at 2450 Guthrie Avenue NW, Cleveland, TN. The Board Members can be contacted by mail at Cleveland Utilities, P. O. Box 2730, Cleveland, TN 37311.

Mr. Aubrey Ector, Chairman
Mr. Joe Cate, Vice Chairman
Mrs. Debbie Melton, Board Member
Mr. Eddie Cartwright, Board Member
Mr. David May, Board Member

The Cleveland Utilities Management Team and their email addresses include:

Mr. Tim Henderson, President/CEO (thenderson@clevelandutilities.com)
Mr. Walt Vineyard, Executive Vice President (wvineyard@clevelandutilities.com)
Mr. Marshall Stinnett, Accounting Division VP/CFO (mstinnett@clevelandutilities.com)
Mr. Jimmy Isom, Electric Division VP (jisom@clevelandutilities.com)
Mr. John Corum, Administrative Services Division VP (jcorum@clevelandutilities.com)
Mr. Craig Mullinax, Water & Wastewater VP (cmullinax@clevelandutilities.com)
Mrs. Amy Ensley, Executive Assistant (aensley@clevelandutilities.com)

The Mayor and City Council for the City of Cleveland listed below are the legislative body for Cleveland Utilities and can be contacted by mail at City of Cleveland, P. O. Box 1519, Cleveland, TN 37311.

Mr. Kevin Brooks, Mayor
Mr. Avery Johnson, Vice Mayor
Mrs. Marsha McKenzie, Councilwoman
Mr. Bill Estes, Councilman
Mr. Tom Cassada, Councilman
Mr. David May, Councilman
Mr. Dale Hughes, Councilman
Mr. Ken Webb, Councilman

APPENDIX A

CU Board Resolution Directing the filing of the business plan

RESOLUTION

A Resolution Authorizing the Filing of a Broadband Business Plan with the Comptroller of the Treasury for the State of Tennessee

WHEREAS, the City of Cleveland, Tennessee, now owns and operates through the Cleveland Board of Public Utilities (CU) an electric power system, and

WHEREAS, CU currently provides electricity to the residents and businesses within parts of the City of Cleveland and Bradley County; and


WHEREAS, the CU Board of Directors has deemed it advisable to consider the offering of other services through CU to its current customers; and

WHEREAS, CU has, with the assistance of professional consultants, completed a financial feasibility study and prepared a business plan for the offering of other services; and

WHEREAS, the Tennessee Code Annotated requires that such business plans be submitted to the Comptroller of the Treasury for the State of Tennessee for review prior to the implementation of additional service offerings;

NOW THEREFORE, BE IT RESOLVED by the Cleveland Board of Public Utilities that the Chairman and Board of Directors of CU is directed to submit the aforementioned business plan to the Comptroller of the Treasury for the State of Tennessee for review and comment.

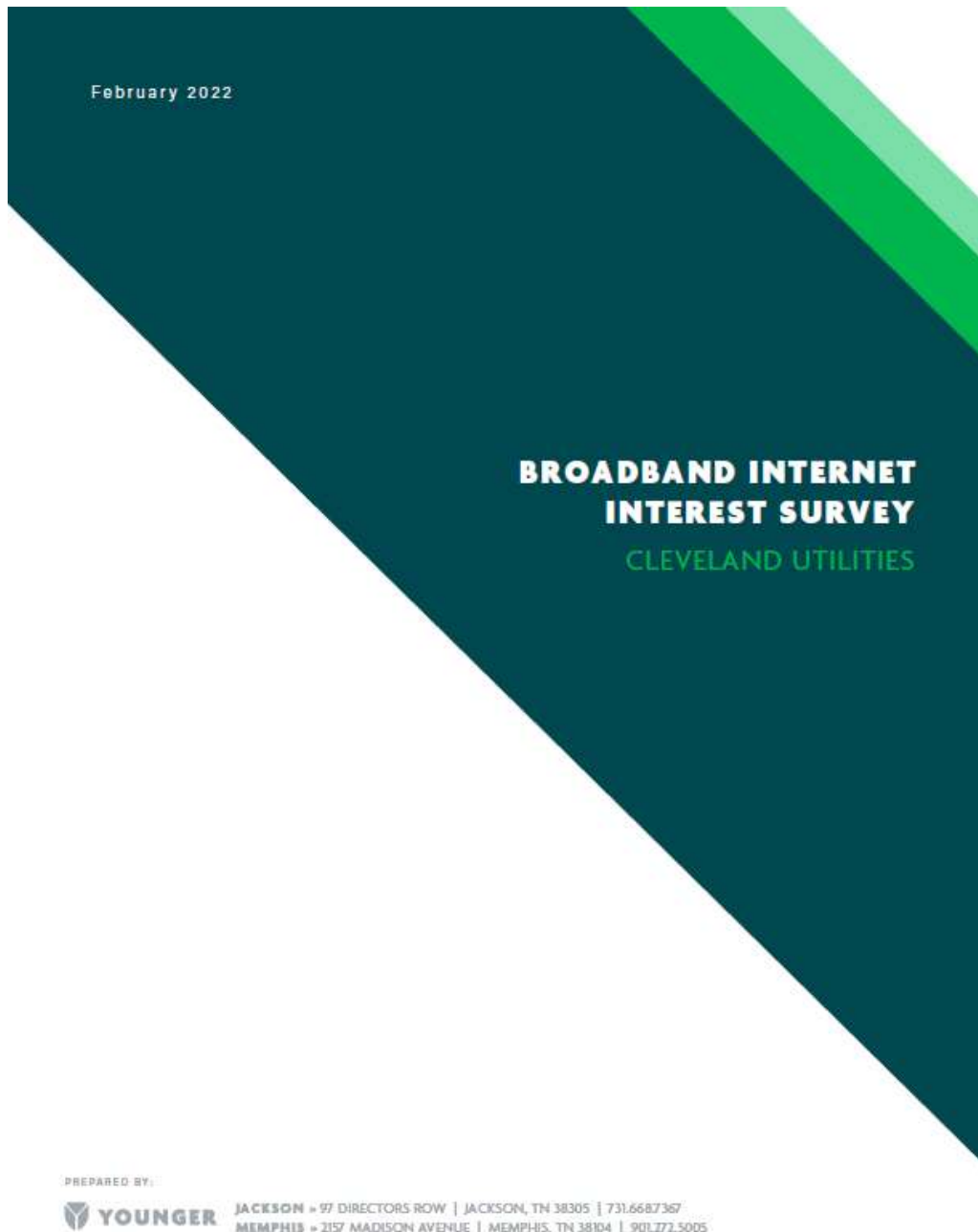
ADOPTED this 24th day of February, 2022.


Aubrey Ector, Chairman


Amy Ensley, Board Secretary

APPENDIX B

Full Report of the Broadband Interest Survey Conducted by Younger Associates





Cleveland Utilities Broadband Internet Interest Survey Results February 2022

Younger Associates was retained by Cleveland Utilities (CU) to conduct a market study for the purpose of gauging interest levels in internet and telephone services among their residential and business customers.

Scope & Methodology

This study was conducted among current Cleveland Utilities customers to determine the interest level in a fiber network built by Cleveland Utilities offering internet and telephone services.

An online survey instrument was developed in collaboration with Kersey Consulting, our strategic partner for this project, and CU administration that included:

- Ookla internet speed test built into the survey
- Current internet service provider, usage, and satisfaction levels
- Current telephone service provider, usage, and satisfaction levels
- Interest levels for Cleveland Utilities' potential internet and/or telephone services
- Likelihood of utilizing Cleveland Utilities for internet and telephone services
- Satisfaction levels of Cleveland Utilities Utility services.

Cleveland Utilities currently serves 32,427 business and residential customers. Younger Associates sent an e-mail to 13,528 customers with an address on file. The e-mail included a message about the project from CU's President and CEO, Tim Henderson, and included a link to the online survey. Additionally, CU made the survey public on their website and promoted it via social media as well as other local news outlets to provide all customers the opportunity to participate.

As of January 25, 2022, a total of 2,143 surveys had been completed, which represents a 6.6% response rate among all CU customers. While this may appear to be a low response rate, this number of completed surveys yields a margin of error of ± 2.02 with a confidence interval of 95%. The results are statistically valid and can be used for projecting trends within the range of the margin of error.

Key Findings

Survey responses were tabulated, and the full survey results are included in this report. Below are some of the key findings/observations from the survey.

Internet Services

- CU customers currently use two primary providers for their internet service — 67.7% use Charter/Spectrum and 28.5% use AT&T.
- 2.2% of survey participants reported that they currently do not have fixed terrestrial internet service.
- The majority of participants, 73.3%, are currently paying between \$50-\$100 for their internet service monthly.
- Among survey respondents, the average rating for "Overall Satisfaction" of their current internet service is 5.6 out of 10. The average ratings for all service characteristics ranged between 4.7 and 6.5.
- A majority (97.0%) of respondents are interested in Cleveland Utilities offering internet service with 46.4% indicating they "Definitely Would" and 50.6% indicating they "Probably Would" switch to Cleveland Utilities if they offered comparable internet service.
- While the interest level dropped when asked if respondents would switch if the price for the CU internet service is 5% higher than they are currently paying, 47.2% indicated they "Definitely Would" (13.0%) or "Probably Would" (34.2%) switch.

Telephone Services

- 78.6% of the survey participants reported they do not have landline telephone service.

- Among those with a landline, the service was primarily divided between two providers with 67.1% using Charter/Spectrum and 24.9% of the respondents using AT&T.
- Overall, respondents are satisfied with their current provider indicated by ratings with an average rating of 6.4 on the same 1 to 10 satisfaction rating scale.
- Among survey participants, 23.1% "Definitely Would" and 56.0% "Probably Would" switch to Cleveland Utilities telephone service if comparable service is offered.

Cleveland Utilities

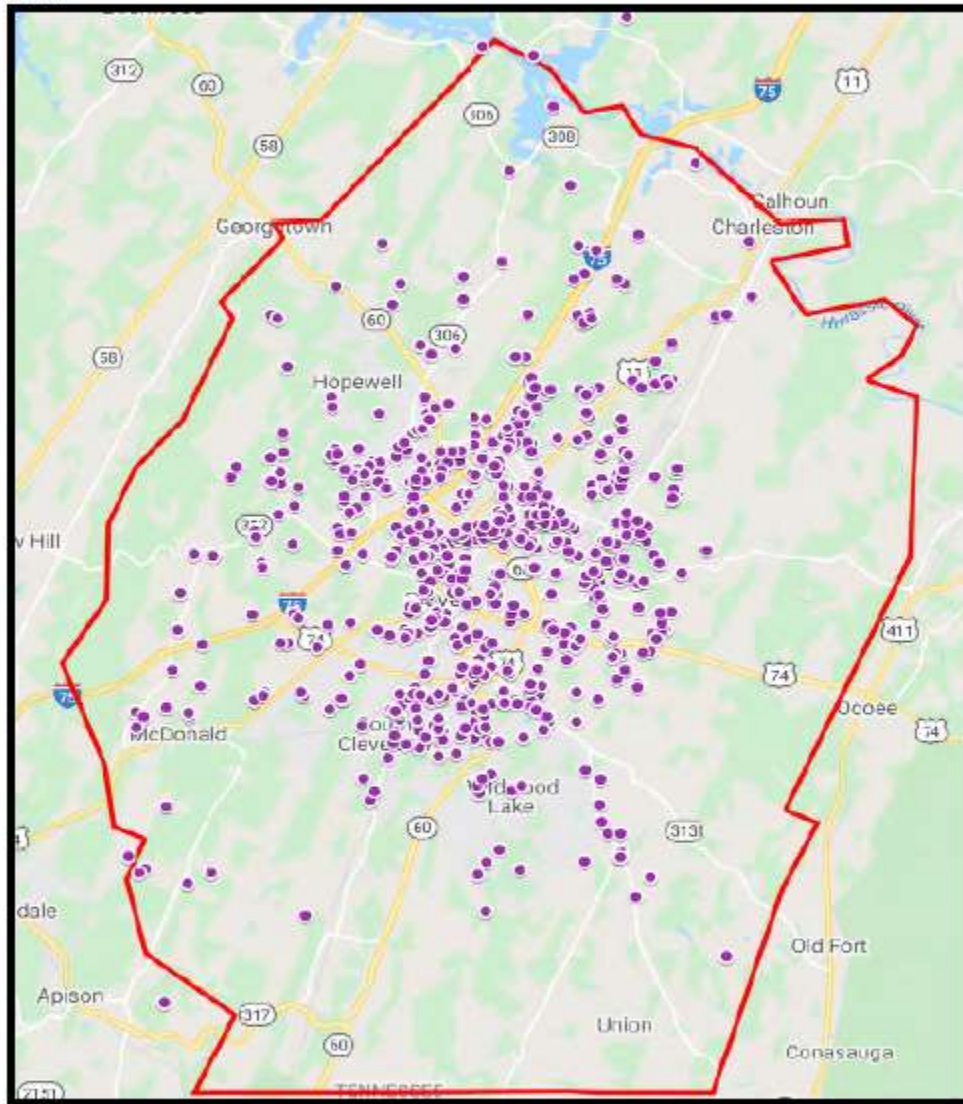
Respondents were also asked to rate their satisfaction levels in various CU service characteristics. Overall, respondents were very pleased with the services offered by Cleveland Utilities with ratings of 7.8 or better in every service category.

General

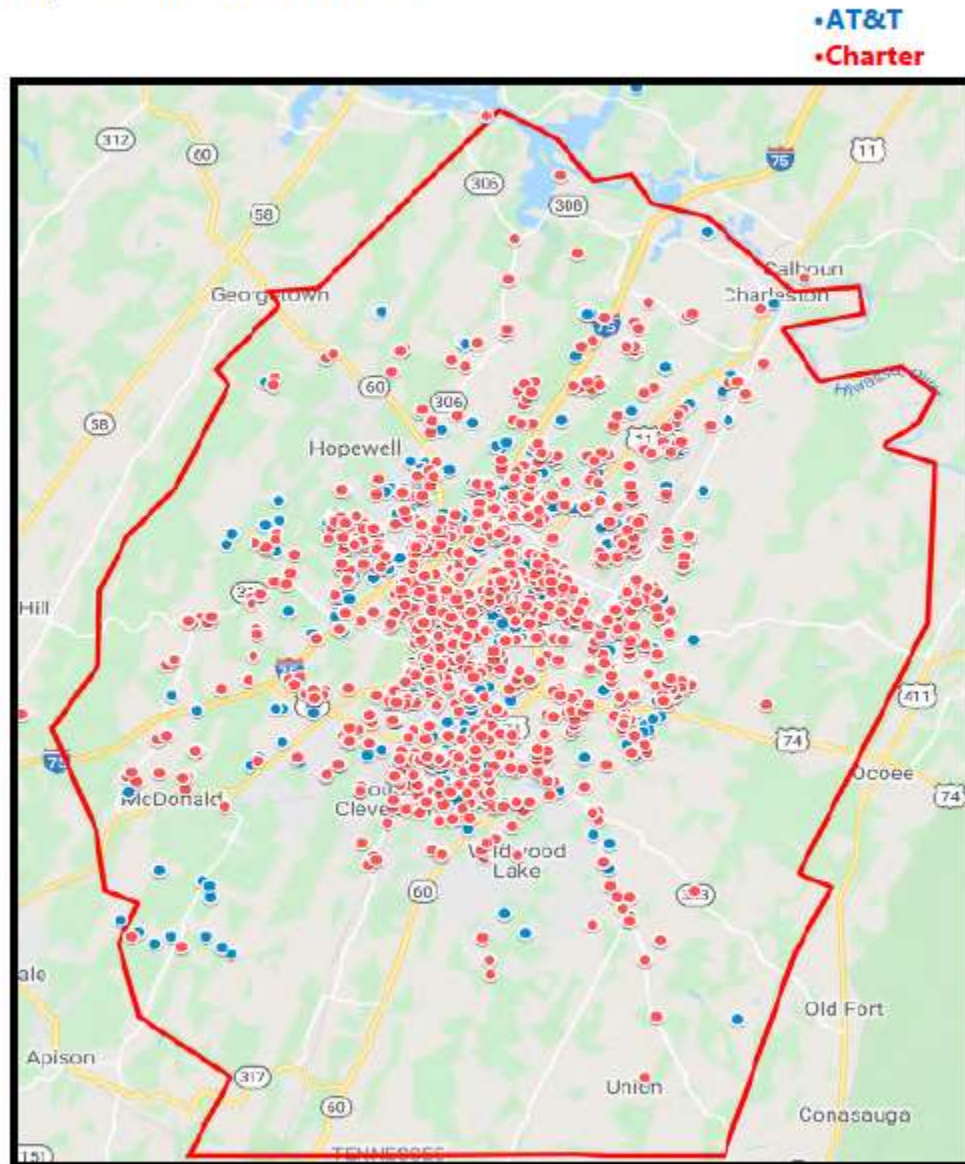
The response to this survey was somewhat surprising as the market is heavily saturated by two competing national Internet providers, AT&T and Charter, yet 97% of the survey respondents expressed a strong interest in Cleveland Utilities offering Internet and telephone services. The survey responses from the Cleveland Utilities customers and their spontaneous comments are summarized for each of these providers in separate Appendices to this report, indicating why customers have expressed a desire to have these services provided by Cleveland Utilities.

Mapping of speed test data from survey participants indicates the location of the customers for each of the two providers and the Internet speeds experienced by their customers.

Map 2 – Respondents Experiencing Below Standard Internet Service
(Less than 20 Mbps up/100 Mbps down as measured in the survey by Ookla Speed Tests)



Map 3 – Service Area Providers





Commercial and Residential Customers Telecommunications Survey Results

GENERAL QUESTIONS:

Total Responses: 2,143

Among those responding, 155 bypassed the speed test at the beginning of the survey indicating that they did not have internet at home, which represents 7.2% of those completing the survey.

Customer Type Responses:

97.0% Residential Customers
3.0% Business Customers

Current Download Speed:

Minimum	0.23
Maximum	935.34
Mean	147.41
Median	93.02
Mode	226.04

Current Upload Speed:

Minimum	0.12
Maximum	941.77
Mean	62.93
Median	11.42
Mode	11.30

INTERNET SERVICE:

Type of internet service:

67.7% Cable
26.5% Fiber
2.2% Satellite
3.6% Telephone DSL



Commercial and Residential Customers Telecommunications Survey Results

Internet service provider:

67.7% Charter
28.5% AT&T
1.6% Other
2.2% No Internet at home*

** These respondents are in addition to those 7.2% who bypassed the speed test at the beginning of the survey. They completed the speed test via another computer or their phone but reported no internet at home on this question.*

Cost of internet per month:

2.3% below \$30
13.1% \$30-50
52.4% \$50-80
20.9% \$80-100
9.4% \$100+
1.9% Gave exact amount
Minimum: \$10.00
Maximum: \$220.00
Average: \$103.47
Median: \$80.00

How long with internet service provider?

21.4% less than 2 years
78.6% 2+ years

Average Rating of Current Internet Service Provider:

Internet speeds are as advertised and consistent	Internet service is highly reliable and rarely goes down	Video streaming is not interrupted by pauses (caching)	Customer service staff is easy to reach and helpful	Tech support response is prompt and effective	Price of internet service is reasonable	Overall, how satisfied are you with your current internet service provider?
6.4	6.5	6.1	5.5	5.7	4.7	5.6



Commercial and Residential Customers Telecommunications Survey Results

How likely are you to switch to Cleveland Utilities' internet service?

	Switch to Cleveland Utilities' Internet Service	Switch to Cleveland Utilities' Internet Service for 5% Higher Rate
Definitely Would	46.4%	13.0%
Probably Would	50.6%	34.2%
Probably Would Not	2.5%	39.9%
Definitely Would Not	0.5%	12.9%

TELEPHONE SERVICE:

Landline telephone provider: 78.64% No Landline

Current provider among those with landlines:

67.1% Charter
24.9% AT&T
8.0% All other

Number of standard voice lines:

Minimum: 0
Maximum: 32
Average: 2.3
Median: 1
Mode: 1

Does your business have its own PBX switch?

17.1% Yes
82.9% No



Commercial and Residential Customers Telecommunications Survey Results

Average rating of service of current telephone service provider:

Voice quality is clear and steady	Telephone service rarely goes out	Customer service staff is easy to reach and courteous	Trouble call response is prompt and effective	Price of service is reasonable	Overall, how satisfied are you with your landline telephone provider?
7.3	7.4	6.2	6.2	6.1	6.4

How likely are you to switch to Cleveland Utilities' telephone service?

	Switch to Cleveland Utilities' Telephone Service	Switch to Cleveland Utilities' Telephone Service for 5% Higher Rate
Definitely Would	23.1%	7.5%
Probably Would	56.0%	31.6%
Probably Would Not	15.2%	41.3%
Definitely Would Not	5.7%	19.6%

See Appendix D for a list of comments made by survey participants regarding their landline service.

Average Rating of Service of Cleveland Utilities:

Customer service staff is easy to reach and courteous	Utility service is highly reliable and rarely goes out	Outage/Trouble call response is prompt and effective	Utility rates are stable and reasonable	Overall, how satisfied are you with Cleveland Utilities?
8.3	8.7	8.5	7.8	8.5

See Appendix E for a list of comments made by survey participants regarding Cleveland Utilities.



Commercial and Residential Customers Telecommunications Survey Results – **Charter ONLY**

GENERAL QUESTIONS:

Customer Type Responses

97.3% Residential Customers
2.7% Business Customers

Current Download Speed:

Minimum	27
Maximum	863.23
Mean	138.11
Median	92.22
Mode	226.04

Current Upload Speed:

Minimum	0.12
Maximum	939.52
Mean	15.86
Median	11.26
Mode	11.30

INTERNET SERVICE:

Type of internet service:

90.5% Cable
0.0% Cellular Hot Spot
6.9% Fiber
1.3% Satellite
1.3% Telephone DSL

Internet service provider:

100% Charter



Commercial and Residential Customers Telecommunications Survey Results – Charter ONLY

Cost of internet per month:

2.4% below \$30
10.5% \$30-50
53.2% \$50-80
21.5% \$80--100
10.3% \$100+
2.1% Gave exact amount
Minimum: \$17.99
Maximum: \$220.00
Average: \$107.73
Median: \$79.99

How long with internet service provider?

16.4% less than 2 years
83.6% 2+ years

Average Rating of Current Internet Service Provider:

Internet speeds are as advertised and consistent	Internet service is highly reliable and rarely goes down	Video streaming is not interrupted by pauses (caching)	Customer service staff is easy to reach and helpful	Tech support response is prompt and effective	Price of internet service is reasonable	Overall, how satisfied are you with your current internet service provider?
6.2	6.2	5.8	5.4	5.6	4.3	5.4

How likely are you to switch to Cleveland Utilities internet service?

	Switch to Cleveland Utilities Internet Service	Switch to Cleveland Utilities Internet Service for 5% Higher Rate
Definitely Would	47.9%	12.6%
Probably Would	50.3%	34.8%
Probably Would Not	1.7%	39.7%
Definitely Would Not	0.2%	12.9%

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

A fast, cheaper option would be amazing and force competition.

A less expensive alternative would be nice.

Affordability while maintaining reliability is the key. I don't want to pay \$100/month for gigabit service if it goes down constantly. \$50/month would allow for more leniency in expectations.

Affordable pricing is key

ALL ISP'S ARE TOO HIGH!!!

Alternative would be very nice

Any fiber would be better than coax, and I'd rather the money I spend on internet go to my local utility than Spectrum. PLEASE DO THIS.

still have slow connection at times during video conferences. Unfortunately, there is not alternative in the area where I live to switch too.

As long as I don't have all the buffering I think we'll be okay

As long as it's more consistent then my current where it goes out once a week, that would be great. Currently pay \$50 a month

As long as there is no monthly data cap, and the service is reliable I would be happy to pay a bit more for Gigabit internet from a local company.

Available only if CU provides electricity?

Basically have no issues with Spectrum's internet service other than it's customer service; have had some dreadful encounters; not sure \$80/month is a great price, either.

Beat there price and better service and we'll join.

Because of age and income I receive a discount through Federal Communication Commission and would hope that you would offer that discount also. USAC.ORG then I absolutely change to your service

Been good.

Been waiting a long time for utility provided Gigabit Fiber

Blah

Bring good cheap internet like EPB to Cleveland

Bring high speed to Cleveland asap

Bring it on!!!

buffering lately is a pain. also tv packages are not flexible or that great!

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent.

Charter / Spectrum renowned for poor customer service.

Charter is awful. Please provide internet via CU. I will sign up for it.

Charter is ok, however during peak time live streaming buffers a great deal and internet is slow.

Charter is okay but customer service sucks and they always raise their prices

Charter sucks. We need options.

Charter/Spectrum is the worst service ever. Suffered thru 20 plus years of their pricing scams because no other options for high speed internet .

Cleveland deserves good internet and charter shouldn't be some peoples only option.

Cleveland needs fiber internet for those of us who work from home. Covid has changed our reality and many of us will continue to work from home. Please strongly consider moving into this venture.

Cleveland needs fiber internet. People are sick of these ISP's holding the area hostage.

Cleveland needs gigabit internet at a very reasonable cost.

Cleveland utilities can be quite rude. The customer service is what makes the experience bad.

Competition is better for everyone

Competition leads to better service.

Competition makes prices go down, why would you charge me more than spectrum charter? I have the same internet service in SC for \$80/month. This is outrageous. Cleveland utilities is high anyway. Give us a break.

Competitive prices are going to be key here. Consumers generally think they need to pay for more internet than they actually need. I pay too much for my services, simply because companies don't offer low bandwidth amounts, even though that's generally what we all use in our homes. It's very rare that a home needs 100+ mpbs, yet that is what is offered by these companies.

Consistent and stable internet for a reasonable price is key to the market given competition.

cost is the big problem .

Cost is the key. Greater speed for less expense.

Cost, Service accessibility, quality.

Could be better, but there is very little competition allowed in the area, therefore, charter/spectrum can dominate without much effort and provide subpar service because they know you have no other option

CU should be able to offer a lower price point since they don't have to invest in making "content" like the other providers.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Current price seems high, daily drop outs that either resolve on their own or require modem reboot

Current problems getting system up & running every morning. Have to unplug system & redo.

Currently my Spectrum WIFI is contained within the cable TV system, If Cleveland Utilities is going to install WIFI, does that mean they will be installing new wiring? If so how?

Currently there is no competition to Spectrum causing high prices.

Definitely need a competitively priced better option

depends on the service quality & functionality

Depends on your bandwidth and price

Do it!

Don't really have any

EPB in Hamilton county sells gigabit internet for \$65/month

Even if I didn't switch, I believe there needs to be competition in the internet market in Cleveland

Every taxpayer/resident should have the option of signing up affordable for high speed Internet/tv.

Everyone is looking for reliable and affordable. No reason for internet which is free in the air to cost more than \$50 a month

Fast but expensive

Fast reliable service that doesn't break the bank is always competitive and in need here in Cleveland.

Fast, consistent, and affordable are the goal

Fast, reliable internet service at a competitive price is important to me and my family.

Fast, reliable, cost effective options are definitely worth looking into.

Faster internet is never a bad thing. I would be interested in this for sure.

Faster upload and download speeds with fiber is important to us.

Fiber optic is only way I would switch

Gig service is due here.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Gigabit service is not available at my residence. If Cleveland Utilities could offer it at a reasonable price I would definitely switch.

Gigabit up/down service, without caps, at a good price would be an immediate switch for me.

Go for it!

Goes out every time wind blows hard, if it rains, etc.

Good

good

Good quality, but a little bit pricey

"bells and whistles" provide? What will the advantages be? Knowing that would help in making a decision of whether it would be worth more money.

Got to have it in this world today. Someone has to provide it.

Hate spectrum. I'd rather feed my local community than some huge conglomerate.

Hate that to get any sort of deal we have to stop our service and restart. No account for on time paid in full for more than 10 years each month.

Having a provider choice would be great.

Have a lot of interruptions and is not as fast as it is supposed to be

High speed internet/gigabit ethernet is a very important utility to me. I would consider switching providers if the price is reasonable.

Highly reliable fiber service would appeal to me.

Hope Cleveland Utilities does offer this service. We need the competition.

Hope the pricing is competitive!

Hope to get it

Hope you do it!!

How much would tax payers have to pay?

How would your internet be introduced into the home

Hugh speed is long overdue.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Hurry up please!

Hurry up with the faster internet

Tech support is always great and fast to come out and fix any issues that come up.

I am a big fan of what EPB has done in Chattanooga. If we could get a similar level of service in Cleveland, I think that would be a great addition to the city

I am a senior and on a fixed income why would I pay higher? to me seniors need a break.

I am a very big supporter of municipal broadband and I would be thrilled if Cleveland Utilities began providing this service. Fully endorse this move and hope you get an overwhelmingly positive response from this survey.

I am excited about this opportunity, I really hope that you find that your other customers feel just as strongly as I do about how we really need another option that is better than the one we currently have. You cant reach charter for anything when you need help due to outage or service and billing issues. All you can do is get a recording to go through prompts for like 30 minutes. Their Customer Service department is a joke their CSR when you can be lucky enough to get a live agent is clueless and most always transfers your call which is another long period on hold with horrible hold music. Please make hold music at least bearable to listen to. Thank you for your time to listen to my complaints about a company that has nothing to do with you. But this is the real life of a charter internet customer. Not pretty.

I am excited to hear about this. I look forward to have the opportunity to have a choice on my internet services. have access to a fiber option like Chattanooga, so I am thrilled you are exploring this and I hope it will some day become reality.

I am interested in CU internet

I am on a fixed income and it is a burden to pay these high prices for internet and tv. I need my internet for communication with my daughter in Germany and to pay my bills. Spectrum does not offer senior discounts.

I am open to looking at a new service provider

I am trying to lower my bill not raise it.

I am used to fiber optic speeds, as I recently moved to Cleveland from Chattanooga. If Cleveland wants to make this a success, they will need to incorporate fiber optic internet in the same manner as Chattanooga has accomplished. Anything less will not be effective in the long run.

I believe the cost of internet service is too high because of limited providers and no competitive markets.

I can only recall of 2 outage that have occurred since gaining services with Spectrum. I was promptly notified of the occurring outage and was notified of when the outage issue was resolved.

I constantly have outages service lags an goes out randomly if I had a better option than my current provider I would take it

I could be much happier than I am now!

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

I despise Charter! If I had any other service available I would switch tomorrow.
I did not have internet services for a long time because Utilities are underground but they brought charter in with the cable boring machines. I would've welcome to Cleveland Utilities before that and would still be interested
I don't take advantage of streaming often but still would change to a faster internet service.
I don't have a positive experience with those using spectrum phone. If CU utilized the same type line for phone, I wouldn't use it as it's too grainy and unreliable.
I don't want my internet on the same bill. And before I would switch you'd need to be able to at least provide 100/100 service. Also, it better not interfere with amateur radio operations.
I feel it is overpriced
I feel senior discount should be considered because of fixed income and low income.
I had Charter for years, no complaints, just like to see competitions
I had EPB internet when my business was in Chattanooga some few years ago. If this is priced anything like EPB (\$70/1 Gbps up and down, if memory serves me correctly), and if the service is comparable thereto (in terms of uptime and speed consistency and customer service), I would be more than happy to switch my home "and" business internet. I imagine there are some four- or five-digit number of others who would feel the same way.
I hate charter internet!! I lose the internet from one end of the house to the other!!! We NEED-competition but it NEVER seems to come to Cleveland!!
I have been wanting a fiber connection for quite some time as I am a live streamer and online content creator and the upload speeds matter. The faster my upload. The better.
I have discounts internet bc my son gets free lunch bc the entire school gets it. My internet is only \$22.99 tax and all. If you can beat that I would consider it.
I have had maybe 2 incidences where the internet was down for some time but I was promptly notified of the outage as well as when it was restored, which seemed to have been resolved rather quickly.
I have lost faith in all internet service providers because they will do anything to draw in new customers but then raise prices at every opportunity.
I have no complaints
I have Spectrum because it's the only one available with 200mb speeds. If CU were to offer fiber I would definitely switch.
I have to have reliable service since I work from home.
I have two homes and two businesses under Spectrum and between the 4, pay \$2,100 a month for terrible, unreliable internet
I have wished to use EPB but it is not available in my area. CU offering high speed internet would be a game changer! I'm all in!
I haven't had spectrum long
I hope CU makes it happen

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

I hope that I will have the opportunity to change to the services offered by Cleveland Utilities in the very near future.

I hope you offer internet services make, Level and a Gig City!!

I just do basic work on internet and pay bills

I like spectrum messaging during outages

I like the idea of making internet connectivity part of the public utility service; I believe that is a more realistic reflection of what such service has become. However, I have concerns about the initial and eventual pricing of such a service, particularly the potential of driving other carriers out of the sphere and eliminating even the possibility of competition. This is what has happened in the city of Cleveland with Cleveland Utilities; I have no choice of electricity provider and no ability to change carriers.

I like this idea. However, data limits like ATT fiber has is a no-go for us. We stream all our TV.

I love having internet service for streaming, but not looking to spend a fortune on it.

I love the current service and to internet included would be a benefit.

I need a reliable service because I am a remote worker. The system cannot go down during my work hours but it does sometimes with my current provider. It does not happen often but during a conference, it can't happen.

I need fast internet for work. Spectrum is too expensive for the speed. I would be happy to pay \$99/Month for true gig internet.

I need faster internet NOW

I need faster more reliable internet service and would much rather support a local company even if I had to pay a little more

I need reliable internet service at a reasonable price.

I need reliable service at a reasonable price

I need the fastest available, and RELIABLE. Our internet connection goes down multiple times a day. And it seems very slow most days.

I ONLY purchase internet. Price is too high for ONLY internet.

I pay \$80 for speeds up to 200MB. I would definitely change provider for a better deal

I pay 100\$ a month for charter Spectrum and would like to see some Competition

I prefer cost to speed. Pricing that is < \$50/month with speeds < 100Mbps is fine.

I prefer personal service if I call and not chatbots. I check a providers web site to self service so if I call I want person to answer and respond quickly

I rely on a reliable internet connection since I work from home. Also use it for streaming services...Netflix, YouTube tv...etc.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

I rely on my internet connection as I work from home (have for almost 10 years). Speed is important but consistency and reliability are the most important factors.

I seriously want fiber optic net here. Had it in Chattanooga and loved it.

I tested over Wi-Fi while outside. My plan is 400Mbps down 20 up. Just waiting on someone to get gig down/up and I'm ready to switch. We are a heavy usage family.

I think interruptions have a lot to do with weather.

I think the more providers in our area would make a much more competitive market for the end user.

When pandemic is over I will have 6 months before they start charging. I'm retired. I don't know if I will be able to use yours. Glad to have another option. I love having my own WiFi.

I want a high speed internet.

I want a lower cost not higher.

I want consistency.

I want fast reliable internet for less cost.

I want fiber and reliable internet. If the cost was comparable, I'd switch in an instant.

I wish for another option of service provider.

I won't pay more but I'd pay the same.

I work from home and need fast and reliable internet. Also use for gaming and streaming.

I work from home most days so it must be reliable. If reliability was there and cost were competitive, I would definitely consider switching.

I work from home so fast, reliable internet is important.

I work from home so high quality, fast internet is very important to me! I pay for faster internet but honestly can't tell a difference from what I had before.

I work from home. Prompt restoration of service is super important. Reliability and speed are key.

advertised. I would love to have a better option. Having internet service included on my utility bill would be an added convenience.

consistent but the bare minimum for me to perform my role within the company. Offer access to EPB equivalent infrastructure and performance, and I'm a customer in a heartbeat.

I work in telecommunications and I know that internet is overpriced for what services we get.

I would a bit more for more reliable service.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

I would be willing to pay more if service were very reliable.

I would definitely seriously consider switching to a giga ISP and pay more if install is not a pain. Tried to switch to AT&T fiber and they would have to wrap/bury the cable around the entire house, instead of connect to the box closest to where the utilities enter the house. I said no.

I would like Cox internet and fiber optic options

I would like something much faster than what I currently have.

I would like the opportunity to have all of my utilities from one place.

I would like the option of fiber. Cable internet is usually ok, but speeds are not reliable and the network become bogged down.

I would like the service to include television services, as the Chattanooga EPB does.

I would like to at least have more internet options. It seems the more providers in an area, the better the pricing.

I would like to get away from the big corporations and have more than 1 or 2 options to choose from for internet.

I would like to have a Internet service that is very reliable for a decent price I would like to see a fax option and to be able to have a cable option combination with this

I would like to have comparable service to what EPB offers.

I would like to have more reliable service .

I would like to see Cleveland Utilities get Comcast!!!

I would like to see reliable internet, at the same prices that other countries pay for it.

I would love if you offered this service!

I would love a good internet service, but paying over \$80 (when my service started at \$50 when I first joined) is too much for internet alone.

I would love a new provider in the area

I would love a reliable and more affordable internet service. My family does not have a need for phone lines or tv to be bundled, so I know we are paying more than is required for internet service. It is just what is offered to us.

I would love dependably fast internet not one the is throttled down during some periods of the day .

I would love for you guys to offer internet, however I would not be interested if it was priced more than what I'm paying now.

I would love to be out from under Spectrum, if you could match the speed and the current price.

I would love to have a fast, reliable option with local ties. Charter is terrible to try to reach & service can go in and out. They also go up on pricing on a regular basis.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

I would love to have a high speed internet access.

I would love to have something similar to what EPB provides for Chattanooga area. 1gbps fiber optic. I would immediately switch services

I would love to see another provider for cackle tv service as well

I would love to try a different service, so I hope this is available in our area soon.

I would love to try a new service if it was better. Spectrum doesn't offer many discounts if you do not have cable. I use my internet for my Roku.

I would not pay over 80.00 for internet service

I would not switch if the price is higher.

I would not use the voice product. Only the internet.

I would only change if I were getting a better service.

I would only consider switching if the rate was comparable to what I am currently paying. The only reason I would pay more is if it was fiber-based internet

I would rather have a separate bill for internet service my utilities are high enough don't think I could afford both at same time on one bill..

I would switch

I would want to see pricing plans for a comparison of course.

I would welcome a competitor in our area

I'd love some competition for Charter

I'll pay less not more. They are currently to expensive and internet is all we have.

I'll pay whatever it costs to not deal with Spectrum or AT&T ever again.

I'm looking forward to hearing more information.

I'm not so sure I want the government involved in what I consider an essential service. Besides the general inability for government to efficiently and affordably perform any function, there are also privacy concerns - I don't want to government to have free/unfettered access to what I access on the Internet just because they are the service provider.

I'm paying \$75/month and don't like it. The only reason I would switch is if the price came down from that number as the internet speed and reliability with Spectrum is great.

I'm paying over \$100 a month for their fastest speed in Cleveland but do not feel it's a deal due to epb in Chattanooga offers faster speeds at almost half the price

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

I'm ready to switch today

I'm retired with limited resources, competitive pricing could be a deal breaker for me.

I've been waiting for this moment for so long please please make this happen

I'd be willing to pay a little more if we also got higher speeds with the service. I won't pay more for less speed

I'd love it hope you do it

I'm a gamer. I need faster more reliable internet.

I'm only switching if it's cheaper than the \$55 that I currently pay.

If faster (main concern) but comparably priced, I would switch.

If I could get internet access equivalent to EPB's fiber optic then I would definitely change over from my current provider.

If I could switch tomorrow I would. Charter has been a joke for years, but AT&T wouldn't ever show up for their installation appointments with me to switch so I gave up and kept awful charter. Please CU bring on the fiber!! When we lived in Chattanooga that was the best thing about where we lived was getting fiber optics!!

If it is fiber, competitive and there are options, I would strongly consider getting your service. What I mean by options is that phone should not be forced on anyone who doesn't wish to have it. I believe that more would go for your internet than phone service.

If it is like epb/fiber optic then I would definitely be willing to pay 5% more. From what people are saying, this is only for the city. I live in the county and everyone I know that needs internet or better internet lives in the county.

If it was faster and more dependable I'd be happy to pay more. Also being able to control when the WiFi could be turned off would be a major selling point. Xfinity has something called Xfi if you'd like a comparison

If it were the same and offered cell phone unlimited the same I may switch

If it's better

If it's faster at only 5% maybe.

If it's not faster or cheaper, I wouldn't change services

if its fast with a low ping and latency and affordable also NO DATA CAPS then we would be willing to switch, anything over 100\$ is way to pricy in my book, the internet needs to be a utility

If service offered was highly reliable, faster and was a dedicated fiber line, we would strongly consider switching if competitively priced.

If speed is acceptable, pricing competitive, support available we would consider changing

If the cable could be buried, the squirrels wouldn't chew on the line. It has to be replaced about every 6mo

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent.

If the internet is fast it would be acceptable. Otherwise, no reason to compete. I would switch to watch 4k content.

If the internet offer is faster then the current one I would definitely switch

If the internet service is faster than Spectrum, I would switch. However, I no long have Spectrum TV because of the repeated increases in price. I would expect a fixed rate for internet with minimal increases maybe every few years.

If the internet service was faster and more reliable I would be very interested to change even with a 5% increase. I get increases from Spectrum without an increase in service.

If the plan is similar to EPBs fiber then that would greatly benefit the community and I would 100% be behind it.

If the price is right I would love fiber gigabit, but it should be comparable to EPB to make it worth switching away from Charter for me.

If the speed is good and I didn't get buffering I think it would be great. I like the idea of it being all together in one Bill. I would like to get some tv service though. This may not be great if I can't get tv service. This why I am with Spectrum.

If they can provide a faster internet, especially if they go with direct fiber to my house, I would definitely switch

If you all provide internet, I will switch without a doubt.

If you bring gig service to my neighborhood I'll get it.

If you bring in internet it should be cheaper.

If you can give me internet for \$45-55 a month at the speeds you are saying I'll switch today. It can't be more expensive then what I pay now due to the decent dependability of an established company providing internet.

If you can make Fiber internet that is reliable, budget friendly and allows streaming on multiple devices without constantly buffering and games not constantly crashing...that would be wonderful.

If you improve upload speeds that would be attractive to those of us working from home.

If you offer "Fiber" but only offer a hybrid fiber coaxial network I will not buy it and I believe many others wouldn't either. It needs to be a pure Fiber network. I look forward to what is to come.

If you would provide reliable gigabit speeds, within 5% of the price of our current bill, then you are what we've been waiting for.

If your new internet service is Fiber to the Home, which I assume it is, based on the potential speeds cited in this survey, akin to Chattanooga's EPB, then I would switch almost immediately.

Municipal WiFi Network service My current cellular data service with Tracfone/ATT is very spotty/unreliable with downloads often in the 0.5-1.0 mbps range.

In order to entice me to switch providers, you would have to offer internet service at a cost that is lower than my current provider. And not a special introductory rate. It must be a true long term savings.

in some areas for 80\$ which is what I pay, I can get like 1,000MB/s if I moved one town over I could do that, I've already looked into it.

inconsistent and unreliable

Interested in finding better

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent.

interested only if lower than charter spectrum's high price

Internet is almost a necessity these days it should be affordable and reliable.

Internet is essential. Overall it's too expensive

Internet often does not work

Internet service for me is a necessity, but it must be affordable. I will disconnect my internet and TV service if the prices do not go down.

Internet service is highly overpriced. Many times I switch to my phone vs Wi-Fi. Cable TV service is almost seamless. Internet should be the same way.

Internet service is no longer a luxury. It is a necessity. Affordable and reliable internet is not asking for too much.

Internet service should not be expensive.

Internet-only deals would be great! Work from home so can't compromise on downtime or consistency

It ain't fiber :-)

It can be done, cheaper and better

It goes out multiple times a week. Causing my alarm to not work.

it is a ripoff and should be free for basic American use.

it is a system like power it must be on and operational

It is about time that there is a choice in Cleveland. We are behind most 3 world countries in Bradley county.

It is currently bundled with my cable tv. Concerned about what would happen to cable rates if I dropped internet but would definitely be interested in an alternative.

It is ok

It is priced too high at \$74.99. Tech Support and Customer Service are awful with Charter. Internet Service, even your high speed should not cost \$74.99 a month!!!

It lags when too many people are online at the same time in our household.

It ok too high priced

It works, but it could be better

It works.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent.

It would be great to get fiber and advertised speeds

It would be nice to actually get what you pay for . When I lived in Dalton I had Dalton utilities for everything and that service was awesome if Cleveland does fiber like Dalton did I would use Cleveland as well!!

It would be nice to have an alternative to Charter.

It would be nice to have another option besides Spectrum.

It would be nice to have another option. There are very few internet providers in our area. Also it would be nice to have internet bill bundled with my other utilities.

It would be nice to have other options for internet.

It would could be great if the cost I pay could be cut by 60% and stay at that rate. Spectrum rips me off.

It would need to be less than \$20. Consider offering a discount for bundling other services!

It's fine

it's pretty good

It's reliable, but I will say I would try another company.

It's to costly for what we get

It's been fine, but the price is high and it does go out sometimes.

It's difficult to get anything better for internet due to the limited competitors allowed to our area.

It's essential that I have stability since I work from home, so any switch would have to be reliable and economical

It's one luxury I have to have but I need reliable service in case We have to do school/work from home.

Just like to choose another provider

Just looking for reliability at a decent rate

Just tired of it cutting out. I work from home and my computer goes down.

Lack of competition in area, would much prefer to have service from local utilities if comparable to more commercial options

Let's get it please

Looking for consistent uploading and downloading speeds

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Looking for fast reliable internet service at a fair rate.

Looking for good service lower than spectrum

looking for symmetrical Gig service

Looking forward to the new services.

Looks like you're trying to figure out how much people will pay so you must not care about actually providing a needed service

looses connection to often

Make it happen, I'm in.

Make price reasonable for everyone

Mine drops all the time.

More speed is always better

Most home users don't have the hardware to really take advantage of a G+ connection but those of us that do, currently suffer from very lopsided connections like 100 download vs 10 upload with ATT and Charter. These types of connections are prone to buffer bloat and other traffic issues due to the limited upload bandwidth. If you are offering a balanced connection (similar to EPB) most of us would without a doubt switch as long as you are price competitive.

Most of time it's okay

Much needed option

Must be fast and reliable

My cell phone service is very poor.

My concern would be availability and reliability

My current internet is bundled with cable tv programing and so I would need to compare internet plus tv programing with your service but definitely interested

My current internet provider is fast and reliable so I am really just looking at price.

My current speed is more than adequate for my household, however, having a matching upload speed would be the biggest reason for me to switch providers.

my husband works from home so we need reliable internet service - we only have one option now and it is moderately reliable so we would welcome a good option to what we currently have

My internet already feels outrageous for the quality. If it's cheaper I'd definitely be willing to give it a try but I'd be concerned about switching and having the same or worse problems since I work from home often.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

My internet is 20\$ a month and has been for 1 yrs or more- gonna be hard to beat that... but I am curious to see what you may offer

don't think I would unless the price difference is substantial while having EPB reliability. I deeply miss my old EPB from my previous address. Also, in our area, it is Spectrum or No one. No other internet available here.

My internet service is reliable and I am highly satisfied. The price is what I don't like. \$75/month for internet alone is ridiculous. But it's really my only option.

My internet service is so slow. I definitely will switch to Cleveland Utility.

My internet service with Charter is reliable, but I feel that it's overpriced compared to people I know in other cities. If you can bring the same or better quality internet for the same or cheaper price, I'm all in.

My price includes my tv and recording box. Not sure of the individual prices.

My service does go out more than I like. I would like to have a service that provides internet service and phone so I could cut the cord but cost is also important since I'm on fixed income as a retiree.

My upload speed is poor. Since I've been working at home, the poor upload performance has been a huge pain point. Faster down speeds is nice, but 4Mbps up is killing me.

My wife and I work from home; consistent dependability is our top concern

employer, and herself! Currently her employer offers the services with spectrum but if Cleveland utilities offers a new internet connection that is reliable they may approve them for use.

Need a different provider in this area

Need a more economical high speed internet option. \$80 is too much!

Need better and cheaper internet

Need better rates

Need better service

Need Competition in the market for better pricing and service

Need fast, reliable affordable service

Need faster, more reliable and cheaper

Need higher speed, more reliability and better priced internet (not a low intro rate and then it's jacked up!) as well as quick, prompt service when needed.

Need higher upload speed

Need internet service for so many situations

Need it

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Need lower price

Need lower price. EBT offer 1gig for less than \$70 but Charter wants \$120. If I could get it at the same price or better than EBT then yes I want to switch. I'm sick of Charter prices.

Need more competition in area for this utility

Need more reliable service.

Need reliable internet reasonably priced

Need reliable service at reasonable price

Need stronger signals. My internet doesn't even work within the same room as the modem

Need viable competition for Charter/Spectrum, and fiber optic would be ideal.

Needing fast and stable internet.

Needs to be consistent

Needs to be fast and reliable with >8 devices connected

Needs to be reasonably priced

Needs to be reliable and not buffer.

Needs to be reliable working from home sometimes

Net neutrality is important and no data limit is also important. Charter does both.

Nice

Not as fast as they advertised

Not at all happy with spectrum if Cleveland utilities offer this I would switch the same day

not consistent, constantly dropping service, problems with calls disconnecting, lagging etc but charter is better than att

not getting speed I am paying for and price to high

Not happy with current service

Not reliable

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Not reliable, spectrum customer service is horrible

Not very good. Have to use phone internet most of the time. Would switch if Cleveland Utilities offered better service at a competitive price not a higher price.

One horse show with charter needs competition.

One of the biggest complaints I have with ALL ISP's is that "new customer" offers are done to give new customers great discounts for usually a year, while NEVER rewarding customers' loyalty with discounts for staying with them. Its cost 7 times more to EARN a customer than it does to KEEP one.

Only charter provides high speed internet where I live. They know this and inflate prices regularly. Terrible business practice. I could get 1000mbps with epb for \$30 less than charters price

Only interested if service is better and faster

Our biggest issue is the need to restart our router due to too many ppl on the same channel

Our current service is fine, however the monthly cost for internet only is ridiculous at \$75 a month. I don't know if we have cable or fiber. I guessed cable.

Our direct cable internet is good, my sons gaming computer, but everything that goes thru the Wi Fi lags

Our internet goes down twice a day like clockwork. I would definitely switch if the service were in the \$45-55 per month price range

Our internet goes in and out while trying to watch tv all the time. But we have no other choice.

It's a nightmare to work from home if needed. People need to have choices in this type of service but spectrum has a monopoly. This needs to change

Our speed is good and typically reliable but it randomly cuts out for short periods of time.

Overall, okay with Spectrum but even with a good router we don't get the advertised speeds consistently. Extended outages aren't common, but brief outages happen 3-4 times a week.

Paying more for internet service than my electric bill

PLEASE actually do this! Charter is horrible where we live.

Please bring gig internet to Cleveland. Having experienced EPBfi in the past, I would love to have this available.

PLEASE BRING GIGABIT

Please bring this to the McDonald area. I would be one of your first customers.

please bust this monopoly

Please consider offering tiers of speed. I would like fiber service, but I don't need full gigabit.

Please death to Charter!!!

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Please do it

Please do it!

Please do it!

Please do this. It would be a massive boost to the local economy and a help to so many people in our area.

Please do this. We need another internet provider in the Cleveland area.

Please do this...I'll immediately sign up. I don't care how much it costs.

Please get fiber optic with high speed

Please go through with this! Cleveland needs dependable gigabyte service!!!

Please make this happen

Please make this happen.

PLEASE offer an alternative to Spectrum

Please, please create a fiber solution for Cleveland. Charter Spectrum is awful, and my only other choice is AT&T, which isn't much better. A municipal option would be amazing. I own a small software development company, and I work from home. Having good, reliable internet isn't just a want for me; it's a necessity.

Please, please do this. I would purchase fiber if it were available.

Pretty consistent

Pretty good

Price always depends on service, you pay for good service but when you pay a high price for spotty service you won't last long unless your the only game in town. Fiber optic service would be worth the switch. If it is 5% higher I might try it and see for myself but if that service isn't what it says it would be I wouldn't keep it. Thanks for an option

Price and service are important

Price and speed is key

Price continues to climb while service declines.

Price fixed for 1yr

After 1st year price goes up substantially

Price is important but service is more important

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Price is too high

Price is too high for my current service and forced to bundle with TV service to lower its price

Price is too high with constant throttling. Rate goes up every month and hidden fees. I would no I've another option besides Charter and AT&T is just as bad.

Price needs to be lower than what I can currently get from Spectrum and have better or the same strength, service, etc.. If pricing is higher why switch??? Money is tight, cheaper the better.

Price of our current has recently gone up. Would like a cheaper option.

Price too high

Price would determine a change if it's higher than my current 52.99 a month with charter then I wouldn't have a reason to change providers

Price, reliability, and speed are crucial

Price/Speed/=Stability

Want Fiber from EPB...wonder which will reach me first?

Provide Fiber

Rates are constantly increasing. Would like to see locked in rate, not just a promotional rate that doubles when period has expired.

Reasonable costs

Recently our current service has been in and out more than usual. But generally we are pleased.

reliability and speed has ALWAYS sucked in Charleston, TN. DSL is 10x worse than cable

Reliable internet is a must for our house. If your internet is like epb in Chattanooga, we would more than likely switch if the cost isn't much different.

Reliable service for fair price and easy to use dvr

Right now charter is helping those in high areas of effected Covid and we don't pay for our internet so if they are going to compete they need to be reasonable

Right now Spectrum is only game in town, hopefully this happens

Save me money and I'll sign up

Service is good, but triple the price of what I pay in Chattanooga for EPB. Way over priced.

Service is not bad, just keeps going up to unreasonable high prices.

Service is okay - price is not

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Service must be priced to allow for a streaming TV service above basic TV combined with internet to be less than spectrum triple play.

Something more affordable and more reliable would be amazing

Sometimes slow

Sometimes slow based on weather.

Sounds Amazing!! - im ready to sign up!!

Spectrum and ATT both charge too much for very little speed and service

Spectrum continues to go up. Ugh!!!

Spectrum definitely drops out daily. Bundled mobile phone is very cost effective.

Spectrum doesn't provide what they sell

Spectrum has the best available in the area. They need some competition

Spectrum internet in Cleveland is a joke and is overpriced and works terrible

spectrum is horrible and expensive. please do this!

Spectrum is ok, but expensive. If you can go just a bit less - or offer more for same money - I would switch in a heartbeat.

Spectrum is OK. Open to trying anything else though as their reliability and quality seems worse the past few years. What started as \$45/month for just internet is now \$80/month and they are not worth \$5/month. Please offer internet service so I can cancel Spectrum.

Spectrum is the only service I get in Cleveland TN

Spectrum needs some competition. AT&T is not available at my residence and do to working from home, I can't use satellite internet service.

Spectrum requires me to have and pay for cable, which I don't want.

Speed and price

Speed and reliability. It's all about speed and reliability.

Speed is great when it is available. Have lots of down time and interruptions in service. Highly unreliable.

Speed is not as advertised. Supposed to be at least 200 mbs, but does not always meet this speed and sometimes causes buffering or loss of picture while streaming internet on TV.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Steady rate that doesn't go up every year.

Streaming is a joke. Buffering is a joke. Hard to believe with Amazon built in your backyard!

Strongly dislike spectrum. Not willing to pay 5% more tho for the same services. CU please keep rates reasonable/competitive.

Sucks

Switching from is risky and we have our tv cable, telephone and internet cable bundled.

TBD

THANK YOU FOR FINALLY BRINGING ANOTHER VENDOR TO CLEVELAND!! WE NEED THIS!

Thank you for this. We need more options for internet in our area.

Thanks for considering us out here is west McDonald area. Internet has been a struggle out here.

The bill keeps going up and outages happen frequently

The business I work for in Cleveland needs this too!

CU "meter readers" drive through the neighborhood sporadically, but never get out of the truck. I do not trust the process.

The internet service is not always stable, I work from home and it is very important to have steady, strong service. The cost of the internet is always going up annually and makes it a challenge.

The internet service is okay, the price is not!

The most important aspects: reliability, price, up-to-date speeds

The only way mine works is because I installed a mesh system. Prior to that, I would have given Spectrum a "1".

The price I pay is \$75 a month for internet. I don't think it is reasonable, but there are few options.

The sooner the better!

There is a great need for Cleveland residents to have modern internet service. Our neighbors in Chattanooga have superior service. Should we in Cleveland not expect as much.

They are okay at best

They suck

This area definitely needs additional internet options.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

This house only uses internet for work and watching tv. Just wanting steady, reliable, and cost effective internet.
This is business but my personal internet is expensive for me. Would love an affordable option.
Though I am somewhat satisfied, I would rather have faster internet service.
Tired of seeing bundle deals with TV. Don't want TV. Just want to pay less for internet service.
To high
too expensive
Too expensive
Too expensive but a necessity. Would prefer a provider with levelized pricing that benefits new and long term customers. Instead of offering gimmick start up prices for new customers only.
Too expensive for something that doesn't work all the time.
Trying to get more affordable service
Unlimited data
Used for years, good service, suggestions and advice.
Usually pretty reliable but periods of time when it is in and out (after stormy weather or power outages in the area)
Very content thus far and no issues
Very interested in internet from Cleveland Utilities
Very much needed and appreciated
Very satisfied. Bundled TV Keeps rising
Very unreliable. Need consistency
Way over priced
Way to high in price for the spotty service or not
We also need CU electric service in Mountain Brook!
We are pretty satisfied, the only thing that could make me change services would be a better price. Saving money is more important than speed of internet to me.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

We both work from home so it's crucial that we can't reliable and consistent internet. We are definitely looking to switch.

We continually get pauses and much more outage lately. Would go with more reliable service.

We do not depend on internet service as much as some people. We don't stream much or game as others do.

We have 2 home offices

We have Roku and experience a lot of pauses.

We haven't had issues since we added Google wifi throughout our home.

We moved from rural Sequatchie County about 2 years ago. They have fiberoptic cable on top of the mountain about 2300 altitude where we were - beyond the paved road.

I can't believe that Bradley County is Way behind Sequatchie County. I find that crazy - Don't you?

We moved to Cleveland, TN 7-1/2 years ago from the DC-Baltimore corridor and the internet service has been like going back in time a period of 20 years.

We need affordable and dependable internet service and a competitor against the 2 options we have locally

We need another option - our only option is Spectrum.

We need another option for internet access in Cleveland. Please do this.

We need better internet service!

We Need Better Service, Higher Speeds and More Reliability

WE NEED COMPETITION IN THIS AREA NOT DOMINATED BY ONE COMPANY. PRICING IS VERY IMPORTANT AND SPEED AS WELL

We need competition in Cleveland TN. The current service providers do not care about customer service it is really becoming unacceptable.

we need dependable internet at high speeds like EPB offers in Chattanooga, Charter/Spectrum goes out all the time and they can never get it fixed it seems - they do all of this troubleshooting and will send someone out and two days later it is dropping over and over again

We need EPB internet like service in our area ASAP

We need fiber optics like Chattanooga!

We need it

We need more high speed options in this city. I would absolutely look into a service provided by Cleveland Utilities.

We need reliable service that has a better rate in our area.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

We need something fast and reliable

We need something reliable that does not go out numerous times per day

We need you all to do this badly!

We overpay already and definitely wouldn't want to pay more a month regardless if the service is faster

we pay too much for internet and never know when it will go down. We need competitors to bring the cost down.

We would like the same service for a better price. Or, we would like better service for slightly more money.

We would love to have a better service provider.

We've really never had many complaints about our service, but it would be nice to have options.

WFH, need the good juice.

When we got charter it was great. But it's slowly been going downhill. It is better than AT&T wifi though.

When would this be possible?

Wifi is constantly going out or buffers.

wifi is fine but lots of outages connecting to internet

Will this be fiber optic?

Without this option Cleveland will stagnate technologically soon limiting industries from coming here. We have needed this a long time.

WORK AT HOME, ONLY CERTAIN PROVIDERS ALLOWED, SPECTRUM IS ALLOWED, UNSURE IF YOU WOULD BE APPROVED FOR USAGE WITH MY EMPLOYER, OTHERWISE WOULD GIVE YOU A TRY.

Works well

Would appreciate connection that doesn't have lags daily

Would be happy if we become a gigabyte city.

would certainly look at another provider

Would change only if the price for internet was lower than current provider

Would I still be able to use Charter/Spectrum TV subscription with your internet? Would this increase my utility bill?

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

Would love fiber.

Would like reliable reasonable cost-effective qb internet service option.

Would love a gig service

Would love broadband internet. Ebp was amazing when I lived in Chattanooga.

Would love fiber optics and faster speed

Would love for spectrum to have competition. It's past time.

Would love if CU offered internet!

Would love if fiber optics that was cheaper that AT&T came to our area.

Would love it if you all started this I hate who I currently use

Would love to have a different option finally other than the charter monopoly but has to be affordable

Would love to have and fiber internet option.

Would love to have another option in Cleveland

Would love to have fiber optic

Would love to have more competition and lower rates.

Would love to have the option of faster internet service. Would also enjoy having a local call center to help with tech support.

Would love to have the type of service the my daughter has in Chattanooga. Great speeds, great customer service. And FAST internet. No buffering when all your neighbors get home from work and use the bandwidth.

Would love to see fiber internet for our area

Would pay more only if speed and reliability is better.

Would really like faster, more reliable service. I know fiber is not far from our neighborhood, but for these 15 homes, it is not available.

Would switch for faster speed

Yes

You first need to improve the electricity service. We have constant brown-outs. This is causing problems with our internet service.

Charter/Spectrum Internet Comments - Appendix A

Comments About Charter Internet Service

Comments appear as entered by Survey Respondent

You get me 1000 mbs and I'll be glad to pay \$80

You guys are crooked in providing utilities to me , why would I trust you with more monopoly of services. Cleveland utilities is Crooked

You must compare apples to apples

You should be able to be competitive and most likely cheaper than Spectrum to compete

you should offer fiber

Your late on doing this



Commercial and Residential Customers Telecommunications Survey Results – AT&T ONLY

GENERAL QUESTIONS:

Customer Type Responses

98.9% Residential Customers
1.1% Business Customers

Current Download Speed:

Minimum	1.04
Maximum	935.34
Mean	182.54
Median	119.50
Mode	N/A

Current Upload Speed:

Minimum	0.18
Maximum	941.77
Mean	181.32
Median	94.75
Mode	1.86

INTERNET SERVICE:

Type of internet service:

17.1% Cable
72.1% Fiber
2.0% Satellite
8.9% Telephone DSL

Internet service provider:

100% AT&T



Commercial and Residential Customers Telecommunications Survey Results – AT&T ONLY

Cost of internet per month:

2.0% below \$30
19.0% \$30-50
52.0% \$50-80
19.9% \$80--100
5.9% \$100+
1.2% Gave exact amount
Minimum: \$10.00
Maximum: \$100.00
Average: \$72.50
Median: \$82.99

How long with internet service provider?

33.7% less than 2 years
66.3% 2+ years

Average Rating of Current Internet Service Provider:

Internet speeds are as advertised and consistent	Internet service is highly reliable and rarely goes down	Video streaming is not interrupted by pauses (caching)	Customer service staff is easy to reach and helpful	Tech support response is prompt and effective	Price of internet service is reasonable	Overall, how satisfied are you with your current internet service provider?
6.8	7.4	6.6	5.6	5.8	5.5	6.2

How likely are you to switch to Cleveland Utilities internet service?

	Switch to Cleveland Utilities Internet Service	Switch to Cleveland Utilities Internet Service for 5% Higher Rate
Definitely Would	38.3%	9.2%
Probably Would	56.7%	32.9%
Probably Would Not	4.5%	44.9%
Definitely Would Not	0.5%	13.0%

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service

Comments appear as entered by Survey Respondent

A must need

Ability to consistently do online meetings even at peak times would be key

Affordable service with little to no issues and a customer service team that is easy to reach and ready to resolve any issues are the main things I look for. Streaming and the ability to have multiple devices connected is essential.

As much as Cleveland is growing, our city should be able to take the measurements to provide a better quality internet.

AT&T'S service is much better than Spectrum.

AT&T charges are already higher. If you charge less than them than we can think. We are not ready to pay any higher or even equal to ATT. I hope you will keep your charges reasonable with better services.

AT&T customer support is very poor. Should I switch to Cleveland Utilities I'd have to keep my present land line phone number.

AT&T fiber is fast and has stretches where it works great, but also times of disappointment (considering the price).

AT&T is good, but with all of my devices it seems to have a hard time reaching all of them. When I had Spectrum, before they raised the prices higher than AT&T, we had no issues with all of our devices. We have a smart home, so it's very important for all of the devices to receive the correct bandwidth.

AT&T is terrible. They don't deliver what they claim and we can't run our house nearly as efficiently as we would like. We would love the option of a different provider.

AT&T is the only option. Volunteer Electric has not followed through with plans to develop fiber optic in our area. Many neighbors in the Rollins Ridge Rd area are without any internet service. PLEASE send out more information and flyers by mail, even to people in the county who are not on "city water". We need internet all over Bradley County.

AT&T's Fiber is very good but their Service contact system is terrible and very hard to use and confusing. I would certainly entertain changing to CU if the price was in line and service support was better than what I have. Competition is good!

Beat the price and I'm yours.

Cleveland is controlling way too much access to alternate providers to the area. This limits our choices and hikes prices.

Cleveland needs fast reliable internet

Cleveland needs more choices

Competition is a good thing. Bring it on.

Competitive pricing, internet only rate, no "special" terms!!!! No more contracted areas with no competitive options! Only choice here was Spectrum or AT&T, just left Spectrum (THE WORST). Tired of the "introductory offer" game!!! If it's \$45 now, it should STAY \$45 not double in price.

CU internet price needs to be at least the same or lower to switch.

Current providers are slow and expensive. I would happily pay a premium for a fast connection, like EPB.

Deal breaker for me is cost. One of the things I dislike most about AT&T is having a monthly rental fee, but the rental is required for installation. I don't want an additional fee for something sitting in my home.

Do not believe speeds are as advertised.

Do this post haste!

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service
<i>Comments appear as entered by Survey Respondent</i>
Don't like the need to call annually to keep the best rate. Says speeds UP TO 1Gig, but it is usually around 400MBs, which is UP TO, but never see much higher.
Don't waste your time
Even though I have fiber and strong router the service drops constantly and is nowhere near the speed that I pay for. If you could do better for around the same price I am paying I would gladly switch.
Expensive
Fairly reliable
Fast and reliable
Fast reliable internet is important, but having local service and call center assistance from the nice people at CU would be icing on the cake.
Give good pricing you will have me
Give us Gigabit+ now.
Go for it!
Good Luck, I hope you succeed
Had trouble when my husband died five years ago. Took them a month to straighten things. It goes up every year. I am retired on a fixed income and it is difficult to pay what I do.
He'll my current utility bill is high as hell, I hate Cleveland Utilities!
I am more concerned about out phone lines and power going out any time there's a inkling of a storm. Our phone lines are ancient!
costs to expand the fiber infrastructure. I think I would switch if the price was competitive and reliable just to support my local community.
I do not AT&T internet service
I don't have long experience with ATT but I'm interested in faster internet that is also reliable.
I don't like AT&T as a company but their internet service is currently working well
I don't understand why there's a 1st year entry rate & then it goes up 2nd year & stays up
I get a discount on my internet with AT&T because I have DirecTV on the same bill. If I bundle Utilities with Internet will there be a monthly savings also?
I hate ATT and Charter and would love a municipal internet service.
I have a big family and a lot of devices, also working from home. I need fast, reliable, little to no buffering when I'm watching a show and kids on a video game!
I have a good internet service but they constantly raise the price.
Fiber is superior to cable and wireless from a technology standpoint for many reasons. AT&T has yet to deploy its GPON fiber network to all of Cleveland, therefore I feel there is an opportunity for Cleveland Utilities to capitalize on revenue of subscribers
I have DIRECTVStream with My internet as a bundle and get unlimited data for streaming.

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service
<i>Comments appear as entered by Survey Respondent</i>
I have internet & TV bundle
I have tv and internet combined. Are you going to do tv also?
I hope the rates aren't higher if anything lower because other internet providers in Chattanooga and surrounding areas are lower. But would enjoy the convenience of one bill. A major plus asking about this for several years.
reason I want to leave. Just use a normal router that can handle the speeds and numerous devices. AT&T's hub cannot and I would t trust another "hub" to be any better.
I just want internet service that never fails and consistently provides the high speed offered by the service.
I just want to stream everything. I have too many issues with AT&T my wifi always says no network. Nobody has been able to rectify my situation.
I like my ATT fiber but would look at what you have to offer, thanks.
I live in the county and there is one option. Would love another competitive alternative. We dropped our TV service because prices were so high.
I love the fiber that I have but customer service is not the best.
I need fast, reliable internet, but I am sensitive to price. I do like the idea of local - it wouldn't have to be much better or cheaper for me to switch, but it couldn't be more expensive or slower.
I pay 70 a month for supposedly 1000 GB and only get half that
I plan to move to Chattanooga within 3 months
I think it should be free in this day and age
I think this is a move in the right direction. Model your services after EPB Chattanooga their services are phenomenal.
I use about 15 devices on my router.
I use it constantly.
I use my internet mostly for streaming and paying bills.
solution for any customer service issues. If Cleveland utility can provide a similar product to EPB then I would consider switching. Right now my only option is AT&T.
I want a stable price, other ISP's bump their prices up too frequently without warning even.
I would absolutely love if Cleveland utilities offered internet service.
I would be all for Cleveland Utilities providing service!
I would be most worried about this being a new service for you all and having to deal with all the kinks with a new service vs staying with current, long standing provider who has stable infrastructure.
I would like a service that separates my TV from my Internet. I only want Internet. If I could pay around \$50 for Internet service I would switch definitely. It would also matter what type of Internet service it is
I would like to not be locked on the type of hardware used. I would like to use my own modem.
I would likely switch

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service

Comments appear as entered by Survey Respondent

I would love to have my internet bundled in with my water and power!

I would only want fiber. I'm a single mom. I can't afford much.

I'm currently getting govt assistance EBB \$10 wifi program, won't switch if I lose that benefit.

I'm reasonably satisfied at the moment. A price incentive of between 5 and 10 percent would be needed to move my response to very likely to switch.

Also: what does a utility company know about gig+ internet? How can you guarantee it'll work as advertised? (You'll need to answer those questions to get people off the fence). Good luck!

I'm not in a sparse service area. So price would need to be significantly lower for me to consider switching. However, I could see this service being important to those in rural or poor service areas.

If I switched, I would want it to be Fiber all the way to the house like AT&T. Not just to the street like Spectrum.

If internet service would be comparable to EPB fiber optics, then my family would DEFINITELY consider switching. If the service is comparable to ATT & Spectrum, then the hassle to switch isn't worth it.

If it's anything like EPB's fiber, I'm in!! I miss EPB since moving to Cleveland. My ATT fiber is pretty fast but the latency is nowhere as good as EPB. And ATT is more expensive.

If it's faster than what I have now and within a similar price range, I would switch. If it costs a lot more or if it's slower, I would not switch.

If it's separate bill it would be better. I wouldn't want it on the same bill as my utilities.

If the speed was comparable and slightly cheaper than current service I would consider switching.

If you don't run new fiber lines to our neighbor hood like at&t did, then no way would I use your service

If you offer something better than ATT and is the same or less charge, I would switch

If you provide the speed and rates offered by EPB I would sign up immediately.

I'm thinking of switching. Its good that there is more competition

Inconsistent speeds and terrible customer service

Install was terrible. Streaming without the box is spotty at best

few residential homes use internet 24/7, so service loads vary just as all utilities do. If I go several days without browsing or emails, should my bill stay the same? My electric bill doesn't. And no tax should be applied, and amount should be low due to

Internet is overpriced and it's a necessity. We're all aware

Internet service should be a basic utility available to everyone like power, water, and landline phone service.

It has to be good for working from home!

It is ok but so expensive and the customer service isn't great

It would be nice to be able to have reliable internet, my husband works from home and our internet needs to be consistent.

It would be nice to have reliable internet service and have it in my utility bill. One less bill to keep up with. But I want high speed at a decent price.

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service

Comments appear as entered by Survey Respondent

It's all about speed and price, baby!

It's fair. Not great but it's fair.

it's ok

It's alright

Its time for high speed in Cleveland

Just let us have Efb already

Just want it to be consistent and have good customer service

Keep price the same

Linda King

Live-streaming and speed would be a good product to offer but not worth it if the price is too high.

Local is the way to go. We were all for EPB coming here and never heard what happened. CU having its own service would be awesome.

Local support, faster Wi-Fi would be a plus

Locked in to AT&T due to living at Retreat at Spring Creek

Looking for a reasonable rate

Make it affordable

Make it affordable

Make it affordable for everyone considering having internet access has become a necessity

Must have

My dad has EPB and is thrilled with it. I would love for us to have something similar!

My internet and TV are bundled to get the current rate.

My internet prices are for those who are on SNAP benefits so we can have affordable internet available to the financially challenged.

My internet service is horrible. I need high speed internet.

My Internet service is included in Bundle

My reliability is really good right now. I would need assurance reliability would be as good if not better before switching to a new service. I also would not pay more than I am right now in a 1 person household.

My service has been very satisfactory. Wish is cost less, but would only change if it was cheaper and equal to the speeds I now have.

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service

Comments appear as entered by Survey Respondent

My wifi speeds aren't indicative of the wired speeds. I normally get 1,000 up/down at the router.

Need affordable internet for students

Need better and faster service

Need equivalent to EPB fiber optics. If you can do that - will pay the price.

Need fast and reliable internet at reasonable cost.

Need reliable, fast internet that allows for multiple adults to work from home while streaming on at least 3 other devices without internet slowing down.

Need to see plans and amounts before making a decision to switch

Needs more competition

Needs to be fast, reliable and good price and customer. SVC.

Needs to be faster

No reason to switch if your service isn't faster or cheaper.

Not a fan of introductory rates that then increase in out years

Not able to get anything other than satellite or cell signal. Both barely works. Makes virtual school impossible. Makes doing anything that requires wifi impossible.

Not interested in anything that would require additional equipment or trenching of additional lines.

Not interested. Utilities are already over priced, I cannot imagine how much your internet would cost.

Nothing

Nothing to add

Nowadays computers are necessary to life. I don't mind paying for a quality product but I don't want to be gouged.

Offer Fiber and Offer a gig of service. Make it reliable and at a good price point. You will have my business and many others.

Offering internet would be beneficial and I am likely to utilize the service, but I would expect the same reliability for the same price or lower, or as a consumer it would not benefit me to switch.

On this day and age, internet is no longer a luxury, it is a required necessity for any job. It's time to make it a regulated utility, and with the exception of Chattanooga, the entire country is way behind the rest of the world in terms of speed and availability.

Only worth it if you install fiber to the home.

Our biggest issue is our internet cycling off from time to time. Not sure if it's the fiber here or what but it goes down and everything has to be reconnected.

Our provider is not at all interested in their customers

People just want fast internet without having to get a bank loan to pay for it.

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service

Comments appear as entered by Survey Respondent

People need this

Please

Please bring better internet, if one tv is watching Netflix it's almost impossible to watch a YouTube video with our current internet provider

PLEASE DO THIS!

Please hurry

Please offer a solution to my horrible current internet situation! I would love to have reliable internet service!

Please provide internet

Please provide, much needed

Poor

Price, speed, and quality matter most

Prices are ridiculously high especially with the poor quality. We need better quality internet at REASONABLE prices. We are priced like we are rich people when most of us are just factory workers.

Pricing is the importance for low income homes

Really need affordable and reliable services. It's unbelievable how much internet costs in Cleveland. It's very pricey compared to what it costs in Chattanooga, for example, or other cities.

Reasonably priced and dependable service is a need here. Hope you can be a strong competitor in our area.

reliable and fast

Reliable but very slow

Reliable constant service is critical to my job. I work from home 90% of the time.

Should be able to show a customer the speeds you say you are providing

Should be fast and reliable, but affordable

Should include cable T.V. service

Slow

Speed is the most important thing

speeds are not consistent, forced to rent AT&T hardware even though it is inferior, price is constantly changing which always requires phone calls on a regular basis

Spotty at times. Cost is too high.

supposed fiber optic soon, seems unlikely since ATT U-verse is now directstream

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service

Comments appear as entered by Survey Respondent:

service. No, I'm not a fan of AT&T, and I'd rather use a local company (Cleveland Utilities) for my service. However, I'm not willing to pay more just for that option.

The At&T fiber has been good

The test was run during the middle of the day when people are not at home as much. Doing this test in the evening would give a different result.

The wifi/router setup for the household is important. Offer the latest wifi 6E technology with mesh options for larger homes. Don't drop the ball on in-home technology options like AT&T has.

there are times the internet goes out completely for 5 to 10 minutes at a time for no apparent reason. Can be unreliable

There needs to be more internet options in all areas

They changed the pay and it took a year to get our current service fixed. If you can provide better fiber fast internet we will switch

To expensive. Only WiFi service I have , I cant afford cable tv.

Too costly

too expensive

Too expensive for what I receive.

Too slow

Unless it is better than At&t, or any internet service, Don't bother!

Upgraded to fiber recently but can tell little difference from service I had with ATT before.

Very interested

Very slow, keeps getting disconnected and reconnected during use

Want unlimited service for a great price that works all the time

We are required to use ATT in our apartment complex. Unfortunately they won't let us choose someone else.

We have had no real issues. We had high-speed when we lived in Tullahoma and we were really happy with it.

We have lived in two other cities that offered fiber. Morristown Utilities was not the best. EPB was amazing. If you can offer a product that works like EPB, we would definitely use the service.

We have trouble when we have too many devices using the internet at once. We would love to have service where this isn't a problem.

We like our current service with AT&T.

We love our internet service now. Yours would have to be as fast or faster and less expensive.

We need more options in this area.

We need reliable internet service b/c of working from home. We are pretty happy with our internet.

AT&T Internet Comments - Appendix B

Comments About AT&T Internet Service

Comments appear as entered by Survey Respondent:

We need something better than AT&T

We used to have a different provider. We love that ATT is dedicated so it doesn't matter if all of our neighbors are on too we can still stream etc. We used to notice a huge slowdown in the evenings and summers when everyone was home. We also get TV included with our plan so that would factor in as well.

we used to have EPB which was consistent, fast, and had great customer service. I'd rather my money go to a municipal entity than a telecom giant.

We would love to have a consolidated price for our services.

We would love to have a faster option! DSL is the only service offered on our street.

While we have the highest speed with AT&T, our service is spotty at best. It may be due to our location. If Cleveland Utilities could offer a better service, we would likely change.

Wish it was better

Wish it was faster

Wish we had reliable service

work from home so need very reliable service.

Would consider switching from AT&T

Would depend on speed, willing to pay more if more speed is offered

Would love a high-speed alternative in Cleveland

Would love to see another provider come in our area.

Would love to stream without delays.

Would prefer an option outside of Spectrum and AT&T. A local option would be a preference as long as there is not a monopoly via blocking other providers except CU.

Wouldn't be interested if they had to tear my yard up.

Yes, please give me a local service to support versus mega companies. I will gladly switch my personal and business services.

You ask if I would buy if 5% higher and I checked probably not. That depends on what you offer and customer service. Ty

You have to beat \$59.99 for a gig and make up for free HBO Max.

You have to deliver the speed you say you can. That's the biggest issue I have with AT&T. I pay for 1G internet and barely get around 500mb.

You really need to come with good rates seeing as the utility bills are already at a high rate. Cleveland residents pay

You would bundle with utilities and make it inconvenient as far as billing

All Other Internet Comments

Provider	Comments about internet service? <i>Comments appear as entered by the survey respondent.</i>
EPB Fiber Optics	I LOVE MY EPB!!!
ViaSat/Excede	It's way too expensive for what little we use of it. It goes out all the time, esp. when it's cloudy or rainy.
Starlink	If folks live outside of the city we need INTERNET!
Cox Communication	Speed and price
EPB Fiber Optics	I LOVE MY EPB
Consumer Cellular	I've also had Spectrum Internet! I recently discontinued! I would like to see what Cleveland Utilities has to offer, at a reasonable price!
Verizon	I wish we could get it out here but no one comes out here. If they provided high speed internet I think we would change over but we aren't going to pay an outrageous price for it either.
TDS	My internet is bad, we need more
AIC	Please offer internet service. With the ability to work from home now, having reliable internet is a must for me. Reliable internet is something severely lacking for the rural customers of Bradley County
Viasat	It costs too much.
AIC	It's the only internet service we have been able to get so I am thankful but it is definitely not reliable
Viasat	Viasat is awful. Hardly ever works. I can't do the speed test at night because it is so slow that it won't work. I am a student and I have to leave my house to study and use internet, especially at night. PLEASE HELP US
CenturyLink	This survey is nice, but I know you all won't go to Apison TN. EPB and AT&T is prohibited. Everyone is prohibited, by law, to serve us. This ensures CenturyLink has a monopoly. I cannot get a job now because service is so slow here. I will have to move to get a work from home job. Good Luck.
Hughes Net and Verizon	Internet reliability and speed are critical for us.
Viasat	Please provide high speed internet for Old Freewill Rd NW and Rabbit Valley Rd for the homes without a reliable source.

All Phone Comments - Appendix D

Provider	Comments about Telephone service? <i>Comments appear as entered by the survey respondent.</i>
AT&T	Again, telephone service is pricey.
AT&T	ATT has terrible customer service
AT&T	Being on a fixed income any increases are difficult and there are no rate decreases for those of us in our 70s.
AT&T	cheaper than AT&T
AT&T	Cleveland Utilities is way to high, I wouldn't have them if I didn't have to. I think they jack the price whenever they feel despite if you don't use as much or not, they still fuck you in the end
AT&T	Do not have a landline
AT&T	Do not want landline but package required by provider.
AT&T	I am pretty satisfied with Vonage for last 10 years.
AT&T	I don't want anything that requires trenching of added infrastructure or adding additional equipment.
AT&T	I don't need a land line
AT&T	I don't use it much. Just for messages and to keep my sons happy so they have two ways of reaching me
AT&T	I have Magic Jack. WIFI base service. Answer at home or on my current cell phone. Also blocks all calls where there is no live person.
AT&T	I hope it is more reliable than the periodic electricity blackouts
AT&T	I only have landline service because it is required for internet. I don't use it.
AT&T	I prefer to use a land line service for calls
AT&T	I rarely use my landline, but it is the number so much of my bills are linked to. It is helpful when I am looking for cell phone.
AT&T	I will not pay more
AT&T	I work in the VoIP industry, and as such, am a telephone provider for my own customers. I have my own PBX for my home landline service, which uses SIP trunking from a wholesale provider. (In other words, I'm a tech geek and I DIY my own phone service.) If it weren't for that fact, I would most likely consider using Cleveland Utilities landline service if it had a good feature set and was reasonably priced. If Cleveland Utilities enters the phone market for businesses, it would be advantageous to look into providing cloud/hosted PBX service, SIP trunking, and possibly even PRI-over-fiber (SIP through an Adtran gateway, etc.) for businesses with legacy phone systems that require T1/PRI connectivity.
AT&T	I would rather have a combined bill
AT&T	If I was offered service that was more reliable and slightly cheaper than current service I would consider switching.
AT&T	Landline needs to work/connect with my home alarm system.
AT&T	My home phone is linked to our cell phones and my Mother-in-law's Grandpa's services.
AT&T	Rarely use - part of a bundle

All Phone Comments - Appendix D

Provider	Comments about Telephone service? <i>Comments appear as entered by the survey respondent.</i>
AT&T	Service at home is fine but price continues to increase
AT&T	Telephone is 29.99 a month making it cost effective to keep.
AT&T	We are stuck with AT&T service. Cell service is poor. If landlines go down, we have no emergency phone service.
Charter/Spectrum	Again Lowering the bill is what I am trying to get to.
Charter/Spectrum	Been good
Charter/Spectrum	Bring it on also!
Charter/Spectrum	Cell phone is needed to call and text. They don't have to charge a lot of data and the phone itself.
Charter/Spectrum	Charter / Spectrum is horrible to deal with.
Charter/Spectrum	Charter Cable/Internet/phone bundle, would like to see locked pricing, not an introductory rate, then it doubles.
Charter/Spectrum	Cost seems to go up every other month but service is the same.
Charter/Spectrum	Current prices are already to high
Charter/Spectrum	Do not use landline often. Probably would not know when it is out.
Charter/Spectrum	Don't really need landline service, but if it were comparably priced I might keep it
Charter/Spectrum	Don't use landline, but have connection because it was cheaper to bundle
Charter/Spectrum	Don't want a land-line
Charter/Spectrum	Focus on the internet piece; that's going to make me switch and home phone service is going to continue to decline. As long as you are competitive on pricing for POTS I'd switch.
Charter/Spectrum	Had to get phone service to get a better deal for internet. I don't even have a home phone connected
Charter/Spectrum	Happy with AT&T. Trust a hard wired phone system
Charter/Spectrum	Having ANY competitors in the area will hopefully keep the current WIDELY used service from continuing to increase prices with nothing being added.
Charter/Spectrum	Home phones are slowly disappearing. The only reason we still have one is for the bundling. But I may cancel in the near future. With that said, if you do go into the internet service, I would expect you would have to do phone S well for those that think they must have a land line.
Charter/Spectrum	Honestly thinking of canceling our phone service and just using our cell
Charter/Spectrum	I am paying about \$4.76 per month for the Ooma computer landline. That is an excellent price.
Charter/Spectrum	I can't rate satisfaction for home phone with spectrum because I do not have it.
Charter/Spectrum	I do not have a landline, I only use Cell service. If Cleveland Utilities is planning on a landline service then I would not be interested in changing

All Phone Comments - Appendix D

Provider	Comments about Telephone service? <i>Comments appear as entered by the survey respondent.</i>
Charter/Spectrum	I do not think you can compete with Magic Jack's rates
Charter/Spectrum	I don't use my landline. When I try to cancel it spectrum says it's cheaper to keep it
Charter/Spectrum	I don't really use my phone which is why I didn't answer survey
Charter/Spectrum	I hate telemarketing
Charter/Spectrum	I have good phone service
Charter/Spectrum	I have good phone service and good price but wish it was easier to block unwanted numbers. \$10 is what I pay for the phone and is very reasonable. I don't want to pay more than this. Also, good customer service goes a long way as well as low prices.
Charter/Spectrum	I only use home phone for fax machine
Charter/Spectrum	I really have no complaints about our current telephone service. We have Panasonic phones that we have used since we opened in December 2012. The phone units have provided good service. They were purchased from the vendor that installed our telephone system during our buildout, so they were not provided by Charter/Spectrum.
Charter/Spectrum	I would like better phone service
Charter/Spectrum	I'm not sure I need a landline phone
Charter/Spectrum	I've asked my provider to unbundle the phone service as I don't use it and it costs 10\$ a month.
Charter/Spectrum	It is sometime garbled
Charter/Spectrum	It would be nice to see a fax option with this service
Charter/Spectrum	It's ok but I seldom ever use.
Charter/Spectrum	Just want a good cellular service.
Charter/Spectrum	Landline usage is minimal but nice to have for backup when cells battery is low.
Charter/Spectrum	Magic jack is plugged into router and can go anywhere and is cheap
Charter/Spectrum	May be getting rid of land line as we rarely use it.
Charter/Spectrum	My household has 4 members who all have smartphones. Landline is mainly used as an answering machine
Charter/Spectrum	MY INTERNET SERVICE IS BUNDLED WITH PHONE AND CABLE, AS SAID PREVIOUSLY ONLY CERTAIN PROVIDERS ARE APPROVED BY EMPLOYER I WORK AT HOME
Charter/Spectrum	My plan is to get rid of our land line. Charter gave me a bundle price that was cheaper to have it at the beginning, but it is rarely used.
Charter/Spectrum	Nice again, are we talking fiber optic service? I have t had a call on my home phone in years that wasn't spam
Charter/Spectrum	No problems
Charter/Spectrum	On a fixed income. Don't want to pay more for my telephone

All Phone Comments - Appendix D

Provider	Comments about Telephone service? <i>Comments appear as entered by the survey respondent.</i>
Charter/Spectrum	One thing that is important to me is to have access to reasonably priced international calling.
Charter/Spectrum	Only have it to bundle for a cheaper monthly payment
Charter/Spectrum	Only use landline for Fax. No Need anymore...
Charter/Spectrum	Only used for fax
Charter/Spectrum	Ooma, VOIP
Charter/Spectrum	overpriced
Charter/Spectrum	phone calls drop often, we work for the 911 dispatch and have missed or lost calls because of the bad service but the service is better than AT&T
Charter/Spectrum	Please do it
Charter/Spectrum	Problem with dropped calls, just suddenly disconnected without any reason.
Charter/Spectrum	Rarely use it, to be honest. But I just feel safer having it.
Charter/Spectrum	Reliability is critical
Charter/Spectrum	Reliable service
Charter/Spectrum	Same as internet but haven't had any issues
Charter/Spectrum	Same as internet comments
Charter/Spectrum	service & quality
Charter/Spectrum	Support for international calls would be great, too.
Charter/Spectrum	Telephone from spectrum is good and affordable at 20 dollars, but if Cleveland Utilities can match that for long distance and options, I would switch.
Charter/Spectrum	The cost is too high
Charter/Spectrum	The discount from the security company offsets the price of a land line - but the phone service isn't that reliable.
Charter/Spectrum	The phone service is only used for occasional faxing for my business
Charter/Spectrum	they keep raising their prices
Charter/Spectrum	This service is likely going to be ancillary considering the cell phone breadth of service. We currently only use landline when signal is interrupted.
Charter/Spectrum	Too expensive
Charter/Spectrum	We are actually considering dropping the landline since we are relying on mobile phones more and more.
Charter/Spectrum	We Do not use our landline

All Phone Comments - Appendix D

Provider	Comments about Telephone service? <i>Comments appear as entered by the survey respondent.</i>
Charter/Spectrum	We don't use our landline phone service, but it costs more to cancel it.
Charter/Spectrum	We don't really use it, rather it offers a greater discount than internet alone.
Charter/Spectrum	We have a landline, but do not use it. Use mobile.
Charter/Spectrum	We need something good
Charter/Spectrum	We only have mobility services currently
Charter/Spectrum	We use cell phones. Do not need a landline
Charter/Spectrum	We use magic jack for pricing
Charter/Spectrum	We use voice over IP for most phones but have 1 land line that we would possibly move to CU
Charter/Spectrum	who uses home phones anymore???
Charter/Spectrum	Will cancel and go cellular
Charter/Spectrum	Would be great
Charter/Spectrum	would like to continue with one provider for all.
Charter/Spectrum	Would love more choices for better service & definitely lower costs.
Cox Communication	Do not need landline
EPB Fiber Optics	I LOVE MY EPB
EPB Fiber Optics	I LOVE MY EPB!!
I don't have internet at home	Current local and long distance service is expensive-over \$85 monthly
I don't have internet at home	What can I say it's AT&T. Local service only. No long distance, no caller id.
ViaSat	It is fine. We really need internet and/or cheaper phone service.

Appendix E

Comments about Cleveland Utilities service?

Comments appear as entered by the survey respondent.

'eh its okay but its just water



A good public utility with good people.

A little pricey

A little slow when answering the phones. I've emailed in the past and nobody ever answered my email. Ended up having to call

A++++

Absolutely love weekly bulk pickup and leaf/yard waste pick up

All good, except for the fact that you charge 150% (of water) for sewage. Not all incoming water is going back out to you as sewage. Water we use for watering the lawn goes into ground, but we're charged 150% as sewage water!! Not cool! 50% to 75% of water usage should count towards sewage (not 150%!!).

Always been great

Always been happy with Cleveland Utilities and always disappointed when I was in a area with another provider. My home water is with Ocoee and I absolutely do not like the water and their customer service is horrible. They treat you like you have no where else to go and you don't

Always been happy with our service!

Always dependable and reliable service.

As a business owner I have 2 accounts with CU. One is at my house and the other is at my office. There is not any other electrical companies who would be able to come into town and compete by supplying power to businesses and homes so it is kind of a mute point to ask about rates and service in your survey.

At least start a commission to check on what spectrum is really doing thank you

At my location, I can expect power to go out frequently during heavy storms. Not sure if the infrastructure is dated here in the Cleveland Historic District or not, but power tends to go out for about 2 hours during heavy storms. Otherwise satisfied.

Awesome

Been a customer since the 90's. Consistently good service.

Been with you since 1995!!

Best around

Best of the best

Best of the options in the area, I think.

Bill pretty high

Appendix E

Comments about Cleveland Utilities service?

Comments appear as entered by the survey respondent.

Bring the internet

Can you bring it non Cleveland utility people?

Can't remember any inconsistencies in service

Can't stand the periodic blackouts. I have not experienced as many blackouts anywhere else in the U.S.

Cleveland Utilities always provides a family experience. We are family!

Cleveland Utilities does a great job and I have a lot of confidence in them.

Cleveland Utilities does a great job in my area.

Cleveland Utilities is a very reliable service. I have had them for over 2 years and can count on one hand the number of problems I have had.

Cleveland Utilities is always easy to reach and has friendly staff. We have a rental property under VEC & I feel that their rates are higher.

Cleveland Utilities is an amazing company with fantastic employees.

Cleveland utilities is crooked make up rules as you go and change rules to benefit the company not the customer

Cleveland utilities is good. Though I think they charge more than you've actually used

Cleveland utilities kicks ass

Cleveland Utilities only serves my water service, now.

Consistent

Consistently lose power during any major storm, but technicians are typically fast in response.

Costs for power have gone up a lot since I moved here 8 years ago.

Could use lower prices or some kind of help / discount for disabled and low income.

Customer service could do a better job at how they talk and treat current customers. Any time I have called with questions or needed an extension for a few days the staff are rude and make you feel bad belittled.

Customer service has always been a pain with Cleveland Utilities, though thankfully I haven't needed it too much. The people answering the phone have been curt and generally unfriendly in the past though, which I don't enjoy.

Customer service is always so nice-Jill (x's 2) Tasha, Randy and Todd are always excellent

Customer service is the highlight! My power goes out often in my neighborhood for a few seconds at a time but unsure where the problem exists. Overall very satisfied.

Customer service is wonderful! The online portal isn't always easy to access and the rate seems to fluctuate drastically even with the same usage. A "budget" or EPP option to help keep costs down and consistent would be wonderful.

Definitely thankful for electricity and water.

Appendix E

Comments about Cleveland Utilities service?

Comments appear as entered by the survey respondent.

Dependable fair price

Do a great job

Do it!

do wish the "blinking" in the service would subside

Doing a Great Job. Just would like to understand price increases and have an understanding as to why.

Don't seem to have much issues, except when it comes to speaking to a person on the rare occasion there is an outage.

Everything is fine.

Excellent company with strong employees

Excellent service

Excellent service

Excellent!

Fairly new customer so little experience with interactions and service levels

Fast, friendly and efficient.

Frequent outages have improved significantly after recent work was done in the community. Very minimal outages now. Thank you.

Friendly, competent service.

From time to time, we do have power glitches, usually only for a second or two, but this concerns me with expensive compressors on our walk-in freezer and coolers. It is very hard on the equipment to take surges. In nine years of being in business, our utility service has rarely gone out, so I appreciate the overall reliability of the service.

Get internet

Give us internet!

Going solar

Good

Good

Good

Good

good company

Appendix E

Comments about Cleveland Utilities service?

Comments appear as entered by the survey respondent.

Good company.

Good customer service and no issues w/ reliability.

Good job

Good local service and don't have to talk to someone in India.

Good people but my SVC was interrupted several times this past year due to power outages.

Good provider overall

Good quick service

Good service

Good service

Good service

Good service

Good service. No problem.

Good service... a little pricey

Good services

Great

Great

Great

Great

Great

Great company

Great company

great company with great employees

Great company with great opportunities for customer like the one that you can get a hvca unit true them

Great customer service reps and techs

Appendix E

Comments about Cleveland Utilities service?

Comments appear as entered by the survey respondent.

Great delivery of services, reliable and consistent. Customer service is excellent!

Great group to have working for us.

Great job

Great job and Reliable

Great job CU

Great job guys 👍

Great job!

Great linemen

Great provider

great reliable service with an awesome customer service team

Great service

Great service

Great service

Great service

Great service

Great service .

Great service and dependable

Great service but unfortunately I'm only able to get water/sewer in my neighborhood and VEC for electric.

Great service fair price

Great service provider

Great service, please expand into internet arena.

Great Service. Great Staff.

Great service. No issues

Great to work with.

Appendix E

Comments about Cleveland Utilities service?

Comments appear as entered by the survey respondent.

Great uninterrupted service and mobile app to track utility usage
Had an issue with receptionist when I went there rude did not explain procedures
Had outage 3 times in 1 year
Happy as can be with your service
Happy to have your employees and service people. Always helpful and kind!
Happy with CU
Hard to reach a person when I need to
have a very bad neighbor and needed a outdoor light. and had one put in very quickly thank you. on my records.
Have always been happy with CU.
Have always been very satisfied with Cleveland Utilities
Have had it for 30+ years. Not too many complaints. Overall good service and price.
Have had no problems
Have had very few outages. Satisfied with the service
Have never had an issue with Cleveland Utilities, and just wish they provided the water service as well, not a big fan of Ocoee water, and our home location doesn't have the option to have CU water
Have not had any issues or had to call for any service. Reliable/dependable. Very pleased.
Haven't had a problem
Haven't had but a few interruptions
Helpful staff. Especially when I was having solar installed.
Horrible customer service. Act like the customer is always wrong.
Horrible to reach, happy with service
I am downtown on apparently an older line. I lose power more often than immediate neighbors. Other than that, you guys are great.
I am Happy with my Utility service
I am in the county so only have water service, but it is reliable. I'd like to have sewer as some of my neighbors do, but each time I inquire I'm told it's unavailable.
I am satisfied with CU.

Appendix E

Comments about Cleveland Utilities service?

Comments appear as entered by the survey respondent.

I am so pleased with Cleveland Utilities, customer service is wonderful and the prices are affordable.

I am very pleased with CU. Please move forward with the internet option. I would sign up for it, if and when offered.

I appreciate your hard work and reliability.

I appreciated a notice from CU when I first moved in that my toilet was probably running due to the constant trickle of water they noticed. I thought that was impressive! Thanks!

I believe my bill should have come down with new unit installed and upgrades but even though my usage is down, my bill is same or higher!

I cannot tell from one month to the next what my charges are going to be. Sometimes my usage is exactly the same but the charges go up anyway.

I currently only have Cleveland Water. I previously had Power, but I moved out of their territory.

I do have complaints of electricity going out that causes my computers and its programs to crash.

I do not have an account with Cleveland utilities

I do not have Cleveland utilities

I don't have a landline and don't want to get that or cable "bundled" with my internet, which seems to be the only way to get a good deal at places like AT&T. so if y'all's was internet ONLY for less than \$75 a month I'd probably switch

I don't like how my electric, water, and trash bills are all in one. To me, it seems like I'm over paying for services but it's hard to tell because all 3 are lumped together.

I don't like the app. It isn't user friendly.

I don't really have any issues with them. Utilities they offer are pretty reliable.

I don't think about CU much at all. That's a very good sign.

I don't believe I have had to call for service in the 23 years I have lived here. Can't rate customer service except to say power is rarely out and that is usually storm related.

APPENDIX C

Copy of Cleveland Utilities Most Recent Audited Financial Statement

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE

Financial Statements

June 30, 2021

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Financial Statements
June 30, 2021 and 2020*

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Electric Division:	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	9
Statements of Cash Flows	10
Water Division:	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Fiduciary Statements:	
Statements of Fiduciary Net Position - Other Post-Employment Benefits Trust Fund	15
Statements of Changes in Fiduciary Net Position - Other Post-Employment Benefits Trust Fund	16
NOTES TO FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Total OPEB Liability and Related Ratios	39
Schedule of Contributions Based on Participation in the OPEB Plan	40
Schedule of Investment Returns	40
Schedule of Changes in the Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of CSA	41
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of CSA	43
Schedule of Changes in the Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	45
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	47
SUPPLEMENTAL INFORMATION	
Schedule of Insurance Coverage	49-50
Schedule of Investments	51-52
Schedule of Electric Rates in Force	53-58
Schedule of Water and Wastewater Rates in Force	59-62
Schedule of Unaccounted for Water	63-66
Schedule of Changes In Long-Term Debt by Issue	67-68
Schedule of Bond Principal and Interest by Fiscal Year	69-70
Schedule of Note Principal and Interest by Fiscal Year	71-75
Schedule of Officers	76
Schedule of Cash Shortages and Other Thefts	77
Schedule of Federal and State Financial Assistance Activity	78

SUPPLEMENTAL INFORMATION - Continued

*INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS* 79

*INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE* 81

Schedule of Findings and Questioned Costs 83

Summary Schedule of Prior Year Findings 84

WEDGEWOOD ACCOUNTING, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM B. KIRKSEY, CPA
MARK A. LAY, CPA
SCOTT D. HALL, CPA
ANGELA KEY RITCHIE, CPA
BRANDON H. BARNES, CPA

WEDGEWOOD OFFICE PARK
4395 N. OCOEE STREET
CLEVELAND, TENNESSEE 37312

TELEPHONE: (423) 476-5581
FACSIMILE: (423) 472-9893
EMAIL: cpa@wedgewoodaccounting.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Public Utilities of the
City of Cleveland, Tennessee
Cleveland, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of each major funds and the aggregate remaining fund information of the Board of Public Utilities of the City of Cleveland, Tennessee, (the Board), funds of the City of Cleveland, Tennessee, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Board of Public Utilities of the City of Cleveland, Tennessee, as of June 30, 2021 and 2020, and the changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements present only the Divisions (Electric and Water) of the Board of Public Utilities of the City of Cleveland, Tennessee, and do not purport to, and do not, present fairly the financial position of the City of Cleveland, Tennessee, as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the year ended in

- 1 -

accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect with this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, the Schedules of OPEB liability and related ratios, contributions, investment returns, and funding progress on pages 39 through 40, and the Schedule of Changes in Net Pension Liability and related ratios, and contributions on pages 41 through 48, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The supplemental information presented on pages 49 through 77, is for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Federal Financial Assistance Activity, on page 78, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedule of Federal Financial Assistance Activity is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Financial Assistance Activity is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental information schedules reported on pages 49 through 77, have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Wedgewood Accounting, PLLC
WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

October 22, 2021

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
Management's Discussion and Analysis
June 30, 2021

Management's Discussion and Analysis

The purpose of the MD&A is to provide an objective and easily readable analysis of the Board's financial activities, based on currently known facts, decisions, or conditions. These statements are made to the best of management's ability to forecast and estimate future occurrences of weather, economical conditions, and acts of God.

Statements of Net Position

The Statements of Net Position detail the total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources. The net effect is segmented into net investment related to capital assets, restricted for capital activity and debt service, and unrestricted assets.

Statements of Revenues, Expenses and Changes in Net Position

This statement provides the operating results of the Board, presented by various categories of operating and non-operating revenues and expenses.

Statements of Cash Flows

Using the direct method, sources and uses of cash from operating, financing and investing activities are shown.

Notes to Financial Statements

The footnotes are prepared to provide clarity and to compliment as detailed information to the financial statements. The financial statements and their respective notes must be combined for a complete analysis.

Financial Highlights

	Electric		Water	
	2021	2020	2021	2020
	<i>(In Thousands)</i>		<i>(In Thousands)</i>	
Operating revenues	\$ 100,050	\$ 100,343	\$ 33,314	\$ 30,978
Operating expenses	89,060	91,408	27,080	25,537
Net operating revenue	\$ 10,990	\$ 8,935	\$ 6,234	\$ 5,442
Interest income	34	275	21	161
Interest expense	558	502	1,388	1,310
Transfer to City General Fund	2,498	2,401	475	463
Other	277	247	1,316	1,005
Change in net position (after CIAC)	\$ 8,245	\$ 6,553	\$ 5,708	\$ 4,833
Current assets	\$ 41,138	\$ 34,898	\$ 18,255	\$ 15,203
Other assets	2,885	2,831	0	0
Utility plant, net	82,159	76,265	142,613	138,185
Total assets	\$ 126,182	\$ 113,995	\$ 160,868	\$ 153,388
Deferred Outflows of Resources	\$ 4,512	\$ 4,191	\$ 4,279	\$ 3,984

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
Management's Discussion and Analysis
June 30, 2021

Financial Highlights (Continued)

	Electric		Water	
	2021	2020	2021	2020
	<i>(In Thousands)</i>		<i>(In Thousands)</i>	
Long-term liabilities	\$ 30,125	\$ 27,437	\$ 67,069	\$ 63,159
Other liabilities	18,369	16,589	6,826	8,184
Total liabilities	\$ 48,494	\$ 44,026	\$ 73,895	\$ 71,343
Deferred Inflows of Resources	\$ 1,096	\$ 1,301	\$ 1,359	\$ 1,844
Net position:				
Invested in capital assets	\$ 67,481	\$ 62,509	\$ 85,412	\$ 84,720
Unrestricted	13,622	10,349	4,481	535
Total Net Position	\$ 81,103	\$ 72,859	\$ 89,893	\$ 84,185

Electric Division

Kilowatt-hours and Customer Counts

Cleveland Utilities Electric Division (The Division) sold 1,008,260,890 kilowatt-hours of electricity during fiscal year 2021. This volume represents a 0.5% increase compared to fiscal year 2020. Residential and Commercial classes reflected an increase in volume compared to 2020. The remaining classes reflected a decrease in volume in 2021 compared to 2020. The average retail price of all kilowatt-hours sold in 2021 was 9.68 cents compared to 9.78 cents in 2020. The number of customers served during June 2021 was 32,351, compared to 32,019 during June 2020.

Revenues

Revenue from the sale of electricity was \$98,357,656 for fiscal year 2021 and \$98,698,755 for fiscal year 2020. Revenue from the sale of electricity to residential customers represented 44 percent, commercial customers represented 9 percent, and industrial customers represented 44% of the total. Lighting accounted for the remaining 3 percent. Other revenues decreased 5.0% from 2020 to 2021.

Expenses

Expenses for the fiscal year 2021 had a 2.2% decrease from 2021. The division purchases all electricity from the Tennessee Valley Authority. The cost of purchased power was \$71,322,321 in fiscal year 2021; whereas it was \$73,773,799 for fiscal year 2021. When stated as a percent of electric revenues, purchased power was 72.5% in fiscal year 2021 and 77.87% in fiscal year 2019. The reason for the decrease in purchased power is due to a Pandemic Relief Credit issued by TVA beginning in October 2020. This resulted in a 2.5% decrease in the monthly purchased power bill. Operating expenses other than purchased power for FY 2021 increased 1.5% from FY 2020.

Assets, Liabilities and Net Position

During FY 2013, an agreement was made between Cleveland Utilities, The City of Cleveland, and Bradley County regarding the \$2,000,000 Spring Branch Industrial Park obligation. Cleveland Utilities has recorded an economic development asset in the amount of \$1,378,494, with \$929,864 being classified as deferred economic development costs (amortizable over the remaining 11 years) and \$448,630 being classified as deferred economic land held for future use (non-amortizable). Any additional costs incurred to the project will be recorded as deferred economic development costs, and the yearly amortization will be adjusted to include the additional costs spread over the remaining years of the agreement. Any return received on the project will be used to offset the deferred economic asset, whether that return be in the form of proceeds or real estate.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Management's Discussion and Analysis
June 30, 2021*

Financial Highlights (Continued)

Assets, Liabilities and Net Position (Continued)

The change in net position (defined as the difference in revenues and expenses) was \$8,244,698 for fiscal year 2021. The total change in net position was the result of an increase in net position invested in capital assets of \$4,971,777 and an increase in unrestricted net position of \$3,272,921. Unrestricted net position are those which can be used to finance day-to-day operations of the Division. Long-term debt payments of \$9,367,855 were made in 2021 a portion of which were refinanced resulting in \$8,830,00 of new debt issued. Transfers were made to the general fund of the City of Cleveland of \$2,498,439 by the electric division without any specific requirements relating to the use of the funds by the City of Cleveland.

The Board, operating through the Division, maintains an annual capital improvements program. The program is necessary to meet the increased demand placed on the system by customer growth and expansion. The Division has projected an investment in capital assets totaling \$46,328,068 in the five-year period beginning with fiscal year 2022. The investment in new facilities is projected to be financed through operations and additional long-term financing.

Water Division

Cleveland Utilities Water Division (The Division) operates as two distinct departments and individual financial records are maintained for both departments. The water department provides water service to the City of Cleveland and surrounding areas, and the wastewater department provides sanitary sewer service to customers primarily in the City of Cleveland and a small area outside the City. The departments' results of operations are combined for reporting purposes; however, since individual records are maintained, specific information is available for both departments.

Water Department

Gallons Billed and Customer Counts

Cleveland Utilities Water Department sold 2,853,327,000 gallons of water during fiscal year 2021 at an average price of \$5.86 per 1,000 gallons. This volume is a 3.4 percent increase compared to the 2020 volume. Volume for residential inside and outside, small commercial inside and large commercial outside reflected an increase in 2021 compared to 2020, while all other customer classes show decreases for FY 2021 compared to 2020.

Revenue from the sale of water was broken down by customer class as follows:

Residential	66%
Small Commercial	18% (including resale)
Large Commercial	12%
Irrigation	4%

The number of customers served during the month of June 2021 was 33,060, up from 32,467 as of June 2020.

Wastewater Department

Gallons Billed and Customer Counts

Cleveland Utilities Wastewater Department billed customers for treating 1,886,476,500 gallons of wastewater during fiscal year 2021 at an average price of \$7.11 per 1,000 gallons. This volume is a 1.4 percent increase compared to the 2020 volume. Volumes for large commercial inside showed a decrease for 2021 compared to 2020. All other classes showed increases for 2021 compared to 2020.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Management's Discussion and Analysis
June 30, 2021*

Water Department (Continued)

Revenue from the different classes of wastewater customers was as follows:

Residential	49%
Small Commercial	28%
Large Commercial	23%

The number of customers served during June 2021 was 19,893, up from 19,484 as of June 2020.

Water/Wastewater Combined

Revenues

Operating revenues for fiscal year 2021 were up 7.5 percent over fiscal year 2020.

Expenses

Operating expenses increased 6 percent in 2021 from 2020. Most of this increase is due to a general increase in operating costs due to inflation and cost/wage increases.

Assets, Liabilities and Net Position

The change in net position (defined as the difference in revenues and expenses) was \$5,707,945. This included \$1,332,427 of plant recovered through contributions in aid of construction ("CIAC"). The total change in net position was the result of a increase in net position invested in capital assets of \$691,837 and an increase in unrestricted net position of \$5,016,108. Unrestricted net position are those which can be used to finance day-to-day operations of the Division. Long-term debt payments of \$15,868,003 were made in 2021, a portion of which were refinanced resulting in \$13,595,000 of new bonds issued. Transfers were made to the general fund of the City of Cleveland of \$463,103 by the water division without any specific use requirements relating to the use of the funds by the City of Cleveland.

The Board, operating through the Division, maintains an annual capital improvements program. The program is necessary to continue to meet the increased demand placed on the system by customer growth, expansion and environment related obligations and regulations. The Water Department has projected an investment in capital assets totaling \$30,397,489 and the Wastewater Department an investment of \$46,812,139 in the five-year period beginning in fiscal year 2022. Both departments are proposing to finance the additional investment through a combination of funds generated by operations and additional long-term financing.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION**
*Statements of Net Position
For the Years Ended June 30, 2021 and 2020*

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 23,800,967	\$ 18,468,560
Segregated funds - bond proceeds	4,901	4,527
Total cash and cash equivalents	\$ 23,805,868	\$ 18,473,087
Accounts receivable:		
Customer service	\$ 9,507,315	\$ 9,171,217
Accrued utility revenues	4,148,935	3,995,325
Conservation loans receivable	257,762	257,412
Other	1,269,429	807,624
Allowance for doubtful accounts	(118,841)	(142,657)
Total accounts receivable, net	\$ 15,064,600	\$ 14,088,921
Inventories, at average cost	\$ 2,092,462	\$ 2,168,234
Prepaid items	\$ 174,630	\$ 167,312
Total Current Assets	\$ 41,137,560	\$ 34,897,554
NON-CURRENT ASSETS		
Capital assets:		
Electric utility plant	\$ 160,982,405	\$ 152,602,294
Less accumulated depreciation	(78,823,342)	(76,336,886)
Capital assets (net)	\$ 82,159,063	\$ 76,265,408
Other assets:		
Other	1,480,929	1,524,480
Receivables from customers for conservation loans, net	1,404,503	1,307,124
Total Non-Current Assets	\$ 85,044,495	\$ 79,097,012
TOTAL ASSETS	\$ 126,182,055	\$ 113,994,566
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pensions	\$ 4,095,443	\$ 3,670,637
Deferred outflow - other post-employment benefits	391,788	509,385
Deferred loss on refunding	24,914	10,977
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 4,512,145	\$ 4,190,999

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION**
*Statements of Net Position
For the Years Ended June 30, 2021 and 2020*

	2021	2020
LIABILITIES		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 1,061,721	\$ 1,215,605
Accounts payable:		
Tennessee Valley Authority for purchased power	\$ 6,761,969	\$ 6,282,225
Payable due to Water Division	2,076,511	2,128,918
Payable due to Other Funds	106,667	131,333
Other	2,812,460	1,650,903
Total Accounts Payable	\$ 11,757,607	\$ 10,193,379
Customer deposits	\$ 3,870,230	\$ 3,710,346
Current maturities of conservation loans	257,762	257,412
Accrued interest	49,406	32,575
Other current liabilities	1,372,417	973,413
Total Other Liabilities	\$ 5,549,815	\$ 4,973,746
Total Current Liabilities	\$ 18,369,143	\$ 16,382,730
NON-CURRENT LIABILITIES		
Long-term debt, net of current maturities	\$ 13,600,594	\$ 12,521,093
Conservation loans, net of current portion	1,466,052	1,355,226
Due to Other Funds	828,333	1,062,668
Other non-current liabilities	1,841,350	206,493
Pension benefits payable	6,610,504	6,714,104
Post-employment benefits payable	5,778,545	5,784,004
Total Non-Current Liabilities	\$ 30,125,378	\$ 27,643,588
TOTAL LIABILITIES	\$ 48,494,521	\$ 44,026,318
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	\$ 28,491	\$ 165,715
Deferred inflows - other post-employment benefits	880,004	1,099,893
Deferred inflows - gain on refunding	187,779	34,932
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,096,274	\$ 1,300,540
NET POSITION		
Net investment in capital assets	\$ 67,481,059	\$ 62,509,282
Unrestricted	13,622,346	10,349,425
TOTAL NET POSITION	\$ 81,103,405	\$ 72,858,707

The accompanying notes are an integral part of these financial statements.

- 8 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION**
*Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Electric revenues:		
Residential	\$ 42,917,432	\$ 42,765,283
Large power	43,743,882	44,489,271
Small power	9,256,472	9,238,041
Street, traffic and outdoor lighting	2,286,261	2,156,062
Change in accrued revenue	153,610	50,097
Less uncollectible electric sales	(46,876)	7,892
Total electric revenues	<u>\$ 98,310,781</u>	<u>\$ 98,706,646</u>
Other operating revenues	1,739,517	1,636,398
Total operating revenues	<u>\$ 100,050,298</u>	<u>\$ 100,343,044</u>
Operating expenses:		
Operations:		
Power purchased from Tennessee Valley Authority	\$ 71,322,321	\$ 73,773,799
Other operating expenses	7,682,346	7,631,321
Total operations	<u>\$ 79,004,667</u>	<u>\$ 81,405,120</u>
Maintenance	4,972,318	5,059,141
Provision for depreciation and amortization	5,082,744	4,943,437
Total operating expenses	<u>\$ 89,059,729</u>	<u>\$ 91,407,698</u>
Net operating revenues	<u>\$ 10,990,569</u>	<u>\$ 8,935,346</u>
Other revenues (expenses):		
Interest expense	\$ (558,382)	\$ (502,141)
Interest income	33,984	274,554
Plant cost recovered through contributions in aid of construction	(402,873)	(111,134)
Contributions in aid of construction	402,873	111,134
Other income	291,180	262,883
Other expenses	(14,214)	(16,127)
Total other revenues (expenses)	<u>\$ (247,432)</u>	<u>\$ 19,169</u>
Net income before transfers	\$ 10,743,137	\$ 8,954,515
Transfers to other funds	<u>(2,498,439)</u>	<u>(2,401,292)</u>
Change in Net Position	\$ 8,244,698	\$ 6,553,223
Net Position, beginning of year	<u>72,858,707</u>	<u>66,305,484</u>
Net Position, end of year	<u>\$ 81,103,405</u>	<u>\$ 72,858,707</u>

The accompanying notes are an integral part of these financial statements.

- 9 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION**
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from customers	\$ 99,160,939	\$ 100,964,586
Payments to suppliers for goods and services	(70,982,132)	(77,759,817)
Payments to employees for services	(9,629,595)	(9,415,513)
Net cash provided by operating activities	<u>\$ 18,549,212</u>	<u>\$ 13,789,256</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	\$ (2,498,439)	\$ (2,401,292)
Net cash used in financing activities	<u>\$ (2,498,439)</u>	<u>\$ (2,401,292)</u>
Cash flows from capital and related financing activities:		
Additions to utility plant	\$ (11,500,349)	\$ (5,888,790)
Removal cost	(633,233)	(497,669)
Salvage	178,789	205,436
Contributions in aid of construction	402,873	111,134
Proceeds from issuance of long-term debt	10,372,263	0
Payment of principal on long-term debt	(9,367,855)	(1,158,422)
Payment of interest on long-term debt	(481,430)	(560,693)
Net cash used in capital and related financing activities	<u>\$ (11,028,942)</u>	<u>\$ (7,789,004)</u>
Cash flows from investing activities:		
Interest received	\$ 33,984	\$ 274,554
Other non-operating revenue	276,966	246,756
Net cash provided by investing activities	<u>\$ 310,950</u>	<u>\$ 521,310</u>
Net increase in cash and cash equivalents	\$ 5,332,781	\$ 4,120,270
Cash and cash equivalents, beginning of year	18,473,087	14,352,817
Cash and cash equivalents, end of year	<u>\$ 23,805,868</u>	<u>\$ 18,473,087</u>
Reconciliation of operating revenues to net cash provided by operating activities:		
Net operating revenues	\$ 10,990,569	\$ 8,935,346
Adjustments to reconcile net operating revenues to net cash provided by operating activities:		
Depreciation and amortization	5,658,266	5,180,996
Changes in operating assets and liabilities:		
Accounts receivable	(951,513)	658,850
Allowance for doubtful accounts	(23,816)	(21,440)
Materials and supplies	75,772	(145,292)
Receivables from customers for conservation loans	(97,729)	(86,897)
Prepaid items	(7,318)	(31,401)
Other assets	43,550	63,194
Accounts payable	1,641,301	(354,262)
Customer deposits	159,883	49,589
Other current liabilities	1,722,452	29,297
Conservation loans	111,176	93,341
Pension benefits payable	(665,630)	(414,764)
Post-employment benefits payable	(107,751)	(167,301)
Net cash provided by operating activities	<u>\$ 18,549,212</u>	<u>\$ 13,789,256</u>

The accompanying notes are an integral part of these financial statements.

- 10 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
*Statements of Net Position
For the Years Ended June 30, 2021 and 2020*

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,879,083	\$ 10,816,303
Segregated funds - bond proceeds	4,413	4,362
Total cash and cash equivalents	\$ 13,883,496	\$ 10,820,665
Accounts receivable:		
Customer service	\$ 164,278	\$ 131,798
Receivable due from Electric Division	2,076,511	2,128,918
Accrued utility revenues	1,401,146	1,386,464
Other	196,628	246,251
Total accounts receivable, net	\$ 3,838,563	\$ 3,893,431
Inventories, at average cost	\$ 410,911	\$ 328,079
Prepaid expenses	\$ 122,073	\$ 161,070
Total Current Assets	\$ 18,255,043	\$ 15,203,245
NON-CURRENT ASSETS		
Capital assets:		
Water and sewer utility plant	\$ 270,722,953	\$ 259,686,767
Less accumulated depreciation	(128,110,333)	(121,501,734)
Total Non-current Assets	\$ 142,612,620	\$ 138,185,033
TOTAL ASSETS	\$ 160,867,663	\$ 153,388,278
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pensions	\$ 3,345,760	\$ 2,866,678
Deferred outflow - other post-employment benefits	528,113	697,338
Deferred loss on refunding	404,995	419,496
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 4,278,868	\$ 3,983,512

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
*Statements of Net Position
For the Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
LIABILITIES		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 4,707,275	\$ 4,687,336
Accounts payable	73,191	1,524,021
Accrued interest	101,314	112,475
Other current liabilities	1,944,616	1,859,953
Total Current Liabilities	<u>\$ 6,826,396</u>	<u>\$ 8,183,785</u>
NON-CURRENT LIABILITIES		
Long-term debt, net of current maturities	\$ 52,791,125	\$ 49,072,506
Pension benefits payable	6,294,981	6,157,920
Post-employment benefits payable	7,982,780	7,928,670
Total Non-Current Liabilities	<u>\$ 67,068,886</u>	<u>\$ 63,159,096</u>
TOTAL LIABILITIES	<u>\$ 73,895,282</u>	<u>\$ 71,342,881</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	\$ 15,940	\$ 167,862
Deferred inflows - other post-employment benefits	1,230,930	1,547,356
Deferred gain on refunding	111,694	128,951
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,358,564</u>	<u>\$ 1,844,169</u>
NET POSITION		
Net investment in capital assets	\$ 85,411,935	\$ 84,720,098
Unrestricted	4,480,750	(535,358)
TOTAL NET POSITION	<u>\$ 89,892,685</u>	<u>\$ 84,184,740</u>

The accompanying notes are an integral part of these financial statements.

- 12 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
*Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2021 and 2020*

	2021	2020
Operating revenues:		
Water revenues:		
Residential	\$ 11,063,633	\$ 10,300,928
Commercial	2,981,735	2,799,022
Industrial	2,020,690	1,805,783
Irrigation	594,380	624,731
Resale	71,292	95,357
Change in accrued revenue	6,837	104,995
Less uncollectible water sales	(22,032)	(48,792)
Total water revenues	<u>\$ 16,716,535</u>	<u>\$ 15,682,024</u>
Sewer revenues	\$ 13,408,776	\$ 12,675,224
Change in accrued revenue	7,845	45,422
Less uncollectible sewer sales	(14,734)	(37,437)
Total sewer revenues	<u>\$ 13,401,887</u>	<u>\$ 12,683,209</u>
Other operating revenues	<u>\$ 3,195,702</u>	<u>\$ 2,613,225</u>
Total operating revenues	<u>\$ 33,314,124</u>	<u>\$ 30,978,458</u>
Operating expenses:		
Operations	\$ 16,975,995	\$ 15,732,890
Maintenance	3,357,489	3,236,904
Provision for depreciation and amortization	6,746,827	6,567,128
Total operating expenses	<u>\$ 27,080,311</u>	<u>\$ 25,536,922</u>
Net operating revenues	<u>\$ 6,233,813</u>	<u>\$ 5,441,536</u>
Other revenues (expenses):		
Interest expense	\$ (1,387,600)	\$ (1,310,451)
Interest income	21,228	160,679
Plant cost recovered through contributions in aid of construction	1,332,427	1,020,815
Other expenses	(17,340)	(16,011)
Total other revenues (expenses)	<u>\$ (51,285)</u>	<u>\$ (144,968)</u>
Net income before transfers	<u>\$ 6,182,528</u>	<u>\$ 5,296,568</u>
Transfers to other funds	<u>(474,583)</u>	<u>(463,103)</u>
Change in net position	<u>\$ 5,707,945</u>	<u>\$ 4,833,465</u>
Net position, beginning of year, as previously reported	<u>84,184,740</u>	<u>79,351,275</u>
Net position, end of year	<u>\$ 89,892,685</u>	<u>\$ 84,184,740</u>

The accompanying notes are an integral part of these financial statements.

- 13 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from customers	\$ 33,368,992	\$ 31,931,656
Payments to suppliers for goods and services	(15,960,087)	(12,880,968)
Payments to employees for services	(6,094,924)	(5,928,338)
Net cash provided by operating activities	<u>\$ 11,313,981</u>	<u>\$ 13,122,350</u>
Cash flows from noncapital financing activities:		
Transfers to other funds	\$ (474,583)	\$ (463,103)
Net cash used in financing activities	<u>\$ (474,583)</u>	<u>\$ (463,103)</u>
Cash flows from capital and related financing activities:		
Additions to utility plant	\$ (11,454,922)	\$ (9,759,717)
Proceeds received for contributions in aid of construction	1,332,427	1,020,815
Salvage	5,000	52,535
Proceeds from the issuance of long-term debt	19,847,100	1,082,477
Payment of principal on long-term debt	(15,868,003)	(3,898,145)
Payment of interest on long-term debt	(1,642,058)	(1,522,402)
Net cash used in capital and related financing activities	<u>\$ (7,780,456)</u>	<u>\$ (13,024,437)</u>
Cash flows from investing activities:		
Interest received	\$ 21,228	\$ 160,679
Other non-operating revenue (expense)	(17,339)	(16,011)
Net cash provided by investing activities	<u>\$ 3,889</u>	<u>\$ 144,668</u>
Net increase (decrease) in cash and cash equivalents	\$ 3,062,831	\$ (220,522)
Cash and cash equivalents, beginning of year	10,820,665	11,041,187
Cash and cash equivalents, end of year	<u>\$ 13,883,496</u>	<u>\$ 10,820,665</u>
Reconciliation of operating revenues to net cash provided by operating activities:		
Net operating revenues	\$ 6,233,813	\$ 5,441,536
Adjustments to reconcile net operating revenues to net cash provided by operating activities:		
Depreciation and amortization	7,022,335	6,805,518
Changes in operating assets and liabilities:		
Accounts receivable	54,868	953,198
Materials and supplies	(82,832)	6,633
Prepaid expenses	38,998	(77,001)
Accounts payable	(1,450,829)	543,433
Other current liabilities	84,662	(66,887)
Pension benefits payable	(493,943)	(228,837)
Post-employment benefits payable	(93,091)	(255,243)
Net cash provided by operating activities	<u>\$ 11,313,981</u>	<u>\$ 13,122,350</u>

The accompanying notes are an integral part of these financial statements.

- 14 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Statements of Fiduciary Net Position - Other Post-Employment Benefits Trust Fund
For the Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,535	\$ 50,780
Interest receivable	1,405	1,090
Investments, at fair value	<u>3,028,959</u>	<u>1,770,698</u>
Total Current Assets	<u>\$ 3,132,899</u>	<u>\$ 1,822,568</u>
 TOTAL ASSETS	 <u>\$ 3,132,899</u>	 <u>\$ 1,822,568</u>
 NET POSITION		
Net position restricted for other post-employment benefits	<u>\$ 3,132,899</u>	<u>\$ 1,822,568</u>

The accompanying notes are an integral part of these financial statements.

- 15 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Statements of Changes in Fiduciary Net Position - Other Post-Employment Benefits Trust Fund
For the Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
ADDITIONS		
Employer contributions	\$ 1,404,235	\$ 1,361,034
Net investment income:		
Interest and dividend income	67,577	60,632
Net change in the fair value of assets	544,561	(11,789)
Total Additions	<u>\$ 2,016,373</u>	<u>\$ 1,409,877</u>
DEDUCTIONS		
Benefits paid	<u>\$ 706,042</u>	<u>\$ 676,531</u>
Total Deductions	<u>\$ 706,042</u>	<u>\$ 676,531</u>
Change in Net Position Held in Trust for Other Post-Employment Benefits	\$ 1,310,331	\$ 733,346
Net Position, held in trust, beginning of year	<u>1,822,568</u>	<u>1,089,222</u>
Net Position, held in trust, end of year	<u><u>\$ 3,132,899</u></u>	<u><u>\$ 1,822,568</u></u>

The accompanying notes are an integral part of these financial statements.

- 16 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Board of Public Utilities of the City of Cleveland, Tennessee, (the "Board") comprises two enterprise funds and a fiduciary fund of the City of Cleveland, Tennessee, the primary government. Accordingly, the accompanying financial statements are included in the basic financial statements of the City. Two distinct operating divisions provide electricity (the "Electric Division") and water and sewer services (the "Water Division"). Certain common operating expenses are allocated between divisions for financial reporting purposes based upon management's estimate of the pro rata relationship of the expenses to each division.

The Board provides electric, water, and sewer services to residential, commercial, and industrial customers located within Cleveland, Tennessee, and the surrounding areas.

Basis of Presentation

The financial statements present only the Electric and Water Divisions of the Board and are not intended to present the financial position of the City, the results of the City's operations, or the cash flows of the City's proprietary fund types and nonexpendable trust funds in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

The Board follows the provisions of Statement No. 34 (Statement 34) of the Governmental Accounting Standards Board Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Statement 34 established standards for external financial reporting for all state and local governmental entities.

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The accounting and financial reporting treatment applied is determined by measurement focus. The transactions are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included on the statement of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets; restricted for capital activity and debt service; and unrestricted components. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are added back to offset long-term debt.

Net position-restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Net position-unrestricted - This component of net position consists of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Board's accounting policies are in conformity with accounting principles generally accepted in the United States of America. Where applicable, the Electric Division's accounting records generally follow the Federal Energy Regulatory Commission's ("FERC") uniform system of accounts prescribed for public utilities.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Contributions in Aid of Construction

The Board conforms to the provisions of GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Consistent with FERC's guidelines, the Electric Division conforms to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, Accounting for the Effects of Certain Types of Regulation. SFAS No. 71 allows for the direct reduction of plant cost recovered through CIAC as opposed to recovery of costs through future regulatory rates. The Water Division recovers plant costs through future regulatory rates and therefore, recognizes CIAC as a net increase in other revenues. Included in 2021 and 2020, CIAC are \$1,272,000, and \$890,000, respectively, of non-cash contributions.

Use of Estimates

The preparation of financial statements requires Cleveland Utilities to estimate the effects of various matters that are inherently uncertain as of the date of the financial statements. Although the financial statements are prepared in conformity with GAAP, Cleveland Utilities is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses reported during the reporting period. Each of these estimates varies in regard to the level of judgment involved and its potential impact on Cleveland Utilities' financial results. While Cleveland Utilities' estimates and assumptions are based on its knowledge of current events and actions it may undertake in the future, actual results may ultimately differ from these estimates and assumptions.

Revenue Recognition

Revenues are recognized based on billings to customers on monthly meter reading cycles. In addition, an accrual is prepared for the estimate of unbilled revenue for services provided from the date of the last meter reading to the end of the reporting period. The utility distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from charges to customers for the sale of services of electric, water, and sewer operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, deposits in banks, and short-term highly liquid investments that are readily convertible into cash, including segregated funds.

Statutes authorize the Board to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

Materials and Supplies

Materials and supplies inventory is valued at the lower of cost or market using the average cost basis.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Board has three items that qualify for reporting in this category. The deferred charge on refunding which is reported as a deferred outflow or deferred inflow depending on whether it will ultimately be recognized as an expense or revenue. Pension contributions paid after the measurement date are reported as deferred outflows, and differences between expected and actual experience, and investment earnings are reported as deferred inflows.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the CSA and TCRS plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CSA and TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the various plans. Investments are reported at fair value.

Reclassifications

For comparability purposes, certain prior year accounts have been reclassified.

Subsequent Events

The Board has evaluated events and transactions that occurred between June 30, 2021, and October 22, 2021, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

CASH AND INVESTMENTS

Interest rate risk - In accordance with its investment policy, the Board manages its exposure to declines in fair values by negotiating the amount of interest earned on checking accounts with area banks. The Board presently has checking funds with Pinnacle Financial Partners. Under the current agreement, the Board earns the greater of fifteen percent of the New York Prime Rate, one hundred percent of the Federal Funds Rate, or half of one percent on deposited funds.

Custodial credit risk - Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. All of the Board's deposits were covered by federal depository insurance or by the bank collateral pool administered by the State of Tennessee, at June 30, 2021 and 2020.

Investments - fiduciary fund

Investments of the Board are reported at fair value. Investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

At June 30, 2021, all investments held in the Other Post-employment Benefit Trust have been classified as Level 1 in the fair value hierarchy as they are valued directly from a predetermined primary external pricing vendor utilizing quoted market prices in active markets. It is the policy of the Board to pursue an investment strategy that reduces the risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2021:

American Beacon Small Cap Value Fund	\$	194,133
Clearbridge International Growth		212,312
John Hancock Funds III - International Growth Fund		225,258
Lord Abbett Short Duration Income Fund		255,338
T. Rowe Price Emerging Markets Stock Fund		162,825
The Hartford Small Cap Growth I Fund		161,450
Thornburg Limited Term Income Fund		280,673
Vanguard Growth Index Fund		434,869
Vanguard High Dividend Yield Index Fund		427,928
Victory Sycamore Established Value I Fund		217,921

For the year ended June 30, 2021, the annual money-weighted rate of return on OPEB plan investments net of OPEB investment expense was 23.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
Cleveland Utilities - Water Division	Cleveland Utilities - Electric Division	\$ 2,076,511
Spring Branch Industrial Park Fund	Cleveland Utilities - Electric Division	935,000
		<u>\$ 3,011,511</u>

Interfund payables between the Water and Electric divisions are based upon daily billing activities. These interfund balances are satisfied within a 30 day cycle. The Spring Branch Industrial Park balance is related to Cleveland Utilities' investment into the park. See footnote "Due to the City of Cleveland" for further information.

Transfers Out	Transfers In	Amount
Cleveland Utilities - Electric Division	City of Cleveland - General Fund	\$ 2,498,439
Cleveland Utilities - Water Division	City of Cleveland - General Fund	474,583
		<u>\$ 2,973,022</u>

Transfers from Cleveland Utilities to the City of Cleveland represent tax equivalent payments that are required to be shown as transfers instead of expenses of the divisions.

UTILITY PLANT, DEPRECIATION, AND MAINTENANCE

Utility plant is stated at original cost. Such costs include applicable general and administrative costs and payroll-related costs such as pensions and taxes.

The Board provides for depreciation at rates that are designed to amortize the cost of the depreciable utility plant over its estimated useful life. The composite straight-line depreciation rates, expressed as a percentage of average depreciable utility plant, are as follows:

	2021	2020
Electric	3.6%	3.5%
Water	2.8%	2.8%

The estimated useful life of components of depreciable utility plant are as follows:

Structures, transmission, and distribution systems	33 to 50 years
Equipment	10 to 20 years
Transportation equipment	5 years

Depreciation and amortization expense for the Electric Division was \$5,658,266 and \$5,180,996, for the fiscal years ended June 30, 2021 and 2020, respectively. Depreciation expense for the Water Division was \$7,022,335 and \$6,805,518, for the fiscal years ended June 30, 2021 and 2020.

The provision for depreciation and amortization in the accompanying Statement of Revenues, Expenses and Change in Net Position does not include depreciation on certain transportation equipment which is allocated to other expense classifications based on relative usage. Depreciation charged to other accounts is as follows:

	2021	2020
Electric	\$ 575,523	\$ 237,559
Water	275,508	238,390

When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its cost, together with the cost of removal less salvage, is charged to accumulated depreciation. The Board charges maintenance and repairs, including the cost of renewals of minor items of property, to maintenance expense accounts. Replacements of property (exclusive of minor items of property) are charged to utility plant accounts.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

UTILITY PLANT, DEPRECIATION, AND MAINTENANCE - (Continued)

Electric Division utility plant assets activity for the year ended June 30, 2021, was as follows:

	June 30, 2020	Additions	Retirements	Other (2)	June 30, 2021
Capital assets, not being depreciated:					
Land and land rights	\$ 559,065	\$ -	\$ -	\$ -	\$ 559,065
Construction work-in-progress	5,110,509	(3,427,134)	(1) -	-	1,683,375
Total capital assets, not being depreciated	\$ 5,669,574	\$ (3,427,134)	\$ -	\$ -	\$ 2,242,440
Capital assets, being depreciated:					
Transmission plant	\$ 5,833,619	\$ 259,699	\$ (87,191)	\$ -	\$ 6,006,127
Distribution plant	118,901,186	11,084,167	(2,041,019)	-	127,944,334
General plant	22,197,915	3,180,745	(379,660)	(209,496)	24,789,504
Total capital assets, being depreciated	\$ 146,932,720	\$ 14,524,611	\$ (2,507,870)	\$ (209,496)	\$ 158,739,965
Less accumulated depreciation	(76,336,886)	(4,994,326)	2,507,870	-	(78,823,342)
Total capital asset, being depreciated, net	\$ 70,595,834	\$ 9,530,285	\$ -	\$ (209,496)	\$ 79,916,623
Total capital assets, net	\$ 76,265,408	\$ 6,103,151	\$ -	\$ (209,496)	\$ 82,159,063

Water Division utility plant assets activity for the year ended June 30, 2021, was as follows:

	June 30, 2020	Additions	Retirements	Other (2)	June 30, 2021
Capital assets, not being depreciated:					
Land and land rights, easements	\$ 1,760,006	\$ 127,232	\$ -	\$ -	\$ 1,887,238
Construction work-in-progress	13,044,390	4,983,698	(1) -	-	18,028,088
Total capital assets, not being depreciated	\$ 14,804,396	\$ 5,110,930	\$ -	\$ -	\$ 19,915,326
Capital assets, being depreciated:					
Plant in service	\$ 244,882,371	\$ 6,343,991	\$ (418,735)	\$ -	\$ 250,807,627
Total capital assets, being depreciated	\$ 244,882,371	\$ 6,343,991	\$ (418,735)	\$ -	\$ 250,807,627
Less accumulated depreciation	(121,501,734)	(7,027,334)	418,735	-	(128,110,333)
Total capital asset, being depreciated, net	\$ 123,380,637	\$ (683,343)	\$ -	\$ -	\$ 122,697,294
Total capital assets, net	\$ 138,185,033	\$ 4,427,587	\$ -	\$ -	\$ 142,612,620

(1) Represents the net change in the construction work-in-progress account.
(2) Represents accretion of plant acquisition adjustment and transfers.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

UTILITY PLANT, DEPRECIATION, AND MAINTENANCE - (Continued)

Electric Division utility plant assets activity for the year ended June 30, 2020, was as follows:

	June 30, 2019	Additions	Retirements	Other (2)	June 30, 2020
Capital assets, not being depreciated:					
Land and land rights	\$ 559,065	\$ -	\$ -	\$ -	\$ 559,065
Construction work-in-progress	3,026,840	2,083,669	(1) -	-	5,110,509
Total capital assets, not being depreciated	\$ 3,585,905	\$ 2,083,669	\$ -	\$ -	\$ 5,669,574
Capital assets, being depreciated:					
Transmission plant	\$ 5,866,066	\$ 111,491	\$ (143,938)	\$ -	\$ 5,833,619
Distribution plant	116,546,405	3,371,209	(1,016,428)	-	118,901,186
General plant	22,069,085	211,285	(47,891)	(34,564)	22,197,915
Total capital assets, being depreciated	\$ 144,481,556	\$ 3,693,985	\$ (1,208,257)	\$ (34,564)	\$ 146,932,720
Less accumulated depreciation	(72,690,944)	(4,854,199)	1,208,257	-	(76,336,886)
Total capital asset, being depreciated, net	\$ 71,790,612	\$ (1,160,214)	\$ -	\$ (34,564)	\$ 70,595,834
Total capital assets, net	\$ 75,376,517	\$ 923,455	\$ -	\$ (34,564)	\$ 76,265,408

Water Division utility plant assets activity for the year ended June 30, 2020, was as follows:

	June 30, 2019	Additions	Retirements	Other (2)	June 30, 2020
Capital assets, not being depreciated:					
Land and land rights, easements	\$ 1,644,245	\$ 115,761	\$ -	\$ -	\$ 1,760,006
Construction work-in-progress	10,437,432	2,606,958	(1) -	-	13,044,390
Total capital assets, not being depreciated	\$ 12,081,677	\$ 2,722,719	\$ -	\$ -	\$ 14,804,396
Capital assets, being depreciated:					
Plant in service	\$ 238,612,382	\$ 7,037,231	\$ (767,242)	\$ -	\$ 244,882,371
Total capital assets, being depreciated	\$ 238,612,382	\$ 7,037,231	\$ (767,242)	\$ -	\$ 244,882,371
Less accumulated depreciation	(115,410,691)	(6,858,053)	767,010	-	(121,501,734)
Total capital asset, being depreciated, net	\$ 123,201,691	\$ 179,178	\$ -	\$ -	\$ 123,380,637
Total capital assets, net	\$ 135,283,368	\$ 2,901,897	\$ -	\$ -	\$ 138,185,033

(1) Represents the net change in the construction work-in-progress account.

(2) Represents accretion of plant acquisition adjustment and transfers.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS

The CSA Pension Plan

Plan description. All employees of the Electric Division hired prior to October 15, 1993, participate in a cost-sharing multiple-employer pension plan administered by the Central Service Association (the "CSA Plan"). The CSA Plan provides retirement benefits to plan members. Section 5.1 & 5.2 of the Pension Plan for Employees of Central Service Association ("CSA") assigns the authority to establish and amend benefit provisions to the CSA Board of Directors. The Board will serve as the "Plan Sponsor," in regard to employees participating in the plan (active and retired) and CSA shall continue to serve as the "Plan Administrator." CSA issues a publicly available financial report that includes financial statements and required supplementary information for the CSA plan. That report may be obtained by writing Central Service Association, P.O. Box 3480 Tupelo, MS 38803-3480 or by calling (662)842-5962.

On October 1, 2005, Cleveland Utilities-Electric Division withdrew from the CSA Non-Governmental Plan in a spin off whereby assets and liabilities were transferred into the Central Service Association Pension Plan for Governmental Employees, a new tax-qualified multiple employer defined benefit pension plan that is maintained as a governmental plan (as defined under section 414(d) of the Internal Revenue Code). The CSA Governmental Plan is substantially the same as the CSA Non Governmental Plan with certain exceptions, including, but not limited to, (1) the CSA Governmental Plan will not be subject to any PBGC requirements, (2) benefits under the CSA Government Plan will not be insured by the PBGC, and (3) the CSA Governmental Plan will not be subject to the additional deficit reduction contribution funding requirements of Code Section 412(1).

Benefits provided. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. No disability benefits are payable under the plan. There is no provision for Cost-of-living (COLA) adjustments.

Employees covered by benefit term. At the measurement date of October 1, 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	2
Active employees	10
	<u>90</u>

Contributions. Contributions for employees are based on an actuarially determined amount. The contribution requirements of the Board are established and may be amended by the CSA Board of Directors. The employer's actuarially determined contribution (ADC) is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Cleveland Utilities net pension liability was measured as of October 1, 2020, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS - (Continued)

The CSA Pension Plan - (Continued)

Actuarial assumptions. The total pension liability as of the October 1, 2020, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Discount rate*	7.00%
Salary scale	3.5%. The prior valuation assumed 3.00% per year.
Overtime	It is assumed that overtime will continue to be earned at 100% of the prior year's level.
Funding method	Entry Age Normal
Mortality	Pub-2010 General Amount-Weighted table fully-generational with projection scale MP-2020 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2010 Amount-Weighted Contingent Survivor fully-generational with projection scale MP-2020. The prior valuations used RP-2000 Fully Generational with Scale AA.
Incidence of Disability	1985 CIDA Table - Class 2. The prior valuation used 50% 1952 Disability Table, Period 2, Benefit 5, with a 6 month waiting period.
Assumed retirement age	25% at ages 57-61; 50% at ages 62-64; 100% at age 65. The prior valuation used 50% at Plan Retirement/50% at age 65.
Marriage	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse. The prior valuation assumed that 80% of participants were married.
Turnover	For all employees: Sarason T-3 table. The prior valuations used Termination Table T-5 with a five year setback for females.
Cost of living increase	N/A
Date of participation freeze	10/14/1993

*The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the Plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in assumptions. The Pub-2010 General Amount-Weighted table fully-generational with the production scale MP-2020 is being used for Mortality now. The prior valuation used RP-2000 Fully Generational with Scale AA. Incident of Disability now uses the 1985 CIDA Table - Class 2. The prior valuation used 50% 1952 Disability Table, Period 2 Benefit 5, with a 6 month waiting period. The salary scale changed from 3.00% per year to 3.50 per year. Overtime is now based on 100% the most recent 3-year average. The prior valuation used 100% of the prior year level. The assumption for marriage changed to assume that 50% of participants are married and that a male is 3 years older than his female spouse. The prior valuation assumed that 80% of participants were married.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS - (Continued)

The CSA Pension Plan - (Continued)

Changes in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 10/01/19	\$ 34,850,298	\$ 27,814,594	\$ 7,035,704
Changes for the year:			
Service cost	\$ 56,028	\$ 0	\$ 56,028
Interest	2,348,086	0	2,348,086
Difference between expected and actual experience	224,024	0	224,024
Assumption changes	1,061,833	0	1,061,833
Contributions - employer	0	1,930,107	(1,930,107)
Contributions - employees	0	0	0
Net investment income	0	2,246,887	(2,246,887)
Benefit payments	(2,724,486)	(2,724,486)	0
Administrative expense	0	(7,143)	7,143
Net changes	\$ 965,485	\$ 1,445,365	\$ (479,880)
Balance at 10/01/20	\$ 35,815,783	\$ 29,259,959	\$ 6,555,824

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the CSA plan calculated using the discount rate of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 9,937,650	\$ 6,555,824	\$ 3,650,670

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2021, Cleveland Utilities recognized pension expense of \$1,116,307.

For the year ended June 30, 2021, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 655,699	\$ 44,431
Change of assumption	915,819	0
Net difference between projected and actual earnings	105,949	0
Contributions subsequent to the measurement date 10/01/20	1,474,563	0
Total	\$ 3,152,030	\$ 44,431

The amount shown above for "Contributions subsequent to the measurement date of October 1, 2020," will be recognized as a reduction to net pension liability in the following measurement period.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS - (Continued)

The CSA Pension Plan - (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 524,742
2023	542,169
2024	374,551
2025	191,574
2026	0
Thereafter	0

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to Pension Plan

At June 30, 2021, no contributions were payable to the plan.

The TCRS Pension Plan

Plan description. All Electric Division employees hired on or after October 15, 1993, and all Water Division employees participate in the Political Subdivision Pension Plan ("PSPP"), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System ("TCRS"). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapter 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit term. At the measurement date of June 30, 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	507
Inactive employees entitled to but not yet receiving benefits	392
Active employees	756
Total for all City of Cleveland Employees	<u>1,655</u>

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS - (Continued)

The TCRS Pension Plan - (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Cleveland Utilities makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, employer contributions for Cleveland Utilities were 17.18 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Cleveland City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Cleveland Utilities net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumption used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment pool target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS - (Continued)

The TCRS Pension Plan - (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Cleveland Utilities will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	City of Cleveland Tennessee			Allocated*
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Cleveland Utilities
	(a)	(b)	(a) - (b)	Net Pension Liability
Balance at 6/30/19	\$ 164,039,340	\$ 146,914,890	\$ 17,124,450	\$ 5,836,320
Changes for the year:				
Service cost	\$ 3,109,494	\$ -	\$ 3,109,494	\$ 1,066,968
Interest	11,863,884	-	11,863,884	4,070,882
Difference between expected and actual experience	399,575	-	399,575	137,107
Changes in assumptions	-	-	-	-
Contributions - employer	-	6,777,880	(6,777,880)	(2,325,710)
Contributions - employees	-	-	-	-
Net investment income	-	7,279,540	(7,279,540)	(2,497,846)
Change in allocated amount from prior year	-	-	-	39,633
Benefit payments	(7,018,107)	(7,018,107)	-	-
Administrative expense	-	(65,005)	65,005	22,305
Net changes	\$ 8,354,846	\$ 6,974,308	\$ 1,380,538	\$ 513,340
Balance at 6/30/20	\$ 172,394,186	\$ 153,889,198	\$ 18,504,988	\$ 6,349,660

*The net pension liability for Cleveland Utilities was based on an allocation of Cleveland Utilities contributions to total City of Cleveland contributions made during fiscal year ending June 30, 2020.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City of Cleveland calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Cleveland City's net pension liability	\$ 41,210,298	\$ 18,504,988	\$ (465,951)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2021, Cleveland Utilities recognized pension expense of \$2,288,853.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS - (Continued)

The TCRS Pension Plan - (Continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2021, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 935,459	\$ 0
Net difference between projected and actual earnings	423,285	0
Change in assumptions	456,402	0
Contributions subsequent to the measurement date 06/30/20	2,474,027	0
Total	\$ 4,289,173	\$ 0

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020," will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2022	\$ 407,845
2023	661,181
2024	374,545
2025	346,499
2026	25,075
Thereafter	0

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to Pension Plan

At June 30, 2021, no contributions were payable to the plan.

Aggregation of both Pension Plans

Deferred Outflows of Resources and Deferred Inflows of Resources Related to all Pension Plans

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the Board of Public Utilities pension plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,591,158	\$ 44,431
Net difference between projected and actual earnings	529,234	0
Change in Assumptions	1,372,221	0
Contributions subsequent to the measurement date 06/30/20 and 10/01/20.	3,948,590	0
Total	\$ 7,441,203	\$ 44,431

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020, and October 1, 2020," will be recognized as a reduction to net pension liability in the following measurement period.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

EMPLOYEE BENEFIT PLANS - (Continued)

Aggregation of both Pension Plans - (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 932,587
2022	1,203,350
2023	749,096
2024	538,073
2025	25,075
Thereafter	0

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

The retirement plans resulted in the following net pension liability:

	<u>Net Pension Liability</u>
CSA Pension Plan	\$ 6,555,824
TCRS Pension Plan	6,349,660
	<u>\$ 12,905,484</u>

Pension expense related to both plans were as follows:

CSA Pension Plan	\$ 1,116,307
TCRS Pension Plan	2,288,853
	<u>\$ 3,405,160</u>

OTHER POST-RETIREMENT BENEFITS

In June 2015, the Governmental Accounting Standards Board issued Statement No. 75 ("GASB 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. GASB 75' objective is to update the requirements of GASB 45 to include new terminology, accelerated recognition of plan cost, and extended disclosure items. In addition, the valuation discount rate assumption must reflect the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher to the extent the plan assets (plan's fiduciary net position) are projected to be insufficient to make projected benefit payments. The Board was required to implement GASB 75 in the year ended June 30, 2018.

Plan Description

The Board provides other postemployment benefits (OPEB) for certain employees as described below. The Plan is a single-employer defined benefit OPEB plan administered by the Board. The Plan is reported as a fiduciary fund in the financial statements. The Board provides post-retirement medical, hospitalization, vision, and dental benefits to employees who retire from the Board with 30 years of service, or age 55 with 15 years of service. As of August 1, 2006, employees

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

OTHER POST-EMPLOYMENT BENEFITS - (Continued)

Plan Description - (Continued)

with a hire date prior to July 1, 2005, are non-contributory. For those participants with a date of hire on or after July 1, 2005, benefits participants pay according to the following schedule:

Years of Service at Retirement	Percentage of Premium paid by Participant
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

As of August 1, 2006, participants with a date of hire prior to July 1, 2005, the Board will pay 50% of the spouse only premium. For those participants with a date of hire on or after July 1, 2005, the Board will pay 50% of the spouse only premium based on the schedule shown above for the retiree. There is no provision to provide surviving spouse benefits.

Monthly plan premiums effective August 1, 2019, are as follows:

	Medical	Dental
Pre-65 Retiree	\$ 659.72	\$ 26.09
Pre-65 Retiree and Spouse	1,739.49	63.02
Post-65 Retiree	301.00	26.09
Post-65 Retiree and Spouse	602.00	63.02

Plan description of the life insurance plan:

Plan types:	Term life insurance
Eligibility:	Age 60 with 30 years of service or Age 55 with 15 years of service.
Benefit/cost sharing:	Flat dollar \$10,000 benefit for retiree and \$2,000 benefit for spouse
Retiree cost sharing:	Non contributory

Plan Membership

At July 1, 2019, plan membership consisted of the following:

Inactive plan members	107
Active plan members	201
	<u>308</u>

Contributions

Although the Board has no contractual requirement to fund the plan, other than direct benefit payments, their intent is to make budgeted annual contributions over the next ten years with a 20 year funding strategy. This policy will be reviewed on an annual basis.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

OTHER POST-EMPLOYMENT BENEFITS - (Continued)

Investment policy

See Investment-fiduciary fund footnote that details the investments related to the OPEB trust at year-end on page 19.

Net OPEB Liability

Cleveland Utilities net Opeb liability was measured as of June 30, 2021, and the total opeb liability used to calculate net opeb liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of Payroll
Salary Increases	4.00%
Payroll Growth	2.50%
Inflation	2.50%
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	9.00% initially, decreasing to an ultimate rate of 5.0%
Mortality	RPH-2014 Fully Generational with Scale MP2019.

Changes in assumptions. The discount rate changed from 7.30% as of June 30, 2019 to 7.00% as of June 30, 2020. The Mortality table changed from RP-2000 to RPH-2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The Board has not adopted a formal written funding policy. A contribution of \$698,193, was made during the fiscal year ended June 30, 2021; however, future contributions at the Actuarial Determined Contribution (including direct benefit payments), generate a level funding that cash flow projections indicate will meet the funding requirements. This assumption will be reviewed as of the next measurement date and modified as appropriate.

Changes in the Net OPEB Liability

Changes in the Net OPEB Liability were as follows:

	Actuarial Accrued Liability (a)	Plan Assets (b)	Unfunded Actuarial Accrued Liability (a) - (b)
Balance at 6/30/20	\$ 15,535,242	\$ 1,822,568	\$ 13,712,674
Changes for the year:			
Normal	\$ 255,499	\$ -	\$ 255,499
Interest	1,081,058	-	1,081,058
Difference between expected and actual experience	-	-	-
Contributions - employer	-	1,160,326	(1,160,326)
Net investment income	-	127,580	(127,580)
Changes in assumptions	-	-	-
Benefit payments	(706,042)	(706,042)	-
Administrative expense	-	-	-
Net changes	\$ 630,515	\$ 581,864	\$ 48,651
Balance at 6/30/21	\$ 16,165,757	\$ 2,404,432	\$ 13,761,325

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

OTHER POST-EMPLOYMENT BENEFITS - (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate:

1% Decrease (6.50% decreasing to 3.50%)	Current (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
\$ 11,447,282	\$ 13,761,325	\$ 16,689,534

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

1% decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
\$ 16,167,653	\$ 13,761,325	\$ 11,800,028

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, Cleveland Utilities recognized OPEB expense of \$959,484.

For the year ended June 30, 2021, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to opeb from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 1,825,187
Net difference between projected and actual earnings	25,828	1,230
Change in Assumptions	894,073	284,517
Total	<u>\$ 919,901</u>	<u>\$ 2,110,934</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to opeb will be recognized in pension expense as follows:

Year Ended June 30:

2022	\$ (249,493)
2023	(194,609)
2024	(144,292)
2025	(168,570)
2026	(171,095)
Thereafter	(262,974)

Payable to the OPEB Plan

At June 30, 2021, there was no outstanding payable to the plan.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

LONG-TERM DEBT

Long-term debt consists of direct borrowing-notes payable, and bonds as follows:

	June 30	
	2021	2020
Electric Division		
Series 2010 bonds, due through June 2031, 1.00% to 5.75%	\$ 0	\$ 3,575,000
Series 2016B refunding bonds, due through June 2036 3.140% fixed for five years	710,271	754,626
Series 2018B bonds due through June 2039 3.00% to 5.00%	2,230,000	2,310,000
Series 2019 refunding bonds, due through December 2027 2.00% to 5.00%	1,650,000	2,105,000
Series 2020 bonds, due through December 2040 2.00% to 5.00%	1,820,000	0
Series 2020 refunding bonds, due through December 2034 2.00% to 5.00%	6,455,000	0
Direct Borrowing Loans:		
Loan Payable through TMBF, due June 2034	0	2,537,500
Loan Payable through TMBF, due June 2035	0	2,121,000
Current maturities	(1,061,721)	(1,215,605)
Bond discounts/premiums, net	1,797,044	333,572
	<u>\$ 13,600,594</u>	<u>\$ 12,521,093</u>
	June 30	
	2021	2020
Water Division		
Series 2010 bonds, due through June 2031 1.00% to 5.75%	\$ 0	\$ 1,425,000
Series 2014 (Refunding) bonds, due through September 2028 3.45% fixed	0	3,815,000
Series 2016B refunding bonds, due through June 2036 3.140% fixed for five years	5,294,729	5,625,374
Series 2018B bonds, due through June 2039 3.00% to 5.00%	3,110,000	3,225,000
Series 2019 refunding bonds, due through December 2027 2.00% to 5.00%	7,930,000	9,780,000
Series 2020 bonds, due through December 2040 2.00% to 5.00%	3,630,000	0
Series 2020 refunding bonds, due through December 2034 2.00% to 5.00%	9,470,000	0
Direct Borrowing Loans:		
Loan Payable through TMBF, due through June 2032 Variable interest rate	0	2,250,000
Loan Payable through TMBF, due through June 2034 Variable interest rate	0	1,925,000
Note Payable through TMBF, due through June 2032 Variable interest rate	0	2,314,000
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 2.11% Interest Rate	0	394,982
Note payable to the State of Tennessee ARRA Loan, 20 year term loan, 2.11% Interest Rate	0	78,996

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

LONG-TERM DEBT - (Continued)

	June 30	
	2021	2020
Water Division - (Continued)		
Direct Borrowing Loans - (Continued)		
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.15% Interest Rate	\$ 1,103,296	\$ 1,167,196
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.15% Interest Rate	7,247,914	7,619,686
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.50% Interest Rate	1,500,558	1,593,114
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.34% Interest Rate	1,802,448	1,909,860
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.11% Interest Rate	2,395,939	2,528,263
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, .88% Interest Rate	83,701	88,669
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.60% Interest Rate	720,990	755,898
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.60% Interest Rate	175,328	183,848
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	385,424	404,696
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	7,913,979	4,106,196
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	839,059	877,807
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	491,390	491,390
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.36% Interest Rate	87,210	0
Current maturities	(4,707,275)	(4,687,336)
Bond discounts/premiums, net	3,316,434	1,199,867
	<u>\$ 52,791,124</u>	<u>\$ 49,072,506</u>

On March 13, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-417" to finance the wastewater rehabilitation plan of 2018. The SRF CW6 2018-417 loan agreement was for \$10,000,000, in the form of a loan of \$10,000,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.58 percent. As of June 30, 2021, the Division has drawn down \$7,913,979, of the loan proceeds.

On June 19, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-416" to finance the construction of wastewater collection plant for the annexed properties of Durkee Road. The SRF CW6 2018-416 loan agreement was for \$350,000, in the form of a loan of \$350,500. During the fiscal year ended June 30, 2019, the loan was increased by another \$379,500 for a total of \$730,000. As of June 30, 2021, the loan was amortized on the final balance of \$491,390. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.56 percent.

On November 10, 2020, the City of Cleveland on behalf of the Electric and Water Divisions, issued bonds in the principal amount of \$1,820,000, and \$3,630,000, respectively, for the purpose making improvements to both the electric and water systems. The 2020 Series bonds have a coupon rate between 2.0 percent to 5.0 percent. The bonds will mature December 1, 2040.

On November 10, 2020, the City of Cleveland on behalf of the Electric and Water Divisions, issued bonds in the principal amount of \$7,010,000, and \$9,965,000, respectively, to currently refund the balance of the 2010 and 2014 bonds that had an outstanding balance of \$3,575,000 for Electric and \$4,800,000 for Water, and the Series 2012, 2014 and 2015 TMBF Notes and a state

- 35 -

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

LONG-TERM DEBT - (Continued)

revolving loan note all with an outstanding balance in the Water Division of \$6,949,512. The bonds are at a fixed rate between 2.0% and 5.0%, and will mature December 1, 2034. The Board currently refunded these bonds to reduce its total debt service payments over 15 years by \$624,387, for Electric and \$775,034, for Water. The economic gain (difference between the present value of the debt service payments on the old and new debt) for the Electric Division is \$535,196, and for the Water Division is \$686,413.

On June 27, 2019, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW7 19-431" to finance the construction of wastewater improvements for the annexed properties of Durkee Road. The SRF CW7 19-431 loan agreement was for \$1,771,000, in the form of a loan of \$1,593,900, and principal forgiveness of \$177,100. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.37 percent. As of June 30, 2021, the Division has drawn down \$87,210, of the loan proceeds and recognized \$9,690 in principal forgiveness.

Bonds and notes are collateralized as to payment of principal and interest by a pledge of sufficient revenues, after deduction of all current operating expenses, to meet principal and interest payments when due. In the event of a deficiency of revenues, the full faith, credit and resources of the City of Cleveland are irrevocably pledged for the prompt payment of debt when due.

Long-term debt maturities and interest are as follows:

	Electric Division		Water Division			
			Bonds		Direct Borrowing Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,061,721	\$ 522,871	\$ 3,308,279	\$ 1,144,761	\$ 1,398,996	\$ 380,175
2023	1,063,495	476,404	3,036,505	1,016,925	1,423,224	362,856
2024	1,100,860	430,682	2,504,140	912,049	1,442,760	343,320
2025	1,127,635	377,885	2,382,365	799,994	1,462,584	323,496
2026	780,807	332,882	2,394,193	688,373	1,482,624	303,456
2027-2031	4,085,591	1,077,399	8,894,409	1,967,577	7,724,220	1,206,180
2032-2036	2,580,162	340,888	5,099,838	655,350	8,202,306	660,597
2037-2041	1,065,000	70,179	1,815,000	115,577	5,196,130	165,168
2042-2046	0	0	0	0	7,103	19
	<u>\$ 12,865,271</u>	<u>\$ 3,629,190</u>	<u>\$ 29,434,729</u>	<u>\$ 7,300,606</u>	<u>\$ 28,339,947</u>	<u>\$ 3,745,267</u>

Activity in long-term liabilities for the year ended June 30, 2021, was as follows:

	June 30, 2020	Additions	Decreases	June 30, 2021	Current Amount Due
Electric Division					
Bonds Payable	\$ 8,744,626	\$ 8,830,000	\$ 4,709,355	\$ 12,865,271	\$ 1,061,721
Notes Payable	4,658,500	0	4,658,500	0	0
Conservation Loans	1,612,638	612,825	501,649	1,723,814	257,762
Water Division					
Bonds Payable	\$ 23,870,374	\$ 13,595,000	\$ 8,030,645	\$ 29,434,729	\$ 3,308,279
Notes Payable	6,489,000	0	6,489,000	0	0
State Revolving Loan Funds	22,200,601	3,894,993	1,348,358	24,747,236	1,398,996

The long-term debt maturities, as provided above, includes debt related to loan proceeds that have been issued but not received as of June 30, 2021. The following is a summary listing of loan proceeds that are expected to be received in the fiscal year ending June 30, 2021:

	Water Division
SRF - 2018-417	2,086,021
SRF - 2019-431	1,506,690
	<u>\$ 3,592,711</u>

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

DUE TO THE CITY OF CLEVELAND

On December 20, 2012, the Board entered into an agreement with the City of Cleveland, Bradley County, and the Industrial Development Board of the County of Bradley and the City of Cleveland. This agreement was for the purpose of funding the development of the Spring Creek Industrial Park, located directly off Exit 20 on Interstate 75. Under this agreement, the City of Cleveland agreed to borrow \$6,000,000 through the Tennessee Municipal Bond Fund. Of this amount, Cleveland Utilities agreed to repay the City of Cleveland \$2,000,000 over a period of 15 years through Electric Division revenues. As compensation for this agreement, Cleveland Utilities reserves the right to receive up to 25 acres within the Park for the future development of an electric operations center. Upon the sale of the remaining of the remaining park property and after all development costs have been recovered, Cleveland Utilities will receive 1/3 of any remaining funds. This agreement was approved by Tennessee Valley Authority, as in accordance with the purchased power agreement.

TENNESSEE VALLEY AUTHORITY ("TVA") CONSERVATION PROGRAMS

The Board is a fiscal intermediary for TVA conservation programs. Under these programs, the Board obtains advances from TVA to administer loans to qualified customers approved by TVA. The repayment of the customer loans is based on monthly amortization schedules ranging from three to ten years. The TVA advances are repaid monthly as payments are received on outstanding customer loans. Amounts due in the next twelve months are included in accounts receivable other in the accompanying Statement of Net Position. All other amounts are reported as long-term receivables. TVA assumes all credit risks under these programs. Effective June 30, 1997, TVA sold its loans to First American National Bank, which was acquired by Regions Bank during the year ended June 30, 2000. This sale changed the parties to the arrangement described above but did not change the Board's role as a fiscal intermediary.

COMMITMENTS AND CONTINGENCIES

The Board is a party to a contract with the Tennessee Valley Authority (TVA) dated August 17, 1976, under which the Electric Division purchases its entire requirements for electric power and energy from TVA for resale. The contract may be terminated by either TVA or the Board at any time upon not less than five years written notice.

The Board is a party to a contract with the Hiwassee Utilities Commission (HUC) dated June 22, 2006, under which the Water Division agrees to purchase an annual quantity of water equal to an average of 5,335,000 gallons of water per day.

The Board is a party to a contract with the Hiwassee Utilities Commission (HUC) dated January 21, 1982, under which HUC agrees to contract with the Water Division for operating the water filter plant owned by HUC in Charleston, Tennessee. Cleveland Utilities provides all personnel necessary to operate the plant, perform maintenance tasks and in general perform all necessary functions of the day-to-day operation of the plant. Cleveland Utilities is reimbursed for all costs incurred in operating the plant plus additional amounts for overhead as called for in the contract. Cleveland Utilities is not responsible for property insurance on the HUC facilities.

On September 16, 2005, Cleveland Utilities received a Commissioner's Order from the Tennessee Department of Environment and Conservation. The order deals with violations of Cleveland Utilities' NPDES Permit related to overflows in the sewer collection system. Cleveland Utilities reported the violations listed in the order to TDEC. The Board has authorized the utility to engage the services of legal counsel to appeal the order. The appeal was filed September 21, 2005, and on January 25, 2006, an "agreed order" was signed by all parties. The agreed order outlines certain requirements to be undertaken by the utility to address the violations as they are listed in the order. In conjunction with the Commissioner's Order received in 2005, Cleveland Utilities submitted a Capacity, Maintenance, Operations and Management (CMOM) plan to the Tennessee Department of Environment and Conservation (TDEC) for approval. This document details how Cleveland Utilities will ensure capacity within the wastewater collection system, perform routine and preventative maintenance, what daily operations are performed by Cleveland Utilities personnel, and how the data is being managed. On September 23, 2011, Cleveland Utilities received approval of the CMOM document from TDEC. In response to managing the CMOM program, Cleveland Utilities developed the Strategic Commitment to Protect the Environment (SCOPE-10) program. This program will manage the CMOM program while also overseeing wastewater rehabilitation of the collection system. Cleveland Utilities has revised the CMOM document and received approval of the new CMOM on July 18, 2012.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020*

RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is fully insured for worker's compensation, automobile liability, general liability, personal and real property through the purchase of commercial liability insurance coverage. Liabilities for retiree medical benefits are fully insured. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Beginning August 1, 2015 liabilities for employee medical benefits are partially self-insured. The partially self-insured program is accounted for in each division based upon the respective equivalent employees' calculation. The current equivalent calculation is electric division 42%, water division 58% (water only being 35% and wastewater being 23%). Expenses relating to insurance are charged according to this calculation. These expenses include medical claims, prescription drug claims, stop loss insurance coverage, and fixed medical cost premiums. The total estimated liability as of June 30, 2021, is \$111,896. This liability has been calculated based upon subsequent claim payments.

Changes in claims liability for the current and prior year are summarized below:

	2021	2020
Claims liability at the beginning of the year	\$ 136,637	\$ 137,546
Current year claims and estimate changes	3,479,378	3,202,723
Claims paid	<u>3,504,119</u>	<u>3,203,632</u>
Claims liability at end of year	<u>\$ 111,896</u>	<u>\$ 136,637</u>

RELATED PARTY ACTIVITY

For the years ended June 30, 2021 and June 30, 2020, Cleveland Utilities made purchases of \$116,337, and \$52,225, respectively, from an auto dealership that was operated by a board member. The purchases involved 5 trucks that were appropriately bid.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Required Supplemental Information
For the Years Ended June 30, 2021 and 2020*

**Schedule of Changes in the Total OPEB Liability and Related Ratios
Fiscal Year ending June 30,**

Total OPEB Liability	2017	2018	2019	2020	2021
Service cost	\$ 295,896	\$ 229,164	\$ 234,893	\$ 228,621	\$ 255,499
Interest on total opeb liability	1,020,431	1,144,551	1,153,072	1,038,874	1,081,058
Differences between expected and actual experience	(3,991)	(2,102,456)	0	(1,355,935)	0
Change in assumptions	0	1,470,517	468,861	(375,515)	0
Benefit payments	(626,601)	(637,980)	(629,622)	(676,531)	(706,042)
Net change in total opeb liability	\$ 685,735	\$ 103,796	\$ 1,227,204	\$ (1,140,486)	\$ 630,515
Total OPEB liability - beginning	13,619,452	15,344,728	15,448,524	16,675,728	15,535,242
Changes from implementation of GASB 74	1,039,541	0	0	0	0
Total OPEB liability - ending (a)	<u>\$ 15,344,728</u>	<u>\$ 15,448,524</u>	<u>\$ 16,675,728</u>	<u>\$ 15,535,242</u>	<u>\$ 16,165,757</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 959,681	\$ 637,980	\$ 1,287,545	\$ 1,361,034	\$ 1,160,326
Net investment income	25,731	26,910	29,149	79,512	127,580
Benefit payments	(626,601)	(637,980)	(629,622)	(676,531)	(706,042)
Differences between expected and actual experience	0	2,926	13,503	(30,669)	0
Administrative expense	0	0	0	0	0
Net change in plan fiduciary net position	\$ 358,811	\$ 29,836	\$ 700,575	\$ 733,346	\$ 581,864
Plan fiduciary net position - beginning	0	358,811	388,647	1,089,222	1,822,568
Plan fiduciary net position - ending (b)	<u>\$ 358,811</u>	<u>\$ 388,647</u>	<u>\$ 1,089,222</u>	<u>\$ 1,822,568</u>	<u>\$ 2,404,432</u>
Net OPEB Liability - ending (a) - (b)	<u>\$ 14,985,917</u>	<u>\$ 15,059,877</u>	<u>\$ 15,586,506</u>	<u>\$ 13,712,674</u>	<u>\$ 13,761,325</u>
Plan fiduciary net position as a percentage of total OPEB liability	2.34%	2.52%	6.53%	11.73%	14.87%
Covered payroll	\$ 11,561,465	\$ 12,496,462	\$ 12,808,874	\$ 13,195,712	\$ 15,724,519
Net OPEB liability as a percentage of covered payroll	129.62%	120.51%	121.69%	103.92%	87.52%
Notes:					
Assumption changes:					
Discount rate	7.50%	7.50%	7.30%	7.00%	7.00%
Healthcare Trend rates (decreasing to 4.5% in 2025)	9.00%	9.00%	8.00%	7.50%	7.00%
Mortality Table	RP2000	RP2000	RP-2000	RPH-2014	RPH-2014
	Scale BB	Scale BB	Scale BB	Scale MP2019	Scale MP2019
Plan changes	None	None	None	None	None

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Required Supplemental Information
For the Years Ended June 30, 2021 and 2020*

**Schedule of Contributions Based on
Participation in the OPEB Plan
Fiscal Year ending June 30,**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 959,681	\$ 1,160,104	\$ 1,185,998	\$ 1,157,071	\$ 1,160,326
Contributions in relation to the actuarially determined contribution	<u>959,681</u>	<u>637,980</u>	<u>1,287,545</u>	<u>1,361,034</u>	<u>1,404,235</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 522,124</u>	<u>\$ (101,547)</u>	<u>\$ (203,963)</u>	<u>\$ (243,909)</u>
Covered payroll	11,561,465	12,496,462	12,808,874	13,195,712	15,724,519
Contribution as a percentage of covered payroll	8.30%	5.11%	10.05%	10.31%	8.93%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry Age Normal				
Amortization method	Level percentage of payroll				
Remaining amortization period	27 years				
Asset valuation	Market value				
Inflation	2.5 percent				
Salary increases	4.00%				
Payroll growth	2.50%				
Investment rate of return	7.30%				
Healthcare trend rates	9.0% decreasing to 5.0% in 2021	9.0% decreasing to 5.0% in 2021	8.0% decreasing to 5.0% in 2021	7.5% decreasing to 4.5% in 2025	7.0% decreasing to 4.5% in 2025
Average assumed retirement age:	63	63	63	61	61
Mortality Table:	RP2000 with Scale BB	RP2000 with Scale BB	RP2000 with Scale BB	RPH2014 With Scale MP2019	RPH2014 With Scale MP2019

**Schedule of Investment Returns
Fiscal Year ending June 30,**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	10.1%	8.0%	4.3%	2.9%	23.2%

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Required Supplemental Information
For the Years Ended June 30, 2021 and 2020*

**Schedule of Changes in the Net Pension Liability and Related Ratios Based on
Participation in the Public Employee Pension Plan of CSA
Fiscal Year ending October 1,**

Total Pension Liability:	2015	2016
Service cost	\$ 92,532	\$ 95,366
Interest on total pension liability	2,165,875	2,159,798
Change in benefit terms	0	0
Differences between expected and actual experience	(355,441)	567,883
Change in assumptions	0	0
Employee contributions	0	0
Benefit payments	(1,940,294)	(2,044,920)
Net change in total pension liability	\$ (37,328)	\$ 778,127
Total pension liability - beginning	31,818,685	31,781,357
Total pension liability - ending (a)	\$ 31,781,357	\$ 32,559,484
Plan Fiduciary Net Position:		
Contributions - employer	\$ 1,507,800	\$ 1,698,192
Contributions - employee	0	0
Net investment income	1,565,864	192,571
Benefit payments	(1,940,294)	(2,044,920)
Administrative expense	(1,829)	(99)
Net change in plan fiduciary net position	\$ 1,131,541	\$ (154,256)
Plan fiduciary net position - beginning	21,813,834	22,945,375
Plan fiduciary net position - ending (b)	\$ 22,945,375	\$ 22,791,119
Net Pension Liability - ending (a) - (b)	\$ 8,835,982	\$ 9,768,365
Plan fiduciary net position as a percentage of total pension liability	72.20%	70.00%
Covered payroll	\$ 2,061,188	\$ 2,104,682
Net pension liability as a percentage of covered payroll	428.68%	464.13%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

2017	2018	2019	2020	2021
\$ 98,869	\$ 88,263	\$ 68,316	\$ 63,605	\$ 56,028
2,210,999	2,270,713	2,304,139	2,351,768	2,348,086
0	0	0	0	0
797,655	460,253	645,393	75,248	224,024
27,058	48,168	64,119	51,789	1,061,833
0	0	0	0	0
(2,145,295)	(2,396,553)	(2,343,308)	(2,450,385)	(2,724,486)
\$ 989,286	\$ 470,844	\$ 738,659	\$ 92,025	\$ 965,485
32,559,484	33,548,770	34,019,614	34,758,273	34,850,298
\$ 33,548,770	\$ 34,019,614	\$ 34,758,273	\$ 34,850,298	\$ 35,815,783
\$ 1,703,144	\$ 1,764,776	\$ 1,875,916	\$ 1,840,214	\$ 1,930,107
0	0	26,816	0	0
1,908,220	2,454,931	1,681,631	1,103,368	2,246,887
(2,145,295)	(2,396,553)	(2,343,308)	(2,450,385)	(2,724,486)
0	0	0	0	(7,143)
\$ 1,466,069	\$ 1,823,154	\$ 1,241,055	\$ 493,197	\$ 1,445,365
22,791,119	24,257,188	26,080,342	27,321,397	27,814,594
\$ 24,257,188	\$ 26,080,342	\$ 27,321,397	\$ 27,814,594	\$ 29,259,959
\$ 9,291,582	\$ 7,939,272	\$ 7,436,876	\$ 7,035,704	\$ 6,555,824
72.30%	76.66%	78.60%	79.81%	81.70%
\$ 1,940,346	\$ 1,699,467	\$ 1,548,112	\$ 1,328,225	\$ 1,069,072
478.86%	467.16%	480.38%	529.71%	613.23%

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**

Required Supplemental Information

For the Years Ended June 30, 2021 and 2020

**Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of CSA
Fiscal Year ending June 30,**

	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,558,833	\$ 1,567,533
Contributions in relation to the actuarially determined contribution	<u>1,698,192</u>	<u>1,699,430</u>
Contribution deficiency (excess)	<u>\$ (139,359)</u>	<u>\$ (131,897)</u>
Covered payroll	2,093,809	1,981,430
Contribution as a percentage of covered payroll	81.11%	85.77%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Methods and assumptions used to determine contribution rates:

Measurement date	October 1, 2019
Discount rate	7.00%
Funding method	Individual Entry Age Normal
Mortality	Pub-2010 General Amount-Weighted table fully-generational with projection scale MP-2020.
Incidence of Disability	1985 CIDA Table - Class 2.
Turnover	For all employees: Sarason T-3 table.
Salary Scale	3.5% per year.
Cost of living increases	N/A
Date of participation freeze	10/14/1993
Overtime	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed retirement age	25% at ages 57-61; 50% at ages 62-64; 100% at age 65.
Valuation of Assets:	
GASB 68	Market Value
Funding	Actuarial Value (5-year smoothing)

Note - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the Plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,663,122	\$ 1,712,348	\$ 1,773,627	\$ 1,824,417	\$ 1,946,847
1,725,980	1,870,153	1,854,331	1,901,746	1,961,589
<u>\$ (62,858)</u>	<u>\$ (157,805)</u>	<u>\$ (80,704)</u>	<u>\$ (77,329)</u>	<u>\$ (14,742)</u>
1,759,687	1,585,955	1,435,507	1,151,339	1,151,339
98.08%	117.92%	129.18%	165.18%	170.37%

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Required Supplemental Information
For the Years Ended June 30, 2021 and 2020*

**Schedule of Changes in the Net Pension Liability and Related Ratios Based on Participation in the
Public Employee Pension Plan of TCRS***
Fiscal Year ending June 30,

Total Pension Liability:	2015	2016
Service cost	\$ 2,222,760	\$ 2,274,025
Interest on total pension liability	8,465,079	8,925,860
Change in benefit terms	0	0
Differences between expected and actual experience	(254,944)	717,782
Change in assumptions	0	0
Employee contributions	0	0
Benefit payments	(4,198,654)	(4,482,162)
Net change in total pension liability	\$ 6,234,241	\$ 7,435,505
Total pension liability - beginning	112,744,286	118,978,527
Total pension liability - ending (a)	<u>\$ 118,978,527</u>	<u>\$ 126,414,032</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 5,089,188	\$ 5,321,904
Contributions - employee	165	186
Net investment income	15,038,653	3,287,610
Benefit payments	(4,198,654)	(4,482,162)
Administrative expense	(29,562)	(34,427)
Net change in plan fiduciary net position	\$ 15,899,790	\$ 4,093,111
Plan fiduciary net position - beginning	90,319,171	106,218,961
Plan fiduciary net position - ending (b)	<u>\$ 106,218,961</u>	<u>\$ 110,312,072</u>
Net Pension Liability - ending (a) - (b)	<u>\$ 12,759,566</u>	<u>\$ 16,101,960</u>
Plan fiduciary net position as a percentage of total pension liability	89.28%	87.26%
Covered payroll	\$ 28,771,684	\$ 30,014,667
Net pension liability as a percentage of covered payroll	44.35%	53.65%

Notes to Schedule:

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*This schedule represents the activity for the entire City of Cleveland of which Cleveland Utilities percentage is currently approximately 34%.

2017	2018	2019	2020	2021
\$ 2,363,997	\$ 2,442,734	\$ 2,829,546	\$ 2,842,378	\$ 3,109,494
9,467,115	10,043,766	10,660,549	11,237,054	11,863,884
0	0	0	0	0
1,198,307	2,524,249	768,592	1,089,026	399,575
0	3,636,385	0	0	0
0	0	0	0	0
(5,099,666)	(5,739,270)	(6,078,280)	(6,561,174)	(7,018,107)
\$ 7,929,753	\$ 12,907,864	\$ 8,180,407	\$ 8,607,284	\$ 8,354,846
126,414,032	134,343,785	147,251,649	155,432,056	164,039,340
<u>\$ 134,343,785</u>	<u>\$ 147,251,649</u>	<u>\$ 155,432,056</u>	<u>\$ 164,039,340</u>	<u>\$ 172,394,186</u>
\$ 5,426,173	\$ 5,744,012	\$ 6,173,411	\$ 6,489,131	\$ 6,777,880
1,998	0	524	0	0
2,936,077	12,875,142	10,488,825	10,185,877	7,279,540
(5,099,666)	(5,739,270)	(6,078,280)	(6,561,174)	(7,018,107)
(51,102)	(57,272)	(67,134)	(64,454)	(65,005)
\$ 3,213,480	\$ 12,822,612	\$ 10,517,346	\$ 10,049,380	\$ 6,974,308
110,312,072	113,525,552	126,348,164	136,865,510	146,914,890
<u>\$ 113,525,552</u>	<u>\$ 126,348,164</u>	<u>\$ 136,865,510</u>	<u>\$ 146,914,890</u>	<u>\$ 153,889,198</u>
<u>\$ 20,818,233</u>	<u>\$ 20,903,485</u>	<u>\$ 18,566,546</u>	<u>\$ 17,124,450</u>	<u>\$ 18,504,988</u>
84.50%	85.80%	88.05%	89.56%	89.27%
\$ 30,709,795	\$ 32,410,047	\$ 34,163,265	\$ 35,887,908	\$ 37,192,410
67.79%	64.50%	54.35%	47.72%	49.75%

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Required Supplemental Information
For the Years Ended June 30, 2021 and 2020*

**Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of TCRS*
Fiscal Year ending June 30,**

	2014	2015	2016
Actuarially determined contribution	\$ 5,089,188	\$ 5,321,904	\$ 5,424,330
Contributions in relation to the actuarially determined contribution	5,089,188	5,321,904	5,424,330
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 28,771,684	\$ 30,014,667	\$ 30,620,707
Contribution as a percentage of covered payroll	17.69%	17.73%	17.71%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.0 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*This schedule represents the activity for the entire City of Cleveland of which Cleveland Utilities percentage is currently approximately 32%.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 5,744,012	\$ 6,173,128	\$ 6,489,166	\$ 6,777,880	\$ 7,054,418
5,744,012	6,173,128	6,489,166	6,777,880	7,054,418
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 32,410,047	\$ 34,163,265	\$ 34,740,451	\$ 37,192,410	\$ 38,505,535
17.72%	18.07%	18.68%	18.22%	18.32%

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Insurance Coverage
For the Years Ended June 30, 2021 and 2020*

Insurance Coverage in Effect on June 30, 2021		
Insurer	Type of Coverage	Amount of Coverage
Distributors Self-Insurance Fund	Workers' compensation	Statutory
Affiliated FM	Real property	157,000,000
Hartford	Machinery and equipment breakdown	50,000,000
Global Aerospace	Drone Liability & Physical Damage	5,000,000
Distributors Insurance Co.	General liability (primary)	1,000,000 (a)
Chubb	General liability (excess)	1,000,000 (a)
Chubb	Auto liability and physical damage	2,000,000
Chubb	Public official and employees liability	6,000,000
Travelers Casualty & Surety Co.	Excess Employment Practices Fiduciary Liability	4,000,000
Travelers Casualty & Surety Co.	Commercial crime	1,000,000
Cru Navigators & Westchester	Umbrella liability	14,000,000
Lloyd's	Cyber & Privacy Protection	2,000,000
DIC/Illinois Union	Pollution	6,000,000

(a) The general liability insurance policies with Distributors Insurance Co. and Chubb are limited to \$250,000 and \$750,000, respectively, per occurrence.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Insurance Coverage
For the Years Ended June 30, 2021 and 2020*

Insurance Coverage in Effect on June 30, 2020		
<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Distributors Self-Insurance Fund	Workers' compensation	Statutory
Illinois Union	Pollution Liability	6,000,000
Affiliated FM	Real property	143,000,000
Hartford	Machinery and equipment breakdown	50,000,000
Distributors Insurance Co.	General liability (primary)	750,000 (a)
Chubb	General liability (excess)	250,000 (a)
Chubb	Auto liability and physical damage	1,000,000
Navigators	Excess Liability - Primary Layer	5,000,000
Westchester	Excess Liability - Excess Layer	10,000,000
Global Aerospace	Drone Liability	5,000,000
Travelers	Commercial Crime	1,000,000
Chubb	Management Liability	5,000,000
Chubb	Fiduciary Liability	5,000,000
Lloyd's	Cyber and Privacy Protection	2,000,000

(a) The general liability insurance policies with Distributors Insurance Co. and Chubb are limited to \$250,000 and \$750,000, respectively, per occurrence.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Investments
For the Years Ended June 30, 2021 and 2020*

Investments in the Other Post-employment Benefit Trust June 30, 2021		
	Cost	Fair Market Value
Mutual Funds:		
American Beacon Small Cap Value Fund	\$ 154,360	\$ 194,133
Clearbridge International Growth Fund	166,291	212,312
Federated Total Return Bond Fund	133,888	137,696
John Hancock Funds III - International Growth Fund	166,399	225,258
Lord Abbett Short Duration Income Fund	255,535	255,338
MFS Mid Cap Growth Fund	77,228	100,731
Pimco Global Bond Fund	110,041	112,841
T. Rowe Price Emerging Markets Stock Fund	127,310	162,824
The Hartford Small Cap Growth I	131,967	161,450
Thornburg Limited Term Income Fund	274,335	280,673
Vanguard Growth Index Fund	264,715	434,869
Vanguard High Dividend Yield Index Fund	361,040	427,928
Vanguard Mid-Cap Growth Index Fund	66,450	104,985
Victory Sycamore Established Value I	178,720	217,921
	<u>\$ 2,468,279</u>	<u>\$ 3,028,959</u>

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Investments
For the Years Ended June 30, 2021 and 2020*

Investments in the Other Post-employment Benefit Trust June 30, 2020		
	Cost	Fair Market Value
Mutual Funds:		
American Beacon Small Cap Value Fund	\$ 113,719	\$ 80,211
Clearbridge International Growth Fund	129,247	133,451
Federated Total Return Bond Fund	90,885	96,914
John Hancock Funds III - International Growth Fund	123,386	128,135
Lord Abbett Short Duration Income Fund	168,845	166,239
MFS International Value I	61,191	61,949
Pimco Global Bond Fund	74,707	75,382
T. Rowe Price Emerging Markets Stock Fund	92,732	95,147
The Hartford Small Cap Growth I	104,921	96,581
Thornburg Limited Term Income Fund	184,994	194,506
Vanguard Growth Index Fund	201,819	264,994
Vanguard High Yield Index Fund	231,851	211,415
Vanguard Mid-Cap Growth Index Fund	51,926	61,621
Victory Sycamore Established Value I	124,354	104,153
	<u>\$ 1,754,577</u>	<u>\$ 1,770,698</u>

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Schedule of Electric Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020

Season	Summer	Retail Rates Effective June 2021					
Schedule		Revenue Adjustn Base [1]	October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '21 Effective Rate [6] = [3]+[4]+[5]
Residential	Customer Charge #1 (Net)	\$22.43		\$22.43	-1.60000		\$20.83
	Customer Charge #2 (Net)	0.00		0.00	0.00000		0.00
	Customer Charge #3 (Net)	0.00000		0.00000	0.00000		0.00000
	Customer Charge #4 (Net)	0.00000		0.00000	0.00000		0.00000
	Grid Access Charge	2.00000	0.05000	2.05000			2.05000
	All kWh	0.08288	0.00165	0.08453	-0.00297	0.01827	0.09983
Alternate Usage Blocks	Block1 kWh	0.00000	0.00000	0.00000	0.00000	0	0.00000
	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Block3 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00000		0.00000			0.00000
	Grid Access Charge	2.00000	0.05000	2.05000			2.05000
	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.08968	0.00178	0.09146	0.00323	0.01806	0.11275
Alternate Usage Blocks	Block1 kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA2	Customer Charge #1	60.82		60.82			60.82
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 0-50	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 51-1,000	14.67000	0.27000	14.94000	0.00000		14.94000
	1st 15,000 kWh	0.08	0.00163	0.08	0.00323	0.01806	0.10
	Additional kWh	0.04	0.00077	0.04	0.00323	0.01781	0.06
GSA3	Customer Charge #1	195.66		195.66			195.66
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
	Block 1 kW	12.63000	0.27000	12.90000	0.00000		12.90000
	Block 2 kW	12.50000	0.27000	12.77000	0.00000		12.77000
	Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.04	0.00083	0.04	0.00323	0.01781	0.08
Alternate Blocks	Block 1 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Block 2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Outdoor Lighting	Surcharge	0.00000		0.00000			0.00000
	All kWh	0.04796	0.00077	0.04873	0.00323	0.01827	0.07023
Drainage Pumping	Customer	0.00		0.00			0.00
	All kWh	0.00	0.00000	0.00	0.00000	0	0.00
SRS	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
TRS	Customer Charge #1 (Net)	0.00000		0.00000			0.00000
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	Onpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Offpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
Alternative Season	Summer	Summer (Non-Summer rates stored in "Winter" season)					
TGSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	2.00	0.05	2.05			2.05
	All kWh	0.00	0.00	0.00	0.00	0.00000	0.00
	Onpeak kWh	0.16283	0.00354	0.16637	0.00323	0.01806	0.18766
	Offpeak kWh	0.04862	0.00081	0.04943	0.00323	0.01806	0.07102

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Schedule of Electric Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020

Schedule	Base	Revenue Adjustm October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '21 Effective Rate [6] = [3]+[4]+[5]
Alternative Season						
TGSA2						
Customer Charge #1	0.00		0.00			0.00
Customer Charge #2	0.00		0.00			0.00
Customer Charge #3	0.00		0.00			0.00
Customer Charge #4	0.00		0.00			0.00
Grid Access Charge	0.00	0.00	0.00			0.00
kW, 0-50	0.00	0.00	0.00	0.00		0.00
kW, 51-1,000	0.00	0.00	0.00	0.00		0.00
Onpeak kW	0.00	0.00	0.00	0.00		0.00
Offpeak Excess kW	0.00	0.00	0.00	0.00		0.00
All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Offpeak kWh	0.00	0.00000	0.00	0.00000	0.00000	0.00
Alternative Season						
TGSA3						
Customer Charge #1	0.00		0.00			0.00
Customer Charge #2	0.00		0.00			0.00
Grid Access Charge	0.00	0.00	0.00			0.00
Block 1 kW	0.00	0.00	0.00	0.00		0.00
Block 2 kW	0.00000	0.00000	0.00000	0.00000		0.00000
Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
Onpeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
Offpeak Excess kW	0.00	0	0.00	0		0.00
All kWh	0.00	0	0.00	0	0	0.00
Onpeak kWh	0.00	0	0.00	0	0	0.00
Offpeak kWh	0.00	0.00	0.00	0.00	0.00	0.00
MSA						
Customer Charge #1	0.00000		0.00000			0.00000
Coincident kW	0.00000	0.00000	0.00000	0.00000		0.00000
Maximum kW	0.00000	0.00000	0.00000	0.00000		0.00000
Excess kW	0.00000	0.00000	0.00000	0.00000		0.00000
Onpeak kWh	0.00	0	0.00	0	0	0.00
Offpeak kWh	0.00	0	0.00	0	0	0.00
TDGSA						
Customer Charge	0.00		0.00			0.00
Admin Charge	0.00		0.00			0.00
Surcharge	0.00000		0.00000			0.00000
Summer Season OnPeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
Summer Season Max kW	0.00000	0.00000	0.00000	0.00000		0.00000
Summer Season OffPeak Excess of Contract kW	0.00000	0.00000	0.00000	0.00000		0.00000
Summer Season OnPeak kWh	0.00	0	0.00	0	0	0.00
Summer Season OffPeak kWh - First 200 HUD	0.00	0	0.00	0	0	0.00
Summer Season OffPeak kWh - Next 200 HUD	0.00	0	0.00	0	0	0.00
Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.00	0.00
TDMA						
Customer Charge	0.00000		0.00000			0.00000
Admin Charge	0.00000		0.00000			0.00000
Surcharge	0.00000		0.00000			0.00000
Summer Season OnPeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
Summer Season Max kW	0.00	0	0.00	0		0.00
Summer Season OffPeak Excess of Contract kW	0.00	0	0.00	0		0.00
Summer Season OnPeak kWh	0.00	0	0.00	0	0	0.00
Summer Season OffPeak kWh - First 200 HUD	0.00	0.00	0.00	0.00	0.00	0.00
Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.00	0.00
Summer Season OffPeak kWh - Additional HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
GSB						
Customer Charge	1,500.00000		1,500.00000			1,500.00000
Admin Charge	350.00000		350.00000			350.00000
Surcharge	0.00		0.00			0.00
Summer Season OnPeak kW	10.61	0.26	10.87	0		10.87
Summer Season Max kW	4.61	0.08	4.69	0.52		5.21
Summer Season OffPeak Excess of Contract kW	10.61	0.26	10.87	0.00		10.87
Summer Season OnPeak kWh	0.06	0.00	0.06	0.00	0.02	0.08
Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01652	0.05674
Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.01652	0.02216
Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01652	0.01875
GSC						
Customer Charge	1,500.00000		1,500.00000			1,500.00000
Admin Charge	350.00000		350.00000			350.00000
Surcharge	0.00000		0.00000			0.00000
Summer Season OnPeak kW	10.61000	0.26000	10.87000	0.00000		10.87000
Summer Season Max kW	4.10000	0.08000	4.18000	0.52000		4.70000
Summer Season OffPeak Excess of Contract kW	10.61000	0.26000	10.87000	0.00000		10.87000
Summer Season OnPeak kWh	0.06253	0.01449	0.06402	0.00111	0.01652	0.08165
Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01652	0.05674
Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.01652	0.02216
Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01652	0.01875

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION**
Schedule of Electric Rates in Force - (Continued)
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020

Schedule		Revenue Adjustn Base [1]	October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '21 Effective Rate [6] = [3]+[4]+[5]
GSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0.00		10.87
	Summer Season Max kW	3.99	0.08	4.07	0.52		4.59
	Summer Season OffPeak Excess of Contract kW	10.81000	0.26000	10.87000	0.00000		10.87000
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.01652	0.08165
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01652	0.05674
	Summer Season OffPeak kWh - Next 200 HUD	0.00331	0.00008	0.00339	0.00111	0.01652	0.02102
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00003	0.00	0.00111	0.01652	0.02
MSB	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season Max kW	1.72000	0.02000	1.74000	0.52000		2.26000
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05535	0.00133	0.05668	0.00111	0.01624	0.07403
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00074	0.03	0.00111	0.01624	0.05
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00005	0.00	0.00111	0.01624	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00	-0.00001	0.00	0.00111	0.01624	0.02
MSC	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season Max kW	1.21	0.02	1.23	0.52		1.75
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05	0.00130	0.06	0.00111	0.01624	0.07
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00071	0.03	0.00111	0.01624	0.05
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00008	0.00	0.00111	0.01624	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.01624	0.02
MSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24	10.24	0.00		10.24
	Summer Season Max kW	1.10000	0.02000	1.12000	0.52000		1.64000
	Summer Season OffPeak Excess of Contract kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season OnPeak kWh	0.05	0.00125	0.05	0.00111	0.01624	0.07
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00068	0.03	0.00111	0.01624	0.05
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.01624	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01624	0.01847
Customers as of June 30, 2021							
Residential						27,575	
General						4,734	
Outdoor Lighting						2112	
Total:						34,421	

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Schedule of Electric Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020

Season		Retail Rates Effective June 2020					
Summer		Revenue Adjustm		Base Plus	Hydro	FCA	June '20
Schedule		Base	October 2018	Revenue Adjustment	Adjustment		Effective Rate
		[1]	[2]	[3] = [1]+[2]	[4]	[5]	[6] = [3]+[4]+[5]
Residential	Customer Charge #1 (Net)	\$22.43		\$22.43	-1.60000		\$20.83
	Customer Charge #2 (Net)	0.00		0.00	0.00000		0.00
	Customer Charge #3 (Net)	0.00000		0.00000	0.00000		0.00000
	Customer Charge #4 (Net)	0.00000		0.00000	0.00000		0.00000
	Grid Access Charge	2.05000	0.05000	2.05000			2.05000
Alternate Usage Blocks	All kWh	0.08288	0.00165	0.08453	-0.00297	0.01505	0.09661
	Block1 kWh	0.00000	0.00000	0.00000	0.00000	0	0.00000
	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Block3 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00000		0.00000			0.00000
	Grid Access Charge	2.05000	0.05000	2.05000			2.05000
Alternate Usage Blocks	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.08968	0.00178	0.09146	0.00323	0.01487	0.10956
	Block1 kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA2	Customer Charge #1	60.82		60.82			60.82
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
Alternate Usage Blocks	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 0-50	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 51-1,000	14.67000	0.27000	14.94000	0.00000		14.94000
	1st 15,000 kWh	0.08	0.00163	0.08	0.00323	0.01487	0.10
	Additional kWh	0.04	0.00077	0.04	0.00323	0.01486	0.06
GSA3	Customer Charge #1	195.66		195.66			195.66
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
	Block 1 kW	12.63000	0.27000	12.90000	0.00000		12.90000
	Block 2 kW	12.50000	0.27000	12.77000	0.00000		12.77000
Alternate Usage Blocks	Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.04	0.00083	0.04	0.00323	0.01486	0.06
	Block 1 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Block 2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Outdoor Lighting	Surcharge	0.00000		0.00000			0.00000
	All kWh	0.04796	0.00077	0.04873	0.00323	0.01505	0.06701
Drainage Pumping	Customer	0.00		0.00			0.00
	All kWh	0.00	0.00000	0.00	0.00000	0	0.00
SRS	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
TRS	Customer Charge #1 (Net)	0.00000		0.00000	0.00000		0.00000
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	Onpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Offpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
Alternative Season		Summer (Non-Summer rates stored in "Winter" season)					
TGSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	2.00	0.05	2.05			2.05
	All kWh	0.00	0.00	0.00	0.00	0.00000	0.00
	Onpeak kWh	0.16283	0.00354	0.16637	0.00323	0.01487	0.18447
	Offpeak kWh	0.04892	0.00081	0.04973	0.00323	0.01487	0.06783

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Schedule of Electric Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020

	Base [1]	Adjustment N/A [2]	Base Plus Zero TVA Revenue Adjustment [3] = [1]+[2]	Environmental Adjustment [4]	FCA [5]	June '20 Effective Rate [6] = [3]+[4]+[5]
Alternative Season						
TGSA2						
Customer Charge #1	0.00		0.00			0.00
Customer Charge #2	0.00		0.00			0.00
Customer Charge #3	0.00		0.00			0.00
Customer Charge #4	0.00		0.00			0.00
Grid Access Charge	0.00	0.00	0.00			0.00
kW, 0-50	0.00	0.00	0.00	0.00		0.00
kW, 51-1,000	0.00	0.00	0.00	0.00		0.00
Onpeak kW	0.00	0.00	0.00	0.00		0.00
Offpeak Excess kW	0.00	0.00	0.00	0.00		0.00
All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Offpeak kWh	0.00	0.00000	0.00	0.00000	0.00000	0.00
Alternative Season						
TGSA3						
Customer Charge #1	0.00		0.00			0.00
Customer Charge #2	0.00		0.00			0.00
Grid Access Charge	0.00	0.00	0.00			0.00
Block 1 kW	0.00	0.00	0.00	0.00		0.00
Block 2 kW	0.00000	0.00000	0.00000	0.00000		0.00000
Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
Onpeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
Offpeak Excess kW	0.00	0	0.00	0		0.00
All kWh	0.00	0	0.00	0	0	0.00
Onpeak kWh	0.00	0	0.00	0	0	0.00
Offpeak kWh	0.00	0.00	0.00	0.00	0.00	0.00
MSA						
Customer Charge #1	0.00000		0.00000			0.00000
Coincident kW	0.00000	0.00000	0.00000	0.00000		0.00000
Maximum kW	0.00000	0.00000	0.00000	0.00000		0.00000
Excess kW	0.00000	0.00000	0.00000	0.00000		0.00000
Onpeak kWh	0.00	0	0.00	0	0	0.00
Offpeak kWh	0.00	0	0.00	0	0	0.00
TDGSA						
Customer Charge	1,500.00		1,500.00			1,500.00
Admin Charge	350.00		350.00			350.00
Surcharge	0.00000		0.00000			0.00000
Summer Season OnPeak kW	10.69000	0.25000	10.95000	0.00000		10.95000
Summer Season Max kW	4.63000	0.08000	4.71000	0.52000		5.23000
Summer Season OffPeak Excess of Contract kW	10.69000	0.25000	10.95000	0.00000		10.95000
Summer Season OnPeak kWh	0.08	0.00185	0.08	0.00111	0.0147	0.10
Summer Season OffPeak kWh - First 200 HUD	0.04	0.00107	0.05	0.00111	0.0147	0.06
Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00008	0.00	0.00111	0.0147	0.02
Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.01	0.02
TDMSA						
Customer Charge	1,500.00000		1,500.00000			1,500.00000
Admin Charge	350.00000		350.00000			350.00000
Surcharge	0.00000		0.00000			0.00000
Summer Season OnPeak kW	10.00000	0.24000	10.24000	0.00000		10.24000
Summer Season Max kW	3.00	0.05	3.05	0.52		3.57
Summer Season OffPeak Excess of Contract kW	10.00	0.24	10.24	0		10.24
Summer Season OnPeak kWh	0.05	0.00128	0.05	0.00111	0.0147	0.07
Summer Season OffPeak kWh - First 200 HUD	0.03	0.00	0.03	0.00	0.01	0.05
Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.01	0.02
Summer Season OffPeak kWh - Additional HUD	-0.00055	-0.00001	-0.00056	0.00111	0.01470	0.01525
GSB						
Customer Charge	1,500.00000		1,500.00000			1,500.00000
Admin Charge	350.00000		350.00000			350.00000
Surcharge	0.00		0.00			0.00
Summer Season OnPeak kW	10.61	0.26	10.87	0		10.87
Summer Season Max kW	4.61	0.08	4.69	0.52		5.21
Summer Season OffPeak Excess of Contract kW	10.61	0.26	10.87	0.00		10.87
Summer Season OnPeak kWh	0.06	0.00	0.06	0.00	0.01	0.08
Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01329	0.05351
Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.01329	0.01893
Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01329	0.01552
GSC						
Customer Charge	1,500.00000		1,500.00000			1,500.00000
Admin Charge	350.00000		350.00000			350.00000
Surcharge	0.00000		0.00000			0.00000
Summer Season OnPeak kW	10.61000	0.26000	10.87000	0.00000		10.87000
Summer Season Max kW	4.10000	0.08000	4.18000	0.52000		4.70000
Summer Season OffPeak Excess of Contract kW	10.61000	0.26000	10.87000	0.00000		10.87000
Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.01329	0.07842
Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01329	0.05351
Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.01329	0.01893
Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01329	0.01552

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Schedule of Electric Rates in Force - (Continued)
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020

		Base [1]	Revenue Adjustment N/A [2]	Base Plus Zero TVA Revenue Adjustment [3] = [1]+[2]	Environmental Adjustment [4]	FCA [5]	June '20 Effective Rate [6] = [3]+[4]+[5]
GSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0.00		10.87
	Summer Season Max kW	3.99	0.08	4.07	0.52		4.59
	Summer Season OffPeak Excess of Contract kW	10.61000	0.26000	10.87000	0.00000		10.87000
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.01329	0.07842
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01329	0.05351
	Summer Season OffPeak kWh - Next 200 HUD	0.00331	0.00008	0.00339	0.00111	0.01329	0.01779
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00003	0.00	0.00111	0.01329	0.02
MSB	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season Max kW	1.72000	0.02000	1.74000	0.52000		2.26000
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05535	0.00133	0.05668	0.00111	0.01237	0.07016
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00074	0.03	0.00111	0.01237	0.05
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00005	0.00	0.00111	0.01237	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00	-0.00001	0.00	0.00111	0.01237	0.01
MSC	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season Max kW	1.21	0.02	1.23	0.52		1.75
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05	0.00130	0.06	0.00111	0.01237	0.07
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00071	0.03	0.00111	0.01237	0.04
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00008	0.00	0.00111	0.01237	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.01237	0.02
MSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24	10.24	0.00		10.24
	Summer Season Max kW	1.10000	0.02000	1.12000	0.52000		1.64000
	Summer Season OffPeak Excess of Contract kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season OnPeak kWh	0.05	0.00125	0.05	0.00111	0.01237	0.07
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00066	0.03	0.00111	0.01237	0.04
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.01237	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01237	0.01460
Customers as of June 30, 2020							
Residential		27,329					
General		4,524					
Outdoor Lighting		2233					
Total:		34,086					

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
*Schedule of Water and Wastewater Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020*

Water and Wastewater Rates in Effect on June 30, 2021		
Water Rates	Inside City	Outside City
<u>RESIDENTIAL (Class 201, 202)</u>		
Customer charge	\$9.04	\$16.29
First 1,400 cu. ft.	\$2.69 /100 cu. ft.	\$4.20 /100 cu. ft.
Additional	\$2.79 /100 cu. ft.	\$4.42 /100 cu. ft.
<u>NON-RESIDENTIAL (Small Commercial) (Class 204, 205)</u>		
Customer charge	\$14.78	\$22.03
First 15,000 cu. ft.	\$2.69 /100 cu. ft.	\$4.20 /100 cu. ft.
Next 85,000 cu. ft.	\$2.21 /100 cu. ft.	\$3.48 /100 cu. ft.
Additional	\$1.61 /100 cu. ft.	\$2.60 /100 cu. ft.
<u>NON-RESIDENTIAL (Large Commercial) (Class 208, 209)</u>		
Customer charge	\$36.35	\$43.58
First 15,000 cu. ft.	\$2.69 /100 cu. ft.	\$4.20 /100 cu. ft.
Next 85,000 cu. ft.	\$2.21 /100 cu. ft.	\$3.48 /100 cu. ft.
Additional	\$1.61 /100 cu. ft.	\$2.60 /100 cu. ft.
<u>IRRIGATION ONLY (Class 211, 213)</u>		
Customer charge	\$9.04	\$16.29
All usage	\$2.79 /100 cu. ft.	\$4.42 /100 cu. ft.
<u>RESALE (Class 203) & FIRE SPRINKLER SYSTEM (CLASS 210)</u>		
Customer Charge	\$36.35	\$36.35
All usage	\$1.61 /100 cu. ft.	\$1.61 /100 cu. ft.
Wastewater Rates	Inside City	Outside City
<u>RESIDENTIAL (Class 301, 302) (April - November)</u>		
Customer charge	\$8.75	\$12.44
First 1,400 cu. ft.	\$4.32 /100 cu. ft.	\$6.51 /100 cu. ft.
Additional	\$0 /100 cu. ft.	\$0 /100 cu. ft.
<u>RESIDENTIAL (Class 301, 302) (December - March)</u>		
Customer charge	\$8.75	\$12.44
All usage	\$4.32 /100 cu. ft.	\$6.51 /100 cu. ft.
<u>NON-RESIDENTIAL (Small Commercial) (Class 304, 305) (Meter Less Than 3")</u>		
Customer charge	\$14.22	\$17.90
First 100,000 cu. ft.	\$4.32 /100 cu. ft.	\$6.51 /100 cu. ft.
Additional	\$3.63 /100 cu. ft.	\$5.43 /100 cu. ft.
<u>NON-RESIDENTIAL (Large Commercial) (Class 308, 309) (Meter 3" or Larger)</u>		
Customer charge	\$34.68	\$38.39
First 100,000 cu. ft.	\$4.32 /100 cu. ft.	\$6.51 /100 cu. ft.
Additional	\$3.63 /100 cu. ft.	\$5.43 /100 cu. ft.
<u>WASTEWATER SURCHARGE</u>		
CBOD	0.1279/pound/day	0.1279/pound/day
TSS	0.1515/pound/day	0.1515/pound/day
TKN	0.2571/pound/day	0.2571/pound/day

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
*Schedule of Water and Wastewater Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020*

MINIMUM BILLS in Effect on June 30, 2021 (Based on installed meter size)						
RESIDENTIAL (Class 201, 202, 301, 302)						
Size	Code	Minimum Usage	Inside Rates		Outside Rates	
			Water	Wastewater Dec-Mar/Apr-Nov	Water	Wastewater Dec-Mar/Apr-Nov
5/8"	000	200 cu. ft.	\$14.42	\$17.39	\$24.69	\$25.46
3/4"	002	600 cu. ft.	\$25.18	\$34.67	\$41.49	\$51.50
1"	003	800 cu. ft.	\$30.56	\$43.31	\$49.89	\$64.52
1 1/2"	005	2,000 cu. ft.	\$63.44	\$95.15	\$101.61	\$142.64
2"	006	4,000 cu. ft.	\$119.24	\$181.55	\$190.01	\$272.84
IRRIGATION (Class 211, 213)						
5/8"	000	200 cu. ft.	\$14.62	N/A	\$25.13	N/A
3/4"	002	600 cu. ft.	\$25.78	N/A	\$42.81	N/A
1"	003	800 cu. ft.	\$31.36	N/A	\$51.65	N/A
1 1/2"	005	2,000 cu. ft.	\$64.84	N/A	\$104.69	N/A
2"	006	4,000 cu. ft.	\$120.64	N/A	\$193.09	N/A
3"	008	10,000 cu. ft.	\$288.04	N/A	\$458.29	N/A
4"	009	17,000 cu. ft.	\$483.34	N/A	\$767.69	N/A
6"	010	44,000 cu. ft.	\$1,236.64	N/A	\$1,961.09	N/A
8"	011	82,000 cu. ft.	\$2,296.84	N/A	\$3,640.69	N/A
NONRESIDENTIAL - SMALL COMMERCIAL (Class 204, 205, 304, 305)						
Size	Code	Minimum Usage	Inside Rates		Outside Rates	
			Water	Wastewater	Water	Wastewater
5/8"	000	200 cu. ft.	\$20.16	\$22.86	\$30.43	\$30.92
3/4"	002	600 cu. ft.	\$30.92	\$40.14	\$47.23	\$56.96
1"	003	800 cu. ft.	\$36.30	\$48.78	\$55.63	\$69.98
1 1/2"	005	2,000 cu. ft.	\$68.58	\$100.62	\$106.03	\$148.10
2"	006	4,000 cu. ft.	\$122.38	\$187.02	\$190.03	\$278.30
NONRESIDENTIAL - LARGE COMMERCIAL (Class 208, 209, 308, 309)						
3"	008	10,000 cu. ft.	\$305.35	\$466.68	\$463.58	\$689.39
4"	009	17,000 cu. ft.	\$484.05	\$769.08	\$743.18	\$1,145.09
6"	010	44,000 cu. ft.	\$1,080.75	\$1,935.48	\$1,682.78	\$2,902.79
8"	011	82,000 cu. ft.	\$1,920.55	\$3,577.08	\$3,005.18	\$5,376.59
10"	012	115,000 cu. ft.	\$2,559.85	\$4,899.18	\$4,021.58	\$7,362.89
RESALE/FIRE SPRINKLER SYSTEM						
3"	008	10,000 cu. ft.	\$197.35	N/A	\$197.35	N/A
4"	009	17,000 cu. ft.	\$310.05	N/A	\$310.05	N/A
6"	010	44,000 cu. ft.	\$744.75	N/A	\$744.75	N/A
8"	011	82,000 cu. ft.	\$1,356.55	N/A	\$1,356.55	N/A
10"	012	115,000 cu. ft.	\$1,887.85	N/A	\$1,887.85	N/A
Number of Customers at June 30, 2021:			Water	Wastewater		
			33,060	19,893		

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
*Schedule of Water and Wastewater Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020*

Water and Wastewater Rates in Effect on June 30, 2020		
Water Rates	Inside City	Outside City
<u>RESIDENTIAL (Class 201, 202)</u>		
Customer charge	\$8.52	\$15.35
First 1,400 cu. ft.	\$2.53 /100 cu. ft.	\$3.96 /100 cu. ft.
Additional	\$2.63 /100 cu. ft.	\$4.16 /100 cu. ft.
<u>NON-RESIDENTIAL (Small Commercial) (Class 204, 205)</u>		
Customer charge	\$13.93	\$20.76
First 15,000 cu. ft.	\$2.53 /100 cu. ft.	\$3.96 /100 cu. ft.
Next 85,000 cu. ft.	\$2.08 /100 cu. ft.	\$3.28 /100 cu. ft.
Additional	\$1.52 /100 cu. ft.	\$2.45 /100 cu. ft.
<u>NON-RESIDENTIAL (Large Commercial) (Class 208, 209)</u>		
Customer charge	\$34.25	\$41.06
First 15,000 cu. ft.	\$2.53 /100 cu. ft.	\$3.96 /100 cu. ft.
Next 85,000 cu. ft.	\$2.08 /100 cu. ft.	\$3.28 /100 cu. ft.
Additional	\$1.52 /100 cu. ft.	\$2.45 /100 cu. ft.
<u>IRRIGATION ONLY (Class 211, 213)</u>		
Customer charge	\$8.52	\$15.35
All usage	\$2.63 /100 cu. ft.	\$4.16 /100 cu. ft.
<u>RESEAL (Class 203) & FIRE SPRINKLER SYSTEM (CLASS 210)</u>		
Customer Charge	\$34.25	\$34.25
All usage	\$1.52 /100 cu. ft.	\$1.52 /100 cu. ft.
Wastewater Rates	Inside City	Outside City
<u>RESIDENTIAL (Class 301, 302) (April - November)</u>		
Customer charge	\$8.41	\$11.96
First 1,400 cu. ft.	\$4.15 /100 cu. ft.	\$6.26 /100 cu. ft.
Additional	\$0 /100 cu. ft.	\$0 /100 cu. ft.
<u>RESIDENTIAL (Class 301, 302) (December - March)</u>		
Customer charge	\$8.41	\$11.96
All usage	\$4.15 /100 cu. ft.	\$6.26 /100 cu. ft.
<u>NON-RESIDENTIAL (Small Commercial) (Class 304, 305) (Meter Less Than 3")</u>		
Customer charge	\$13.67	\$17.21
First 100,000 cu. ft.	\$4.15 /100 cu. ft.	\$6.26 /100 cu. ft.
Additional	\$3.49 /100 cu. ft.	\$5.22 /100 cu. ft.
<u>NON-RESIDENTIAL (Large Commercial) (Class 308, 309) (Meter 3" or Larger)</u>		
Customer charge	\$33.35	\$36.91
First 100,000 cu. ft.	\$4.15 /100 cu. ft.	\$6.22 /100 cu. ft.
Additional	\$3.49 /100 cu. ft.	\$5.22 /100 cu. ft.
<u>WASTEWATER SURCHARGE</u>		
CBOD	0.123/pound/day	0.123/pound/day
TSS	0.1457/pound/day	0.1457/pound/day
TKN	0.2472/pound/day	0.2472/pound/day

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION**
*Schedule of Water and Wastewater Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2021 and 2020*

MINIMUM BILLS								
in Effect on June 30, 2020 (Based on installed meter size)								
RESIDENTIAL (Class 201, 202, 301, 302)								
Size	Code	Minimum Usage	Inside Rates		Outside Rates			
			Water	Wastewater Dec-Mar/Apr-Nov	Water	Wastewater Dec-Mar/Apr-Nov		
5/8"	000	200 cu. ft.	\$13.58	\$16.71	\$23.27	\$24.48	\$24.48	
3/4"	002	600 cu. ft.	\$23.70	\$33.31	\$39.11	\$49.52	\$49.52	
1"	003	800 cu. ft.	\$28.76	\$41.61	\$47.03	\$62.04	\$62.04	
1 1/2"	005	2,000 cu. ft.	\$59.72	\$91.41	\$95.75	\$137.16	\$99.60	
2"	006	4,000 cu. ft.	\$112.32	\$174.41	\$178.95	\$262.36	\$98.60	
IRRIGATION (Class 211, 213)								
5/8"	000	200 cu. ft.	\$13.78	N/A	\$23.67	N/A		
3/4"	002	600 cu. ft.	\$24.30	N/A	\$40.31	N/A		
1"	003	800 cu. ft.	\$29.56	N/A	\$48.63	N/A		
1 1/2"	005	2,000 cu. ft.	\$61.12	N/A	\$98.55	N/A		
2"	006	4,000 cu. ft.	\$113.72	N/A	\$181.75	N/A		
3"	008	10,000 cu. ft.	\$271.52	N/A	\$431.35	N/A		
4"	009	17,000 cu. ft.	\$455.62	N/A	\$722.55	N/A		
6"	010	44,000 cu. ft.	\$1,165.72	N/A	\$1,845.75	N/A		
8"	011	82,000 cu. ft.	\$2,165.12	N/A	\$3,426.55	N/A		
NONRESIDENTIAL - SMALL COMMERCIAL (Class 204, 205, 304, 305)								
Size	Code	Minimum Usage	Inside Rates		Outside Rates			
			Water	Wastewater	Water	Wastewater		
5/8"	000	200 cu. ft.	\$18.99	\$21.97	\$28.68	\$29.73		
3/4"	002	600 cu. ft.	\$29.11	\$38.57	\$44.52	\$54.77		
1"	003	800 cu. ft.	\$34.17	\$46.87	\$52.44	\$67.29		
1 1/2"	005	2,000 cu. ft.	\$64.53	\$96.67	\$99.96	\$142.41		
2"	006	4,000 cu. ft.	\$115.13	\$179.67	\$179.16	\$267.61		
NONRESIDENTIAL - LARGE COMMERCIAL (Class 208, 209, 308, 309)								
3"	008	10,000 cu. ft.	\$287.25	\$448.35	\$437.06	\$662.91		
4"	009	17,000 cu. ft.	\$455.35	\$738.85	\$700.66	\$1,101.11		
6"	010	44,000 cu. ft.	\$1,016.95	\$1,859.35	\$1,586.26	\$2,791.31		
8"	011	82,000 cu. ft.	\$1,807.35	\$3,436.35	\$2,832.66	\$5,170.11		
10"	012	115,000 cu. ft.	\$2,409.75	\$4,706.85	\$3,790.56	\$7,079.91		
RESALE/FIRE SPRINKLER SYSTEM								
3"	008	10,000 cu. ft.	\$186.25	N/A	\$186.25	N/A		
4"	009	17,000 cu. ft.	\$292.65	N/A	\$292.65	N/A		
6"	010	44,000 cu. ft.	\$703.05	N/A	\$703.05	N/A		
8"	011	82,000 cu. ft.	\$1,280.65	N/A	\$1,280.65	N/A		
10"	012	115,000 cu. ft.	\$1,782.25	N/A	\$1,782.25	N/A		
Number of Customers at June 30, 2020			Water	Wastewater				
			32,467	19,484				

Rates are subject to rules and regulations of Cleveland Utilities.

Rates will be subject to adjustment as rate adjustments are received from water suppliers.

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Schedule of Unaccounted for Water
For the Year Ended June 30, 2021 and 2020

**AWWA Free Water Audit Software:
Reporting Worksheet**

Water Audit Report for: **Cleveland Utilities (TN0000117)**
Reporting Year: **2021** 7/2020 - 6/2021

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and

WATER SUPPLIED

Volume from own sources	Enter grading in column 'E' and 'J'	Value	MG/yr
Water imported	8	2,419,211	MG/yr
Water exported	8	1,706,775	MG/yr
Water exported	8	31,865	MG/yr
WATER SUPPLIED:		4,094,121	MG/yr

Master Meter and Supply Error Adjustments

Point	Value	MG/yr
1	0.00%	0.00
2	0.00%	0.00
3	0.00%	0.00

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered	Enter grading in column 'E' and 'J'	Value	MG/yr
Billed unmetered	8	2,821,758	MG/yr
Unbilled metered	10	150,070	MG/yr
Unbilled unmetered	8	9,757	MG/yr
AUTHORIZED CONSUMPTION:		2,981,585	MG/yr

WATER LOSSES (Water Supplied - Authorized Consumption)

Apparent Losses

Unauthorized consumption	Enter grading in column 'E' and 'J'	Value	MG/yr
Customer metering inaccuracies <td>8</td> <td>10,235</td> <td>MG/yr</td>	8	10,235	MG/yr
Systematic data handling errors <td>8</td> <td>156,412</td> <td>MG/yr</td>	8	156,412	MG/yr
Systematic data handling errors <td>8</td> <td>7,054</td> <td>MG/yr</td>	8	7,054	MG/yr
Apparent Losses:		173,702	MG/yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:

WATER LOSSES:

NON-REVENUE WATER

NON-REVENUE WATER:

SYSTEM DATA

Length of mains	Enter grading in column 'E' and 'J'	Value	miles
Number of active AND inactive service connections <td>8</td> <td>33,060</td> <td></td>	8	33,060	
Service connection density <td>8</td> <td>43</td> <td>connections/mile main</td>	8	43	connections/mile main

Are customer meters typically located at the curbside or property line? **Yes** (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: **7** **psi**

COST DATA

Total annual cost of operating water system	Enter grading in column 'E' and 'J'	Value	\$/year
Customer retail unit cost (applied to Apparent Losses)	8	\$5.88	\$/1000 gallons (US)
Variable production cost (applied to Real Losses)	8	\$1,020.00	\$/million gallons

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 82 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Water imported
- 3: Unauthorized consumption

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Schedule of Unaccounted for Water
For the Year Ended June 30, 2021 and 2020

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v6.0

Water Audit Report for: Cleveland Utilities (TN0000117)
Reporting Year: 2021 7/2020 - 6/2021

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***

System Attributes:

Apparent Losses:	173,702	MG/Yr
+ Real Losses:	938,634	MG/Yr
= Water Losses:	1,112,536	MG/Yr
Unavoidable Annual Real Losses (UARL):	316.65	MG/Yr
Annual cost of Apparent Losses:	\$1,017,892	
Annual cost of Real Losses:	\$957,611	Valued at Variable Production Cost

Return to Reporting Worksheet to change the assumption

Performance Indicators:

Finan	{	Non-revenue water as percent by volume of Water Supplied:	31.1%	
		Non-revenue water as percent by cost of operating system:	13.0%	Real Losses valued at Variable Production Cost
Operational	{	Apparent Losses per service connection per day:	14.39	gallons/connection/day
		Real Losses per service connection per day:	77.80	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.82	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	938.63	million gallons/year
		Infrastructure Leakage Index (ILI) (CARL/UARL):	2.96	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Schedule of Unaccounted for Water
For the Year Ended June 30, 2021 and 2020

**AWWA Free Water Audit Software:
Reporting Worksheet**

WAS v5.0
American Water Works Association
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Click to access definition
Click to add a comment

Water Audit Report for: **Cleveland Utilities (TN000117)**
Reporting Year: **FY2020** 7/2019 - 6/2020

Please enter data in the white cells below. Where available, metered values should be used. If metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades.

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources:	Grade	Value	Unit
2,508,979	8		MG/yr
1,755,622	8		MG/yr
46,156	8		MG/yr

WATER SUPPLIED: **4,219,645** MG/yr

AUTHORIZED CONSUMPTION

Billed metered:	Grade	Value	Unit
2,768,425	9		MG/yr
136,510	10		MG/yr
22,196	8		MG/yr

AUTHORIZED CONSUMPTION: **2,957,131** MG/yr

WATER LOSSES (Water Supplied - Authorized Consumption) **1,262,515** MG/yr

Apparent Losses

Unauthorized consumption:	Grade	Value	Unit
10,549	8		MG/yr
154,470	8		MG/yr
6,998	8		MG/yr

Apparent Losses: **172,015** MG/yr

Real Losses (Current Annual Real Losses or CARR)

Real Losses = Water Losses - Apparent Losses: **1,090,499** MG/yr

WATER LOSSES: **1,262,515** MG/yr

NON-REVENUE WATER

NON-REVENUE WATER: **1,421,220** MG/yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	Grade	Value	Unit
764.3	9		miles
32,467	8		connections
42	8		connections/mile

Are customer meters typically located at the curbside or property line? **Yes** (length of service line beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: **65.0** psi

COST DATA

Total annual cost of operating water system:	Grade	Value	Unit
\$15,826,899	10		\$/Year
\$5.49	8		\$/1000 gallons (US)
\$1,020.00	8		\$/million gallons

Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 82 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Water imported
- 3: Unauthorized consumption

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Schedule of Unaccounted for Water
For the Year Ended June 30, 2021 and 2020

**AWWA Free Water Audit Software:
System Attributes and Performance Indicators**

AWWA v5.0
American Water Works Association
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Water Audit Report for: **Cleveland Utilities (TN0000117)**
Reporting Year: **FY2020** | **7/2019 - 6/2020**

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***

System Attributes:

Apparent Losses:	172,015	MG/yr
= Real Losses:	1,050,499	MG/yr
= Water Losses:	1,262,515	MG/yr
Unavoidable Annual Real Losses (UARL):	312.25	MG/yr
Annual cost of Apparent Losses:	\$945,099	
Annual cost of Real Losses:	\$1,112,309	Valued at Variable Production Cost

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	33.7%	
	Non-revenue water as percent by cost of operating system:	14.2%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	14.52	gallons/connection/day
	Real Losses per service connection per day:	92.02	gallons/connection/day
	Real Losses per length of main per day*	N/A	
	Real Losses per service connection per day per psi pressure:	0.97	gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		1,050.50	million gallons/year
	Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.49	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
Changes in Long-Term Debt by Issue
June 30, 2021

Description of Indebtedness	Division	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
BONDS PAYABLE					
<u>Payable through the Electric Division:</u>					
General Obligation, Series 2010	Electric	6,500,000	1 to 5.75%	12/15/10	06/01/31
General Obligation, Refunding Series 2016B	Electric	885,283	3.14%	05/27/16	06/01/36
General Obligation, Series 2018B	Electric	2,385,000	3 to 5%	12/07/18	06/01/39
General Obligation, Refunding Series 2019	Electric	2,510,000	2 to 5%	03/26/19	06/30/28
General Obligation, Series 2020	Electric	1,820,000	2 to 5%	11/10/20	12/01/40
General Obligation, Refunding Series 2020	Electric	7,010,000	2 to 5%	11/10/20	12/01/34
Total Bonds Payable Electric Division					
<u>Payable through the Water Division:</u>					
General Obligation, Series 2010	Water	2,250,000	1 to 5.75%	12/15/10	06/01/31
General Obligation, Series 2014	Water/Wastewater	8,835,000	3.45%	03/18/14	09/01/28
General Obligation, Series 2016B	Water/Wastewater	6,599,357	3.14%	05/27/16	06/01/36
General Obligation, Series 2018B	Water	3,335,000	3 to 5%	12/07/18	06/01/39
General Obligation, Refunding, Series 2019	Water/Wastewater	11,360,000	2 to 5%	03/26/19	06/30/28
General Obligation, Series 2020	Water/Wastewater	3,630,000	2 to 5%	11/10/20	12/01/40
General Obligation, Refunding Series 2020	Water/Wastewater	9,965,000	2 to 5%	11/10/20	12/01/34
Total Bonds Payable Water Division					
Total Bonds Payable					
NOTES PAYABLE					
<u>Payable through Electric Division:</u>					
Tennessee Municipal Bond Fund - 2014 TMBF	Electric	3,625,000	.75 to 3%	02/27/14	05/25/34
Tennessee Municipal Bond Fund - 2015 TMBF	Electric	2,750,000	.75 to 3%	12/30/14	05/25/35
Total Notes Payable Electric Division					
<u>Payable through Water Division:</u>					
Tennessee Municipal Bond Fund - 2012 TMBF	Water	3,750,000	.75 to 3%	09/12/12	06/01/32
Tennessee Municipal Bond Fund - 2014 TMBF	Water	2,750,000	.75 to 3%	05/01/14	05/25/34
Tennessee Municipal Bond Fund - 2015 TMBF	Water	3,000,000	.75 to 3%	12/30/14	05/25/35
State Revolving Loans - SRF	Wastewater	679,499	.75 to 3%	05/01/10	06/01/31
State Revolving Loans - ARRA	Wastewater	135,900	2.08%	05/01/10	06/01/31
State Revolving Loans - CWO 13-319	Wastewater	1,374,972	1.15%	12/05/13	02/20/37
State Revolving Loans - CWO 13-320	Wastewater	8,174,000	1.15%	12/05/13	06/20/37
State Revolving Loans - DG2 14-151	Water	2,000,000	1.50%	10/21/14	06/01/36
State Revolving Loans - CG4 15-349	Water	2,325,000	1.38%	02/26/15	06/01/36
State Revolving Loans - DWF 16-172	Water	3,725,000	1.10%	06/09/16	06/20/37
State Revolving Loans - CG3 17-379	Water	104,897	0.88%	01/09/17	06/20/37
State Revolving Loans - DW6 17-192	Water	800,000	1.60%	06/22/17	06/20/37
State Revolving Loans - DWF 17-193	Water	195,000	1.60%	06/22/17	06/20/37
State Revolving Loans - DWF 18-205	Water	430,000	1.31%	01/25/18	06/20/38
State Revolving Loans - CW618-415	Wastewater	900,000	1.56%	06/19/18	06/01/38
State Revolving Loans - SRF 18-416	Wastewater	730,000	1.56%	02/08/19	06/01/41
State Revolving Loans - SRF 18-417 (1)	Wastewater	10,000,000	1.58%	03/13/18	06/01/41
State Revolving Loans SRF CW7 19-431 (2)	Wastewater	1,593,900	1.37%	07/10/19	06/01/41
Total Notes Payable Water Division					
Total Notes Payable					

Notes to Schedule

- (1) \$2,086,021, of loan proceeds have not been drawn down at June 30, 2021.
(2) \$1,506,690, of loan proceeds have not been drawn down at June 30, 2021.

- 67 -

Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2021
\$ 3,575,000	\$ -	\$ -	\$ 3,575,000	\$ -
754,626	-	44,355	-	710,271
2,310,000	-	80,000	-	2,230,000
2,105,000	-	455,000	-	1,650,000
-	1,820,000	-	-	1,820,000
-	7,010,000	555,000	-	6,455,000
\$ 8,744,626	\$ 8,830,000	\$ 1,134,355	\$ 3,575,000	\$ 12,865,271
\$ 1,425,000	\$ -	\$ -	\$ 1,425,000	\$ -
3,815,000	-	440,000	3,375,000	-
5,625,374	-	330,645	-	5,294,729
3,225,000	-	115,000	-	3,110,000
9,780,000	-	1,850,000	-	7,930,000
-	3,630,000	-	-	3,630,000
-	9,965,000	495,000	-	9,470,000
\$ 23,870,374	\$ 13,595,000	\$ 3,230,645	\$ 4,800,000	\$ 29,434,729
\$ 32,615,000	\$ 22,425,000	\$ 4,365,000	\$ 8,375,000	\$ 42,300,000
\$ 2,537,500	\$ -	\$ -	\$ 2,537,500	\$ -
2,121,000	-	-	2,121,000	-
\$ 4,658,500	\$ -	\$ -	\$ 4,658,500	\$ -
\$ 2,250,000	\$ -	\$ -	\$ 2,250,000	\$ -
1,925,000	-	-	1,925,000	-
2,314,000	-	-	2,314,000	-
394,982	-	11,222	383,760	-
78,996	-	2,244	76,752	-
1,167,196	-	63,900	-	1,103,296
7,619,686	-	371,772	-	7,247,914
1,593,114	-	92,556	-	1,500,558
1,909,860	-	107,412	-	1,802,448
2,528,263	-	132,324	-	2,395,939
88,669	-	4,968	-	83,701
755,898	-	34,908	-	720,990
183,848	-	8,520	-	175,328
404,696	-	19,272	-	385,424
877,807	-	38,748	-	839,059
491,390	-	-	-	491,390
4,106,196	3,807,783	-	-	7,913,979
-	87,210	-	-	87,210
\$ 28,689,601	\$ 3,894,993	\$ 887,846	\$ 6,949,512	\$ 24,747,236
\$ 33,348,101	\$ 3,894,993	\$ 887,846	\$ 11,608,012	\$ 24,747,236

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Bond Principal and Interest Requirements by Fiscal Year
June 30, 2021*

Electric, Water and Sewer Revenue and Tax Bonds						
Fiscal Year	2016B Refunding Series		2018B Series		2019 Refunding Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 395,000	\$ 188,557	\$ 205,000	\$ 220,200	\$ 2,300,000	\$ 362,550
2023	410,000	176,154	215,000	209,950	1,965,000	285,400
2024	430,000	163,280	220,000	203,500	1,405,000	230,625
2025	445,000	149,778	230,000	196,900	1,255,000	164,125
2026	345,000	135,805	235,000	190,000	980,000	108,250
2027	350,000	124,972	245,000	178,250	905,000	61,125
2028	355,000	113,982	260,000	166,000	770,000	19,250
2029	375,000	102,835	270,000	153,000		
2030	380,000	91,060	285,000	139,500		
2031	405,000	79,128	300,000	125,250		
2032	410,000	66,411	310,000	113,250		
2033	415,000	53,537	325,000	100,850		
2034	420,000	40,506	340,000	87,850		
2035	430,000	27,318	350,000	74,250		
2036	440,000	13,816	365,000	62,000		
2037			380,000	47,400		
2038			395,000	32,200		
2039			410,000	16,400		
2040						
2041						
Total	\$ 6,005,000	\$ 1,527,139	\$ 5,340,000	\$ 2,316,750	\$ 9,580,000	\$ 1,231,325

2020 Series		2021 Refunding Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 175,000	\$ 181,300	\$ 1,295,000	\$ 715,025	\$ 4,370,000	\$ 1,667,632
185,000	172,300	1,325,000	649,525	4,100,000	1,493,329
195,000	162,800	1,355,000	582,525	3,605,000	1,342,730
205,000	152,800	1,375,000	514,275	3,510,000	1,177,878
215,000	142,300	1,400,000	444,900	3,175,000	1,021,255
225,000	131,300	1,450,000	373,650	3,175,000	869,297
240,000	119,675	1,480,000	300,400	3,105,000	719,307
255,000	107,300	1,505,000	225,775	2,405,000	588,910
265,000	94,300	1,185,000	158,525	2,115,000	483,385
275,000	80,800	1,200,000	98,900	2,180,000	384,078
290,000	68,126	780,000	53,300	1,790,000	301,087
295,000	57,901	620,000	28,400	1,655,000	240,688
305,000	50,425	630,000	12,800	1,695,000	191,581
310,000	44,275	325,000	3,250	1,415,000	149,093
320,000	37,975			1,125,000	113,791
325,000	31,524			705,000	78,924
330,000	24,975			725,000	57,175
340,000	18,274			750,000	34,674
345,000	11,210			345,000	11,210
355,000	3,772			355,000	3,772
<u>\$ 5,450,000</u>	<u>\$ 1,693,332</u>	<u>\$ 15,925,000</u>	<u>\$ 4,161,250</u>	<u>\$ 42,300,000</u>	<u>\$ 10,929,796</u>

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Note Principal and Interest Requirements by Fiscal Year
June 30, 2021*

Fiscal Year	State of Tennessee Revolving Loan Fund 13-319		State of Tennessee Revolving Loan Fund 13-320		State of Tennessee Revolving Loan Fund DG2	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 64,644	\$ 12,348	\$ 376,068	\$ 81,372	\$ 93,948	\$ 21,864
2023	65,388	11,604	380,412	77,028	95,364	20,448
2024	66,144	10,848	384,816	72,624	96,804	19,008
2025	66,912	10,080	389,268	68,172	98,268	17,544
2026	67,680	9,312	393,756	63,684	99,756	16,056
2027	68,472	8,520	398,316	59,124	101,256	14,556
2028	69,264	7,728	402,912	54,528	102,792	13,020
2029	70,056	6,936	407,580	49,860	104,340	11,472
2030	70,872	6,120	412,296	45,144	105,912	9,900
2031	71,688	5,304	417,060	40,380	107,520	8,292
2032	72,516	4,476	421,872	35,568	109,140	6,672
2033	73,356	3,636	426,756	30,684	110,784	5,028
2034	74,208	2,784	431,688	25,752	112,464	3,348
2035	75,060	1,932	436,680	20,760	114,156	1,656
2036	75,936	1,056	441,720	15,720	48,054	180
2037	51,100	223	446,832	10,608		
2038			451,992	5,448		
2039			227,890	766		
2040						
2041						
2042						
	<u>\$ 1,103,296</u>	<u>\$ 102,907</u>	<u>\$ 7,247,914</u>	<u>\$ 757,222</u>	<u>\$ 1,500,558</u>	<u>\$ 169,044</u>

State of Tennessee Revolving Loan Fund CG4 15-349		State of Tennessee Revolving Loan Fund DWF 16-172		State of Tennessee Revolving Loan Fund CG3 17-379	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 108,900	\$ 24,192	\$ 133,800	\$ 25,920	\$ 5,004	\$ 720
110,412	22,680	135,300	24,420	5,052	672
111,948	21,144	136,812	22,908	5,100	624
113,508	19,584	138,336	21,384	5,136	588
115,080	18,012	139,872	19,848	5,184	540
116,676	16,416	141,432	18,288	5,232	492
118,296	14,796	143,016	16,704	5,280	444
119,940	13,152	144,612	15,108	5,328	396
121,608	11,484	146,220	13,500	5,376	348
123,300	9,792	147,852	11,868	5,424	300
125,016	8,076	149,508	10,212	5,472	252
126,744	6,348	151,176	8,544	5,520	204
128,508	4,584	152,856	6,864	5,568	156
130,296	2,796	154,560	5,160	5,616	108
132,216	957	156,288	3,432	5,664	60
		158,028	1,692	3,745	14
		66,271	184		
<hr/>		<hr/>		<hr/>	
\$ 1,802,448	\$ 194,013	\$ 2,395,939	\$ 226,036	\$ 83,701	\$ 5,918

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Note Principal and Interest Requirements by Fiscal Year
June 30, 2021*

Fiscal Year	State of Tennessee Revolving Loan Fund DW6 17-192		State of Tennessee Revolving Loan Fund DWF 17-193		State of Tennessee Revolving Loan Fund DWF 18-205	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 35,472	\$ 11,292	\$ 8,652	\$ 2,748	\$ 19,524	\$ 4,932
2023	36,036	10,728	8,796	2,604	19,776	4,680
2024	36,624	10,140	8,940	2,460	20,040	4,416
2025	37,212	9,552	9,084	2,316	20,304	4,152
2026	37,812	8,952	9,228	2,172	20,568	3,888
2027	38,424	8,340	9,372	2,028	20,844	3,612
2028	39,036	7,728	9,528	1,872	21,120	3,336
2029	39,672	7,092	9,684	1,716	21,396	3,060
2030	40,308	6,456	9,840	1,560	21,684	2,772
2031	40,956	5,808	9,996	1,404	21,960	2,496
2032	41,616	5,148	10,164	1,236	22,260	2,196
2033	42,288	4,476	10,320	1,080	22,548	1,908
2034	42,972	3,792	10,488	912	22,848	1,608
2035	43,656	3,108	10,656	744	23,148	1,308
2036	44,364	2,400	10,836	564	23,448	1,008
2037	45,072	1,692	11,004	396	23,760	696
2038	45,804	960	11,184	216	24,072	384
2039	33,666	237	7,556	43	16,124	79
2040						
2041						
2042						
	<u>\$ 720,990</u>	<u>\$ 107,901</u>	<u>\$ 175,328</u>	<u>\$ 26,071</u>	<u>\$ 385,424</u>	<u>\$ 46,531</u>

(1) \$2,086,021, of loan proceeds have not been drawn down at June 30, 2021.

State of Tennessee Revolving Loan Fund CW6 18-415		State of Tennessee Revolving Loan Fund SRF 18-416		State of Tennessee Revolving Loan Fund SRF 18-417 (1)	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 38,865	\$ 12,813	\$ 15,795	\$ 5,670	\$ 428,568	\$ 154,908
39,228	12,204	21,348	7,272	435,396	148,080
39,840	11,592	21,684	6,936	442,320	141,156
40,476	10,956	22,032	6,588	449,364	134,112
41,112	10,320	22,380	6,240	456,516	126,960
41,748	9,684	22,728	5,892	463,776	119,700
42,408	9,024	23,076	5,544	471,156	112,320
43,080	8,352	23,448	5,172	478,656	104,820
43,752	7,680	23,820	4,800	486,276	97,200
44,436	6,996	24,192	4,428	494,016	89,460
45,132	6,300	24,564	4,056	501,876	81,600
45,840	5,592	24,960	3,660	509,856	73,620
46,560	4,872	25,344	3,276	517,980	65,496
47,304	4,128	25,740	2,880	526,224	57,252
48,036	3,396	26,148	2,472	534,600	48,876
48,792	2,640	26,556	2,064	543,108	40,368
49,560	1,872	26,976	1,644	551,748	31,728
50,340	1,092	27,396	1,224	560,532	22,944
42,550	303	27,828	792	569,448	14,028
	0	28,272	348	578,584	4,970
		7,103	19		
<u>\$ 839,059</u>	<u>\$ 129,816</u>	<u>\$ 491,390</u>	<u>\$ 80,977</u>	<u>\$ 10,000,000</u>	<u>\$ 1,669,598</u>

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**

*Schedule of Note Principal and Interest Requirements by Fiscal Year
June 30, 2021*

Continued

Fiscal Year	State of Tennessee Revolving Loan Fund SRF 19-431 (1)		Total	
	Principal	Interest	Principal	Interest
2022	\$ 69,756	\$ 21,396	1,398,996	380,175
2023	70,716	20,436	1,423,224	362,856
2024	71,688	19,464	1,442,760	343,320
2025	72,684	18,468	1,462,584	323,496
2026	73,680	17,472	1,482,624	303,456
2027	74,700	16,452	1,502,976	283,104
2028	75,720	15,432	1,523,604	262,476
2029	76,764	14,388	1,544,556	241,524
2030	77,820	13,332	1,565,784	220,296
2031	78,900	12,252	1,587,300	198,780
2032	79,992	11,160	1,609,128	176,952
2033	81,096	10,056	1,631,244	154,836
2034	82,212	8,940	1,653,696	132,384
2035	83,340	7,812	1,676,436	109,644
2036	84,492	6,660	1,631,802	86,781
2037	85,656	5,496	1,443,653	65,889
2038	86,832	4,320	1,314,439	46,756
2039	88,032	3,120	1,011,536	29,505
2040	89,244	1,908	729,070	17,031
2041	90,576	669	697,432	5,987
2042			7,103	19
	<u>\$ 1,593,900</u>	<u>\$ 229,233</u>	<u>\$ 28,339,947</u>	<u>\$ 3,745,267</u>

(1) \$1,506,690, of loan proceed have not been drawn down at June 30, 2021.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
Schedule of Officers
June 30, 2021

<u>Name</u>	<u>Position</u>
Aubrey Ector	Chairman
Joe Cate	Vice-Chairman
Eddie Cartwright	Board Member
David May, Jr.	Board Member, Councilman City of Cleveland
Debbie Melton	Board Member
Tim Henderson	President/CEO
Marshall Stinnett	VP/CFO
Jimmy Isom	VP/Electric Division
Craig Mullinax	VP/Water Division
Walt Vineyard	Executive VP/IT and Customer Connection
John Corum	VP/Admin Services

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Cash Shortages and Other Thefts
For the Years Ended June 30, 2021 and 2020*

	Fiscal Year First Reported	Department	Original Audit Finding Number	Original Amount of Shortage	Beginning/ Carry- Forward Balance	Current Year Shortage	Current Year Reductions	End of Year Balance
1	2020	Information Technology	2020-001	\$4,270	\$4,270	\$0	\$0	\$4,270

Explanation of Cash Shortages

1 Cleveland Utilities conducted an investigation in conjunction with the Cleveland Police Department and the District Attorney General and determined that a former information technology employee misappropriated utilities computer equipment with a value estimated at \$4,270.00. The former employee denies all charges and the case will go to court in the Spring of 2022.

Disposition: As of June 30, 2021, the reported shortage is subject to the court findings.

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Federal Financial Assistance Activity
For the Year Ended June 30, 2021*

FEDERAL ASSISTANCE:		Beginning (Accrued) Unearned Grant Revenue	Cash Receipts	Expenses	Ending (Accrued) Unearned Grant Revenue
<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA</u>				
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Passed Through Tennessee Department of Environment and Conservation:					
Clean Water State Revolving Fund Cluster					
Grants for Clean Water					
State Revolving Fund					
- Loan SRF 18-417	66.458	\$ (487,889)	\$ 4,295,672	\$ 3,807,783	\$ 0
- Loan SRF CW7 19-431	66.458	0	87,210	87,210	0
- Loan Forgiveness SRF CW7 19-431	66.458	0	9,690	9,690	0
Total Grants for Clean Water	66.458	\$ (487,889)	\$ 4,392,572	\$ 3,904,683	\$ 0
Total Clean Water State Revolving Fund Cluster		\$ (487,889)	\$ 4,392,572	\$ 3,904,683	\$ 0
Total Federal Grant Assistance		\$ (487,889)	\$ 4,392,572	\$ 3,904,683	\$ 0

Notes to the Schedule of Federal Financial Assistance Activity

Note 1 - Basis of Presentation - The accompanying schedule includes federal and state grant activity of the Board of Public Utilities of the City of Cleveland, Tennessee. The information is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Board.

Note 2 - Summary of Significant Accounting Policies - Expenses reported on the Schedule are reported on the full accrual basis of accounting. Cash receipts are reported as received. Credit balances in beginning or ending numbers represent receivables from the grantor.

Note 3 - Other - The Board did not elect to use the 10-percent de minimis indirect cost rate.

WEDGEWOOD ACCOUNTING, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM B. KIRKSEY, CPA
MARK A. LAY, CPA
SCOTT D. HALL, CPA
ANGELA KEY RITCHEY, CPA
BRANDON H. BARNES, CPA

WEDGEWOOD OFFICE PARK
4395 N. OCOEE STREET
CLEVELAND, TENNESSEE 37312
TELEPHONE: (423) 478-5581
FACSIMILE: (423) 472-9893
EMAIL: cpa@wedgewoodaccounting.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Public Utilities of the
City of Cleveland, Tennessee
Cleveland, Tennessee 37311

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each of the major fund (enterprise funds) and the aggregate remaining fund (fiduciary fund) information of the Board of Public Utilities of the City of Cleveland, Tennessee, (the Board), funds of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wedgewood Accounting PLLC

WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

October 22, 2021

WEDGEWOOD ACCOUNTING, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM B. KIRKSEY, CPA
MARK A. LAY, CPA
SCOTT D. HALL, CPA
ANGELA KEY KITCHEN, CPA
BRANDON H. BARNES, CPA

WEDGEWOOD OFFICE PARK
4395 N. OCOEE STREET
CLEVELAND, TENNESSEE 37312
TELEPHONE: (423) 476-5581
FACSIMILE: (423) 472-8893
EMAIL: cpa@wedgewoodaccounting.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Public Utilities of the
City of Cleveland, Tennessee
Cleveland, Tennessee 37311

Report on Compliance for Each Major Federal Program

We have audited the Board of Public Utilities of the City of Cleveland, Tennessee, (the Board) funds of the City of Cleveland, Tennessee's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2021. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Board, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal

- 81 -

control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

WedgeWood Accounting PLLC

WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

October 22, 2021

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021*

A. SUMMARY OF AUDITORS' RESULTS

- 1 The auditors' report expresses an unmodified opinion on the financial statements of the Board of Public Utilities of the City of Cleveland, Tennessee.
- 2 There were no deficiencies in internal control disclosed during the audit of the financial statements.
- 3 No instances of noncompliance material to the financial statements of the Board of Public Utilities of the City of Cleveland, Tennessee, were disclosed during the audit.
- 4 No deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance.
- 5 The auditors' report on compliance for the major federal award programs for the Board of Public Utilities of the City of Cleveland, Tennessee, expresses an unmodified opinion on all major federal programs.
- 6 There were no audit findings relating to major programs that are required to be reported.
- 7 The program tested as a major program included:
Grants for Clean Water State Revolving Fund CFDA# 66.458
- 8 The threshold for distinguishing Types A and B programs was \$750,000.
- 9 The Board of Public Utilities of the City of Cleveland, Tennessee, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

**THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE**
*Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2021*

The prior year finding 2020-001 related to Segregation of duties/Misappropriation of funds was not repeated in the current year.