

UNION CITY ENERGY AUTHORITY

Effective January 1st, 2018, Union City Electric System officially became the Union City Energy Authority. Although we still have the same employees, buildings, rates and board we are a new entity. We were created under the modified Energy Authority Act in the 2017 State legislature.



The Authority has also started a fiber optic internet system and is offering it to the commercial and industrial facilities in the footprint of the Authority. Currently approximately 150 customers are using the internet service. The Authority's business plan had projected approximately 100 customers within the first year of deployment. 150 customers have been connected before the first year's anniversary had been reached.

E+ Broadband is also offering phone service through the fiber system. The Jackson, Tennessee based company also provides technical assistance and wholesale broadband service to the Authority and their assistance has proven invaluable for the highly reliable fiber broadband system. The internet and phone systems have been well received by the community and the Authority won the “Business Partner of the Year” award at the Chamber and Economic Development banquet this year because of this new business venture. The Authority’s venture into the fiber optic broadband system has proven to allow not only additional revenue but has made the local area more attractive to commercial and industrial customers by providing a reasonably priced alternative for critical communication needs in the area.

The Authority has been installing fiber since 2000 for its electric system needs. Existing employees were used to provide as much construction and splicing by retraining where needed and utilizing existing knowledge for the construction of the system. Only one employee has been added thus far to



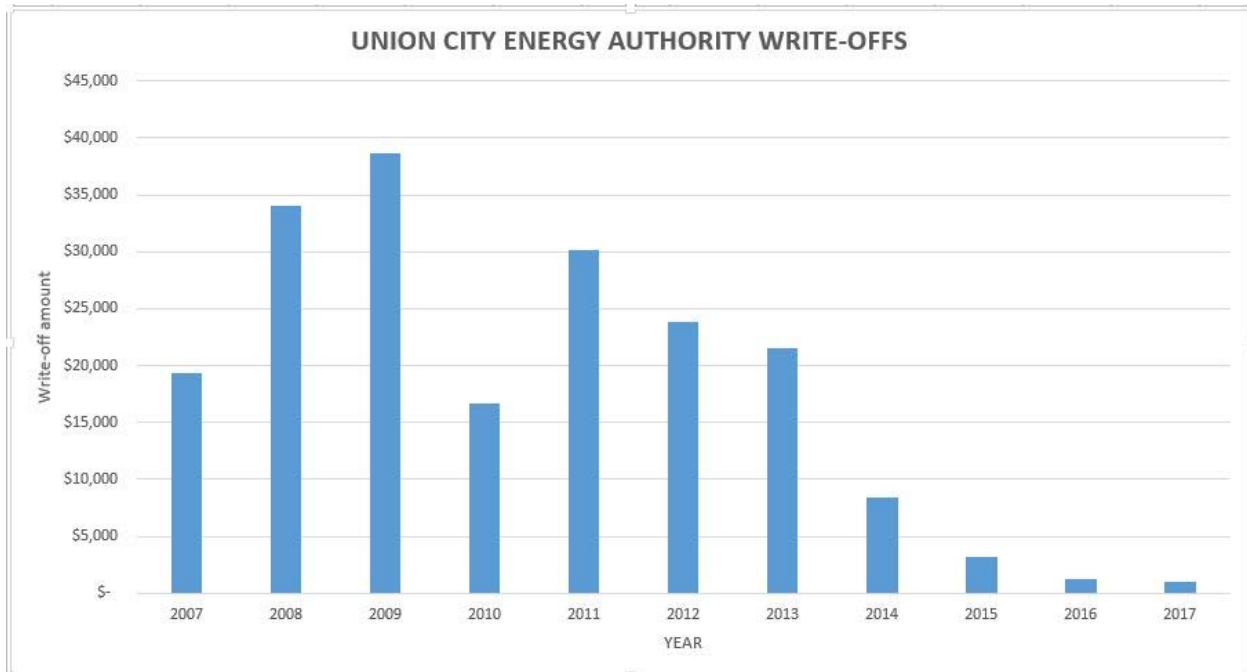
the already 20 employees that work at the Authority. One line crew and three employees trained to splice and troubleshoot have been used for the construction work.

Once the commercial and industrial area construction is completed the Authority plans to start providing broadband services to residential areas which should occur within the next year or two.

The Authority installed an AMI system in 2012 with prepay the

following year. Although the project was initially approved because of the projected savings in customer write-offs, there were many other savings realized, some not even anticipated in the initial project decision. As you can see from the chart below the savings in write-offs did prove to be significant. This along with the savings in meter reading costs proved to pay for the AMI system over its anticipated life.

The Authority now has about 25% of its almost 5200 residential customers on prepay. The prepay system allows customers that don’t have excellent credit to be able to have electric service without paying a deposit. The prepay system has proven to be a real benefit to our customers who otherwise could not have obtained electric service.



The Authority lost the Goodyear Tire load in 2011 which was a substantial part of the Authority's electric load. Fortunately, Titan Tire is using that facility to produce rubber for its other plants. This load along with the other new plants in the industrial park have helped offset the load lost to the Goodyear facility. Williams Food Works and Distribution, LLC will be opening a new facility in the Industrial Park in 2018 and the existing Tyson Farms facility has plans to substantially increase production and electric load in 2019.

Even though the loss of the Goodyear plant substantially impacted the community in lost jobs and wages, the new industries that have chosen Union City for new or expanded facilities have assisted in bringing back the jobs and wages lost. Even though the Authority lost a major portion of its load due to the Goodyear plant closing it has been able to hold rates stable. The last local rate increase at the Authority was in 2009.