

HARRIMAN UTILITY BOARD
AGENDA
Monday, June 29, 2026, at 5:30 P.M.

- A. Call to Order**
- B. Prayer / Pledge**
- C. Roll Call**
- D. Adoption of Previous Minutes**
- E. Hearing of Delegations**

F. Old Business

- 1. Status/Update on Ongoing Projects.

G. New Business

- 1. Discussion and possible action to approve an updated Electric Rate Structure effective October 1, 2026.
- 2. Discussion and possible action to approve the F/Y 2026-27 Electric Dept. Budget.
- 3. Discussion and possible action to change HUB's policy for charging purchase gas adjustments (PGA).
- 4. Discussion and possible action to approve an updated Gas Rate Structure effective July 1, 2026.
- 5. Discussion and possible action to approve the F/Y 2026-27 Gas Dept. Budget.
- 6. Discussion and possible action to approve an updated Water Rate Structure effective July 1, 2026.
- 7. Discussion and possible action to approve the F/Y 2026-27 Water Dept. Budget.
- 8. Discussion and possible action to approve an updated Sewer Rate Structure effective July 1, 2026.
- 9. Discussion and possible action to approve the F/Y 2026-27 Sewer Dept. Budget.
- 10. Discussion and possible action to approve the F/Y 2026-27 Internet Dept. Budget.
- 11. Discussion and possible action to approve a Cost-of-Living Adjustment (COLA) for HUB Employees effective July 4, 2026.
- 12. Discussion and possible action to approve a budget for Advertising, Sponsorships, and Donations for F/Y 2026-27.
- 13. Discussion and possible action to increase the monthly retainer for the HUB General Counsel.

H. Board Member Comments

- General Manager Comments
- General Counsel Comments
- Staff Comments

I. Informational Items for Board

- General Manager's Activity Report
- TVA Total Monthly Fuel Cost – July 2026
- Electric Reliability Statistics – May 2026

J. Adjournment

Agenda Item F-1:

Administrative/Multi-Department Projects:

HUB Organizational Chart Updates: HUB currently has 80 full-time and 3 part-time employees (excluding Board members). We are seeking to fill a new vacancy at the Water Treatment Plant. Since our last meeting, two employees were transferred from the ROW department to the Fiber Dept to perform drop construction. Also, we hired two new GWS utility workers.

Infrastructure Planning Grant (IPG): We have a meeting with our engineering team scheduled for July 8th to review the DRAFT Water Asset Management Plan (AMP) and Master Plan from Ardurra (formerly Cannon & Cannon), and to review progress on the same for the Sewer Department.

HUB Fiber/Broadband Department:

Fiber/Broadband Design and Implementation:

As of June 24, Harriman Utility Board (HUB) has 700 active fiber customers, representing an approximate take rate of 9.3% toward our long-term goal of 40% (active customers versus total passings). We are pleased to report that we successfully met our interim goal of 700 customers by June 30, 2026. Moving forward, our focus will be on sustaining growth of at least 100 new customers per month, with an increased emphasis on enterprise and business accounts.

Note: Starting this month, I am reporting total active customers using data from the NISC Mosaic application. This approach is more conservative and accurate than previous reporting methods. Mosaic data may lag slightly because service orders are typically closed a few days after installation; once closed, customers are added to the system and begin receiving bills.

Operations – Drop Installations & Staffing:

This month, two employees were transferred from the ROW department and have completed initial training alongside our contractor, One Call Communications. These employees have now begun performing drop installations independently, with continued support and cross-training from our customer service field representatives (CSFRs). Progress will be closely evaluated over the coming weeks to ensure quality and efficiency.

To support this transition, the team is utilizing a bucket truck from our ROW department and a newly acquired vibrating plow, purchased from a nearby contractor. We are also actively seeking two additional fiber drop installers to help meet the ongoing demand for new installations.

System Connectivity:

HUB successfully completed a fiber interconnection with Rockwood Electric Utility (REU), linking the Patton Lane area to Midtown. This connection enhances overall system connectivity and provides increased redundancy.

Systems & Process Improvements:

Work is underway with NISC to implement auto-provisioning for customer equipment, led by HUB's Network Engineer Cody Vineyard. This enhancement will allow our technicians to configure equipment on-site during installation, eliminating the need for manual office setup. Expected benefits include faster installations, improved efficiency, and enhanced customer experience.

Additionally, HUB is coordinating with EPB and NISC to consolidate trouble ticket management into the NISC platform. Under this updated workflow, technicians will utilize iPads for field-based ticket management, eliminating the need to operate across multiple systems. This transition is expected to streamline operations, improve tracking and reporting, and increase overall field productivity.

Enterprise Services & Market Development:

As of June 26th, HUB has secured three signed enterprise contracts. An additional proposal has been submitted to a neighboring utility.

The City of Harriman project, which includes 11 locations, represents our first complex multi-site deployment, with site surveys currently underway.

Outreach efforts led by Wayne Best indicate steady interest from local businesses. However, some prospects are waiting for existing service contracts to expire, and larger organizations often procure services through brokerage firms. Staff is actively working to become an approved provider within these brokerage networks to improve access to larger opportunities.

Voice Services Progress:

We currently have eight active test customers utilizing our Voice over IP (VoIP) service, with four additional customers pending number porting and approximately 20 more expressing interest.

NISC has begun automatically importing call data from test customers into the billing platform, marking a key milestone toward full deployment. This capability enables accurate charge and tax generation based on local calling activity and positions us to begin billing for voice services later this summer.

Marketing & Community Engagement:

Marketing efforts remain ongoing, including regular online and social media advertising. This month, all six HUB Fiber service vehicles were professionally wrapped, enhancing visibility and presenting a more polished, professional appearance in the community.

Progress also continues on developing website content to better market HUB's internet and phone services to business and enterprise customers.

Lastly, staff continues working with Calix and the City of Harriman to deploy "SmartTown" community Wi-Fi at key locations throughout the city. We anticipate

launching this service during the City’s Labor Day festival, “Hooray for Harriman.” Preparatory work is underway, including installation of fiber drops at select traffic signal locations along Roane Street to support outdoor Wi-Fi infrastructure.

Electric Projects:

Line Crew Update / New Services & Maintenance: The line crew has installed 18 new electric services this month, bringing the year-to-date total to 74. In addition, the crew completed the pole changeout and metering work at Los Primos Restaurant.

ROW Updates: Right-of-way crews are continuing trimming operations in the Peninsula/Emory River Road area and have addressed several trouble spots in support of line crew activities. Mowing crews are currently working in the Sugar Grove Valley area. Lastly, we have signed the contract with Dark Horse Electric, which the Board approved last month, for ROW maintenance for FY27.

Seasonal Reliability Focus: Summer months are historically associated with increased outage activity due to rapid vegetation growth and increased squirrel-related incidents. As a result, the Right-of-Way crew is prioritizing hotspot response and targeted maintenance efforts to help reduce reliability impacts during this seasonal period.

Utility-Scale Solar Farm: No updates to report.

TVA Electric Vehicle Fast Charger Network: In May 2026, 50 unique drivers used the charging station, resulting in 150 sessions (up from 120 in April). As of June 24th, 42 unique drivers have used the charging station this month, for a total of 133 sessions. We can certainly see that summer travel makes a sizeable difference.

Potential New Industry – Roane Custom Beef and Pork: No updates to report.

Gas Projects:

Gas Maintenance Work: Since last month’s meeting, GWS crews completed two new gas taps and repaired three gas leaks, all of which occurred at the meter. Crews continued routine system maintenance to support safe and reliable gas service operations.

Purchased Gas Adjustment: Covered under New Business.

PHMSA NGDISM Grant Application: No update.

Water Projects:

Water Maintenance & Water Loss Updates: GWS crews completed thirteen new water taps this past month. Crews also repaired seven water main leaks, including a significant repair on Walden Street, where a 7-foot section of 8-inch cast iron main was replaced in approximately six hours. In addition, crews addressed three water

service leaks, replacing two services and repairing one. Routine maintenance and operational support activities continued across the system.

Water Plant Updates: In June, staff responded to a train derailment in Oakdale by coordinating with TDEC and conducting precautionary monitoring of raw water quality. Beginning June 12 and continuing through the morning of June 15, crews performed hourly dissolved oxygen (D.O.) testing using equipment borrowed from the sewer plant and observed no changes. On June 18, additional water samples requested by the state were collected and submitted to Pace Analytical for testing. On June 16, one of our Water Treatment Plant Operators resigned, but thankfully, we have another GWS utility worker covering operational shifts until a replacement is hired. That same day, a representative from TDEC conducted a triennial inspection of HUB's bacteriological laboratory, which was completed successfully with no issues noted. On June 17, HUB certified its Risk and Resiliency Assessment and Emergency Response Plan with the EPA. Lastly, the Water Plant completed its annual Water Quality Report (also known as the Consumer Confidence Report or "CCR"). Note: this year's CCR was mailed to all water customers rather than delivered electronically. Overall, plant operations remain stable and in compliance.

2022 ARPA Water System Improvements:

Wolfe Branch Water Line: The Oakdale portion of the project has been completed and is now in service. The road crossing line has been installed and successfully pressure tested; however, disinfection is currently on hold pending final work planning. The contractor has mobilized specialized equipment, including a large hammer, to complete the remaining approximately 250 feet of rock excavation needed for installation of the new water main and plans to extend working hours to accelerate progress. Overall, the water line portion of the project is approximately 92% complete, and ongoing discussions are taking place regarding the use of some remaining project funds.

Wolfe Branch Pump Station: The new pump station has been in full service for approximately one month and is operating successfully. HUB crews have demolished and removed the old pump station from the site. The contractor plans to complete final site work, including fencing and asphalt installation, within the next two weeks. This portion of the project is approximately 99% complete.

Sewer Projects:

Sewer Maintenance:

Sewer system maintenance remained active during this reporting period. Crews installed four new sewer taps, all at depths of approximately 8 feet or greater, requiring the use of trench boxes to ensure worker safety. Crews also unstopped five sewer services and cleared three main line blockages. Additional work included repairing a sewer service on Queen Avenue and a pressure sewer service on South Roane Street.

Crews also completed demolition of the “Old Red Store” effluent sewer pump station on Bullard Ford Road and the old Wolfe Branch Booster Station. Routine maintenance activities included pressure washing the Mays and McDonald’s pump station buildings, replacing the scum pump at the wastewater treatment plant, and cleaning and rebuilding a 6-inch check valve at Ladd’s Pump Station. Lastly, crews are happy to report that we installed High Tide SCADA telemetry at Cardiff pump station, which will greatly improve our ability to monitor the station.

Sewer Plant Update: No significant updates to report.

2022 ARPA Sewer System Improvements: Since this work overlaps with our Infrastructure Planning Grant (IPG), updates will be combined under that section of this agenda.

Agenda Item G-1:

Updated Electric Rate Structure: Attached is a draft letter requesting approval from the Tennessee Valley Authority (TVA) for a proposed Local Rate Adjustment to be implemented on October 1, 2026, for our electric customers’ retail rates.

As discussed during the HUB Board Workshop on June 17, 2026, this rate adjustment would help us maintain a balanced budget and ensure sufficient resources for system maintenance and reinvestment. Increased costs result from inflationary pressures and a noticeable decrease in power usage by our largest customer.

The recommendation for the updated electric rate structure is as follows:

- Residential and TRS: Increase Customer Charge by \$2.00 and Energy Rate by \$0.00100 per kWh.
- GSA 1 and TGSA 1: Increase Customer Charge by \$2.00 (both tiers) and Energy Rate by \$0.00233 per kWh .
- GSA 2 and TGSA 2: Increase Energy Rate by \$0.00281 per kWh (both tiers).
- GSA 3 and TGSA 3: Increase Energy Rate by \$0.00262 per kWh (both tiers).
- LS: Increase Energy Rate by \$0.00145 per kWh.

These adjustments are projected to generate an additional \$543,843, representing a 2% increase in standard service revenue.

I recommend that the Board approve the proposed Electric Rate Structure, pending TVA’s approval and to be effective October 1, 2026. This will ensure HUB’s financial stability and continued ability to deliver reliable electric service to our customers.

Agenda Item G-2:

Electric Department Budget F/Y 2026-27: Attached are summary pages for the Electric Department Budget for F/Y 2026-27. The proposed budget includes the proposed rate changes under Item G-1.

I recommend that the Board approve the Electric Department Budget for F/Y 2026-27.

Agenda Item G-3:

Updated Policy for Purchase Gas Adjustment (PGA): In 2022, the Board authorized staff to evaluate and adjust the Purchase Gas Adjustment (PGA)—which reflects the actual wholesale cost of natural gas purchased by HUB and passed through to customers—up to twice per year.

As discussed during the June 17, 2026, Board Workshop, wholesale natural gas prices experienced significant volatility between November 2025 and April 2026. This fluctuation is expected to result in a negative gas margin for FY26. To begin recovering these increased costs, I recommend temporarily increasing the PGA from \$5.74 to \$7.24 per MCF effective July 1, 2026.

Looking ahead, I am seeking the Board’s authorization to revise our current PGA policy, effective November 1, 2026, to better respond to market conditions and avoid similar situations in the future.

Specifically, I recommend updating the policy to allow for monthly evaluation and adjustment of the PGA. This change is driven by increased volatility in natural gas markets and our goal of more accurately and timely reflecting actual costs in customer billing.

Under this revised approach, the PGA would be reviewed and adjusted monthly, similar to the Fuel Cost Adjustment (FCA) used in our electric rates. This ensures that customer charges more closely align with current market conditions, whether prices are rising or falling.

PGA rates will continue to be published on our website, and I can also include monthly updates in the Board packet if desired.

Agenda Item G-4:

Updated Gas Rate Structure: I am recommending a small rate increase to our gas rates. A summary of the proposed rate structure is included in your packet.

As discussed during the HUB Board Workshop on June 17, 2026, this rate adjustment would help us maintain a balanced budget and ensure sufficient resources for system maintenance and reinvestment. Increased costs result from inflationary pressures and flat to declining sales growth.

I recommend that the Board approve the proposed Gas Rate Structure effective July 1, 2026.

Agenda Item G-6:

Updated Water Rate Structure: I recommend a moderate rate increase to our water rates. As a reminder, we did not implement a water rate increase last year. A summary of the proposed rate structure is included in your packet. These changes are projected to generate approximately 11.69% more revenue compared to the current rate structure. A residential user consuming 3,200 gallons per month would experience a \$3.21 monthly increase.

As discussed during the HUB Board Workshop on June 17, 2026, this rate adjustment would help us maintain a balanced budget and increase resources for system maintenance and reinvestment. Increased costs result primarily from inflationary pressures and flat to declining sales growth.

I recommend that the Board approve the proposed Water Rate Structure effective July 1, 2026.

Agenda Item G-7:

Water Department Budget F/Y 2026-27: Attached are summary pages for the Water Department Budget for F/Y 2026-27. The proposed budget includes the proposed rate change under Item G-6.

I recommend that the Board approve the Water Department Budget for F/Y 2026-27.

Agenda Item G-8:

Revised Sewer Rate Structure effective July 1, 2026: I am recommending a small rate increase to our sewer rates. A summary of the proposed rate structure is included in your packet. These changes are projected to generate approximately 2.94% more revenue compared to the current rate structure. A residential user who uses 3,200 gallons per month would experience a \$1.30 monthly increase.

I recommend that the Board approve the proposed Sewer Rate Structure effective July 1, 2026.

Agenda Item G-9:

Sewer Department Budget F/Y 2026-27: Attached are summary pages for the Sewer Department Budget for F/Y 2026-27. The proposed budget includes the proposed rate changes under Item G-8.

I recommend that the Board approve the Sewer Department Budget for F/Y 2026-27.

Agenda Item G-10:

Internet Department Budget F/Y 2026-27: Attached are summary pages for the Internet Department Budget for F/Y 2026-27. There are no rate changes proposed for the Internet Dept.

I recommend that the Board approve the Internet Department Budget for F/Y 2026-27.

Agenda Item G-11:

Advertising, Sponsorship, and Donation Budget F/Y 2026-27: Attached for your review and consideration is the proposed budget for advertising, sponsorship, and donation expenses for Fiscal Year 2026-27. This plan outlines anticipated expenditures to support local non-profits, schools, and community organizations, as well as our paid advertising initiatives, including television and radio campaigns to promote public awareness, safety, and general announcements.

The proposed budget excludes expenses related to: Annual public events, such as Hooray for Harriman, Trunk-or-Treat, and Santa Day; Internal activities, such as the Employee Christmas Party; and School-related engagements, including Career Days and Junior Achievement programs.

To ensure flexibility in addressing unforeseen opportunities, I propose that any donation or sponsorship request exceeding \$100, not included in this budget, be brought before the Board for individual review and approval during the fiscal year. Requests of \$100 or less may be approved at my discretion without requiring Board action.

I respectfully recommend that the Board approve the attached “Fiscal Year 2026-27 Advertising, Sponsorship, and Donation Budget” as presented, with the understanding that I am authorized to approve additional requests of \$100 or less throughout the year without further Board action.

Agenda Item G-12:

Cost-of-Living Adjustment (COLA): The budgets presented earlier in this agenda each include adequate funding to allow up to a 2.5% cost-of-living adjustment (COLA) for all full-time and part-time employees, effective July 4, 2025, as well as various merit increases in alignment with our compensation plan.

I therefore recommend that the Board approve up to a 2.5% COLA for all employees, effective July 5, 2025, as included in the budgets proposed in the items above.

Agenda Item G-13:

General Counsel’s Request for Monthly Retainer Adjustment: Enclosed is a letter of request from our General Counsel for a monthly retainer increase of \$666.66 per month to cover rising operational costs. In other words, the request is to increase the annual fees from approximately \$46,000 to \$54,000 per year (~17% increase).

Agenda Item H:

TVA Total Monthly Fuel Cost: Enclosed is information from TVA regarding the Total Monthly Fuel Cost (TMFC) adjustments for July 2026. TVA says the July TMFC is 11% higher than the three-year July average, primarily driven by relatively high natural gas prices, residual impacts from Winter Storm Fern, and sustained drought conditions.

Comparison of TMFC:

<u>Fuel Rate (cents/kWh)</u>	<u>Apr. 2026</u>	<u>May 2026</u>	<u>June 2026</u>	<u>July 2026</u>
Standard Service	3.570	2.865	2.649	2.679
Large General Service	2.633	2.391	2.385	2.465
Large Manufacturing Service	2.654	2.394	2.400	2.463

Manager’s Activity Report: On May 28th, we hosted a retirement party for Willie Gallaher. On May 29th, I attended the quarterly ADPDA meeting at Appalachian Electric Cooperative. I was on vacation the week of June 1st and June 8th. On June 16th, the management team and I met with our electric rates consultant Chris Mitchell to review quarterly electric department finances. On June 17th, we hosted our annual Employee Appreciation Day. I want to thank the board members for allowing us to send the employees home early that day. The party and shortened workday were both very appreciated. Also on June 17th, we hosted a Board Workshop to discuss utility rates and budgets for fiscal year 2026-27.

Electric Reliability Statistics: The HUB Electric Reliability Statistics for May 2026 are enclosed.

Monthly Financial Reports: Financial reports for the month of April 2026 are enclosed.

Important Dates:

- ❖ **Friday, July 3rd** – HUB Closed for Independence Day Holiday
- ❖ **Monday, July 27th** – HUB Board Meeting at 5:30 PM
- ❖ **Monday, August 31st** – HUB Board Meeting at 5:30 PM
- ❖ **Monday, September 7th** – HUB Closed for Labor Day Holiday
 - “Hooray for Harriman” street festival in Historic Downtown Harriman
- ❖ **Monday, September 28th** – HUB Board Meeting at 5:30 PM
- ❖ **Monday, October 26th** – HUB Board Meeting at 5:30 PM
- ❖ **Wednesday, November 11th** – HUB Employee “Potluck” Thanksgiving Lunch
- ❖ **Tuesday, November 27th** – Harriman “Trunk or Treat”
- ❖ **Thursday, November 26th** – HUB Closed for Thanksgiving Holiday
- ❖ **Friday, November 27th** – HUB Closed for Thanksgiving Holiday

- ❖ **Monday, November 30th** – HUB Board Meeting at 5:30 PM
- ❖ **Tuesday, December 8th** – “Santa Day”
- ❖ **Thursday, December 17th** – HUB Employee Christmas Party
- ❖ **Thursday, December 24th** – HUB Closed for Christmas Eve
- ❖ **Friday, December 25th** – HUB Closed for Christmas Day