

ANNUAL REPORT 2012



SMART GRID



INTELLIGENT. INTERACTIVE. SELF-HEALING.

That's the Smart Grid. It has both the brains and brawn to make a difference. And while the Smart Grid is one of our proudest achievements, it doesn't hold a light bulb to the hundreds of men and women who researched, planned, built and on April 24th achieved a huge milestone in the form of a Smart Grid IntelliRupter installation, and with it the continued pursuit of a better way.



Number 1170

THE SMART GRID IS DELIVERING ON ITS PROMISES.

Taking part in history probably wasn't on the minds of David Handley or Brent Holder as they rode the bucket truck to the top of a pole last April 24th. But in fact, that is exactly what they did as the 1170th IntelliRupter was installed that day. It was a tremendous visual representation of a huge milestone on our journey to building the Smart Grid, a vision that took nearly 3 years to realize. It was historical and as several participants recall, "Kind of a big deal". We second that.

We think it's a huge deal that what used to be merely a possibility is now reality. The Smart Grid is delivering on its promises. Real-time communication between components recognizes a disruption and instantly and automatically "reroutes" power to minimize the length of an outage or avoid it all together. This "self-healing" system has already exceeded outage duration reduction goals of 40%. That means the Smart Grid saved more than 7,667,509 customer outage minutes this year. But that's not all. Our Smart Meters, while they're designed to help customers monitor energy usage and costs, have also helped significantly reduce the number of truck rolls during outage restoration efforts. So much has been accomplished. It's a big deal to say the least.



Bring It

CUSTOMERS AND EMPLOYEES, LIKE TINIKA JENNINGS, GET BACK TO ENJOYING THEIR NORMAL LIVES MUCH FASTER THANKS TO THE SMART GRID.

IntelliRupters don't mind the rain. In fact, during the 2011 Labor Day weekend, a tropical storm dumped nearly ten inches of water on the scenic city. Nearly 64,000 homes and businesses would have been affected prior to restoration automation. However, even though the storm was still raging, the Smart Grid began the healing process. Instead, 25,000 of those customers either experienced nothing or had power restored without noticing any kind of significant interruption. Those numbers would have been even higher, except only 32% of the IntelliRupters were installed and configured at the time.

"This is a distinct benefit of the Smart Grid," explains EPB Smart Grid Development Manager Jim Glass. "The trouble shooting and switching that used to take two trucks and a dispatcher an hour or more is automated, taking only one or two seconds." That's a mere blink of an eye. During this storm, the EPB dispatch center handled 105 switching operations remotely. And, by utilizing the AMI (Advanced Metering Infrastructure) system to verify that power had been restored, 140 truck rolls were completely avoided. Ultimately, this kind of automation and monitoring allows customers and employees to get back to their normal lives faster in addition to saving on costs associated with restoration.

TINIKA JENNINGS (above)
Supervisor I

"The Smart Grid has really made a big difference in how we work," says Tinika, "Everything we do is so much more efficient, it's quicker and it's better. And not just for those of us who work here. It's also better for our customers and that makes everybody just a little happier."



Accolades

WE MEASURE SUCCESS BY POSITIVE RESULTS FOR OUR CUSTOMERS, NOT BY AWARDS. BUT SOMETIMES THEY COME ANYWAY.

We appreciate the positive validation and recognition by Greentech Media given to the many people of EPB who do such great work. GTM is an industry insider who understands and reports on how energy utilities are moving beyond conventional metering and distribution to distributed automation, distributed generation, and advanced metering infrastructure. In 2011, after reviewing project nominations for several of the most innovative utilities in North America, Greentech Media/GTM Research recognized EPB for 'Best Distribution Automation' out of the "Top Ten Utility Smart Grid Deployments in North America".

We have the most automated grid in the country. Our robust communication structure allows us to talk with our devices and our devices to talk with each other. No one else has this much automation in one place. It makes real-time adjustments, frequently without operator intervention, so that outages are avoided all together or seen only as a tiny blink in service. In the event a power outage does occur, restoration times are greatly reduced offering yet another big benefit of Distribution Automation. And this year, according to Greentech Media/ GTM Research, our system was the best around.

BOB HAY (left)

Senior Electrical Engineer

"Distribution Automation is composed of IntelliRupters who work in teams. I teach those real devices what team they belong in and program the software that tells them how to work together. That's what enables automatic restoration."

JUSTIN CONDRA (right)

Engineering Technician II

"Initially we programmed the IntelliRupters to communicate with the Data Center. Now we are moving into maintenance and troubleshooting, where we continue to learn a lot from studying automatic restoration replays."



Smart Meter

THANKS TO SMART METERS,
WE CAN ADVISE CUSTOMERS MORE
QUICKLY AND MORE ACCURATELY
THAN EVER BEFORE.

Reductions in outage duration and faster power restoration are a huge benefit of the Smart Grid. Another is the real-time customer service that Smart Meters provide our EPB Customer Service Representatives. Not only can Smart Meters relay information automatically to EPB for billing services, eliminating the need for an on-site visit, they also empower customer service representatives with the ability to see a more detailed picture of a customer's usage. Before Smart Meters, Customer Service Representatives could only see usage from month to month. Now we are able to review in fifteen-minute increments. So, imagine a customer calls in and is curious as to why last month's bill is higher. Our rep could look back, see the usage was above the customer's average for a particular day or week that month, thus making it easier for them to determine what could have been different during those specific times. Being able to advise our customers in a more accurate way is yet another benefit afforded by Smart Meters.

As we develop even more aspects of the Smart Grid, Smart Meters will continue to provide more benefits and information that offer energy management opportunities for the community and all our customers.

NICOLE DOZIER (above)
Customer Service Team Lead
"I work with our Customer Service Reps on understanding what customers really need. If their power bill seems high to them one month, we can help them figure out why. We are here to answer questions, give them accurate information and serve them any way we can."

FIBER OPTICS



WHERE WILL YOU GO TODAY?

How long will it take to get there? How fast would you like to go? How about in a blink. We've said it before, but it bears repeating, when it comes to fiber optics, the possibilities are endless. Even those of us who have been associated with it for a handful of years are still in awe of the potential offered by these strands of light. But one thing is for sure. We are not content to just wait and see. Instead, we prefer to continue to make Smart Moves.



Movers

MORE RESIDENTS AND BUSINESSES IN THE EPB SERVICE AREA ARE MAKING THE SMART MOVE TO JOIN THE FIBER OPTICS MOVEMENT.

With virtually unlimited bandwidth and symmetrical speeds, word continues to spread about the benefits EPB Fiber Optics provides. Today, Chattanooga is a recognized hotbed for creating products and services of the future for industries from education to healthcare. During fiscal year 2012, EPB increased its customer base by 31% in business sales and 34% in residential. This equates to more than 10,300 new customers during the last fiscal year. On the business side, the team ended the year at 102.8% of their sales goal, exceeding their monthly recurring sales by more than \$7,000. We call that success no matter how you add it up.

Inspired to create more.

Chattanooga Public Library's Executive Director, Corinne Hill, and Nate Hill, the library's first Assistant Director of Technology and Digital Initiatives, envision our public library fully realizing its unique opportunity to become the nation's first gig library. Together they are taking steps toward fulfilling a vision that our library would become the most natural place for collaborating and creating. Thanks to the EPB Fiber Optic network, a gig's worth of extra bandwidth positions the library to service the creative side of the community in a completely new and different way than ever before. Instead of being the place where content is only consumed, the library encourages and facilitates the creation of content. Our gig will go a long way in helping that vision become reality.



Movers

Inspired to do more.

Travis Truett is CEO and co-founder of Retickr, a news and social media aggregator that works to simplify users' Internet experience through automating an on-screen feed tailored to individual preferences. "Currently, it takes about twenty 'mouse clicks' to find information, read it, and share it," explains Truett. "Retickr condenses this process to just five clicks. That's simplifying your life." Retickr launched August 10, 2011 and quickly became the number one free news application download in the Apple App Store. Thousands of downloads were pouring in. They were overwhelmed, so they met with EPB and now run on their own 100 mbps connection. Access to the greater bandwidth ensures that they are able to grow as fast as their demand. For customers in trading or in other time sensitive, competitive fields, Retickr offers a more efficient way to consume crucial information needed to make decisions. Their ability to upload that information quickly and reliably matters. Even a few seconds can make a huge difference, giving users an edge they could not have had otherwise. "We have a product that could disrupt business as usual. The bandwidth is part of what helps us get there," affirms Truett. "Retickr is in the right city at the right time."



Smart Move

HANDS ON EXPERIENCE WITH THE “WOW” OF EPB FIBER OPTICS CREATES FOLLOWERS.

We are the nation’s fastest Internet. And while that fact is indeed positive, it reinforces the need for a clear, compelling and consistent brand story to be told about all the benefits of a 100% fiber optic network. The Smart Move campaign continues to offer both the strategy and creative execution necessary for making the EPB Fiber Optics brand memorable and unique while raising awareness. In the past year, we have remained steadfast in our promotion of the long-term quality and value the people of Chattanooga deserve and need from their Internet, television and phone service provider. As the only truly local provider, EPB Fiber Optics is uniquely qualified to keep the local conversation going.

This year, our social media following is growing, as are our face-to-face opportunities thanks to the addition of interactive demonstration areas in Hixson, Brainerd and our downtown branches.

8 seconds...that’s how long we have when utilizing outdoor board opportunities to prove to passersby that we are indeed the Smart Move.

NANCY TORRES (above)
Customer Service Rep
“Our number one priority is customer satisfaction. We make sure they know about all the benefits of fiber optics. Those benefits are a high-quality television picture, clear voice in phone and the fastest Internet. When we do that, we meet our goal of having very satisfied customers.”



Get Smart

WHEN YOU'VE GOT A 100% FIBER OPTIC NETWORK AT YOUR FINGERTIPS, CREATING NEW PRODUCTS FOR CUSTOMERS IS A GIVEN.

Last year we rolled out the SmartView Guide. It offers viewers a quick look at their favorite channels making it convenient to preview multiple programs at once. Switch from channel to channel and never miss a single play or a word of breaking news.

Where there's technology, there's a need for geeks. That's where Smart Network comes in. Over 40 EPB technicians have gone through extensive IT training. They are ready and able to provide assistance to fiber optic customers including setting up a router, connecting all wireless devices, virus removal and much more. This particular service offering has exceeded all expectations. Obviously people are in need of quality customer service and they see the value in it.

NATHAN LLOYD (*left*)
Communication System Tech

As part of the new Smart Network team, Nathan assists customers in the set-up of their home network. "Including everything from hooking up the router, connecting wireless devices and gaming consoles, setting parental controls...all of it," explains Nathan. The success of the Smart Network service offering is due in large part to our excellent installers and technicians in the field.

KATE FARLEY (*right*)
Research Analyst

While Kate's career at EPB started as a Marketing Assistant, it didn't take long to realize her strengths were in research and strategy. We encourage employees to find their niche and excel in it. Kate did exactly that. The result was the R&D necessary to make the case for Smart Network, a new fiber optic service offering that continues to exceed all expectations.



Ring Ring

IT'S OPPORTUNITY CALLING.

When the proper ground work, or should we say grid work, is laid, there's no telling what a business can achieve. That's the thinking behind this year's offerings of innovative, technology-driven products to Chattanooga's best and brightest...our business community. The EPB Hosted PBX Phone System utilizes the cloud to allow small businesses to look, sound and certainly act big. Phone calls are easily managed via the Internet and our equipment-leasing program alleviates big up front costs while providing the latest phones. Innovative solutions like this promote growth. And as a friend to businesses of all sizes, as well as a proponent of our own local economic growth, we are all for that.

Likewise, we have found that when any of our local businesses have access to the tools they need, they excel and everybody wins. We continue to provide our clients the opportunity to opt for a private network with our Fi-Speed Internet VLAN. It offers a seamless, highly secure connection for multiple work sites, delivering high-speed data transfer, Internet access and scalable bandwidth. This is a great asset in our business offering and underlines the fact that EPB Fiber Optics is truly open for business.

CARA HICKS (left)

Business Sales Executive

"When I ask my clients what they like most about their service, the number one answer I get is great, local customer service. They love talking to a person who is here in town, who is courteous, knowledgeable and won't keep them waiting on hold." Cara also appreciates having new products and services that meet the ever changing needs of the business community she serves.



It All Adds Up

WE OFFER FULL TURNKEY ADVERTISING SOLUTIONS WHILE YIELDING HIGHER REVENUES FROM ADVERTISING SALES.

As a continuation of our commitment to excellence in customer service and innovation, we began growing the advertising sector of our business in the fall of 2011. In addition to providing our customers with excellent tools for communication, we want to offer them full turnkey advertising solutions while yielding higher revenues from advertising sales. This desire resulted in a partnership with Viamedia, a leading advertising representation firm in the United States.

The Viamedia team exclusively represents advertising sales in this market for EPB Fiber Optics and is excited to have the opportunity to deliver the highest quality advertising solutions for Chattanooga businesses. This partnership expands the Chattanooga job market, contributes to our local economy and reinforces our vision to be the best product solution for our customers.

ADAM JONES (above)

Treasury and Investment Analyst
As one of a team looking for an advertising sales partner, Adam evaluated several proposals and recommended the financials that made good sense for us. "We chose the group that would be a good strategic partner. I liked their strategy for creating a local team. Plus the national advertising presence they had in place would be instrumental in funneling advertising dollars back to EPB."



It All Adds Up

NOW THAT VIAMEDIA IS IN PLACE,
ADVERTISING SALES ARE GROWING.

Now that Viamedia is in place, advertising sales are growing. And so is the need for an in-house team who provides customers with creative advertising solutions to meet their needs. This is where Bob Nolan and Jacob Stabler come in. As two members of an extensive marketing team, they bring new skill sets in video and animation that enhance our advertising sales product offering.

JACOB STABLER (left)
Graphic Designer, Marketing
Jacob is another example of putting the best people in the right positions. A year and a half ago, he came on board as tech support, moved to IT for web design and is now a designer in the Marketing Department. "I like having the opportunity to visually show the benefits of the Smart Grid and fiber optics with 3D graphics, photography, animation and design."

COMMUNITY



A BIG PART OF WHO WE ARE

possibly the biggest part of us is deeply rooted in and completely committed to this community. We love this city. Its people. Its places. And most definitely all of its possibilities. We are proud and humbled at the same time to have had a role in creating a platform from which many known and yet unknown ideas, creations, businesses, works of art and more have come to fruition. This year, like so many before it, has proven to yield incredibly helpful, profitable and uniquely local products, services and opportunities from within our company as well as our community. And yet, thanks to the Smart Grid and EPB Fiber Optics, we know this is only the beginning.



Gig City

GIGS AND GEEKS AND APPS, OH MY! THINGS ARE HAPPENING AND HAPPENING FAST.

Things are happening and happening fast. And we couldn't be happier to be one of the first in line to support them. Especially since all three of these things—gigs, geeks and apps, are either a result of our 100% Fiber Optic network, or a really great benefit of it. Being a part of something bigger than us, like a Gig Tank, where young entrepreneurs and progressive thinkers are cultivating world-changing gigabit ideas, ultimately brings huge opportunities to this community. These are the things that make us proud of the fact that we laid the grid work that incredibly colossal dreams are being built on.



One For All

WHAT HAPPENS WHEN YOU TAKE AN OLD ABANDONED MANUFACTURING FACILITY AND GIVE IT A SECOND LIFE AS AN OPERATIONS CENTER?

Collaboration that's what. The transformed site facilitates a culture of working together with the sole purpose of maximizing efficiency like never before. We moved several teams, including Construction, Equipment Management and Operational Maintenance, Preventive Maintenance, the Transformer Shop, Materials Management and Field Services to the new Operations Center to improve cost effectiveness, response times and efficiency. The move paid off for everyone. Employees find it easier than ever to work together to find solutions. We found that when people are given the tools and processes they need to make a difference, they gladly...and efficiently do just that. Oh, and it doesn't hurt to give them a pretty nice place to workout either.

CLARENCE MYREE (*left*)
Hostler

"I love working here because of being able to serve," says Clarence, "I get the vehicles ready so they're always good to go so we can serve our customers. I really do feel good about the services we provide."

LESLIE WORTMAN (*right*)
Application Systems Analyst II

Leslie developed a new materials location system that makes it more efficient for technicians to do their jobs. A technician simply fills out the digital request form that is then fulfilled and loaded on their truck before their workday begins. Leslie created a system that is easy to use and assists in keeping an accurate inventory of supplies.



Fan Club

WE ARE THE LOCALS. WE TAKE PRIDE
IN THE FACT THAT WE'VE SERVED THIS
COMMUNITY FOR OVER 70 YEARS.

We love Chattanooga. And that's why we gladly help those within our community who are struggling to beat the heat. In collaboration with the United Way, The Chattanooga Times Free Press, Ace Hardware, Tennessee Valley Credit Union and several terrific media partners, this year like so many years before, we were able to help those who could not help themselves. Last year, 40 EPB volunteers delivered 284 fans to help many curb the dog days of summer.

JACQUES IRVIN (left)

Quality Control and Project Coordinator

Jacques has been going out into the community to help with fan delivery for about 2 years. When asked about his favorite part of delivering, there's no hesitation, "I love seeing the smile on the customer's faces when we deliver the fans."

CHRIS REEL (right)

Information Technology Network Engineer

"Things have been tough for a lot of people lately. I like helping to bring a little relief to someone in need. I guess I've delivered over a hundred fans in the last five years or so and I'm happy to be a part of this program."



Local Flavor

FRUITS, VEGETABLES AND A SINGLE SERVING OF LEED.

This year we participated in the Corporate Community Supported Agriculture (CSA) program in partnership with Crabtree Farms. This pilot program gives EPB the opportunity to be a good steward within the community while providing a convenient way to pick-up and pay for locally grown fruits and vegetables. As an employer, EPB is able to offer a low-cost, low-maintenance employee benefit and health incentive. In addition, the Corporate CSA provides a reliable, year-round source of revenue for local farmers. But that's not all. Elizabeth Hammit, Environmental Coordinator and pilot lead points out, "The program also helps us to earn a valuable point toward realizing our goal of achieving LEED for Existing Building certification."

KELLY GRIMES-BALLARD (left)
Senior IT Auditor and CSA participant
"I've always liked the idea of buying local produce. What I love about this program is that it is super convenient. Everything is simple, from how I pay for it to how easy it is to pick up. The produce comes here, to us, and I know for sure that what I get is really from local farmers".

ELIZABETH HAMMIT (right)
Environmental Coordinator
While Elizabeth is no farmer, she does cultivate ideas. The kind of ideas that help grow a corporate culture while bringing our company closer to our goal of achieving LEED for Existing Building certification. This year, she worked with Crabtree Farms to develop and manage our CSA pilot program. She has also worked in many other areas and departments within the company focusing on energy conservation, recycling efforts and reducing our environmental impact.



Eye On Energy

WE TAKE SAVING ENERGY VERY SERIOUSLY.

And we take saving our customers money the same way. This past year, more and more consumers and businesses alike are becoming keenly aware of being more energy efficient. We applaud them. That's why we continue to offer all our customers Energy Audits. In fact, we offer more Energy Audits than any other TVA distributor. The audits are free and save both energy and cash. Nearly 2,500 customers took advantage of the service, totaling over \$770,000 in reimbursements this year. And that's what anyone would call money well spent.

DANIEL RODRIGUEZ (above)
Sr Engineering Tech

"We want to serve our customers. If we can help them make their homes more energy efficient, we do that," explains Daniel, "We do things like check for good insulation in attics and crawl spaces and make sure air units are working properly. It's a good program."



Bright Future

SOLAR ENERGY DOES A LOT MORE THAN ENERGIZE A HOME OR BUSINESS.

It energizes our commitment to serving customers who desire renewable energy alternatives that help create a better future for our community. To date, EPB assisted 47 total customers with solar power installations, with 27 of those happening this year. That's 4 megawatts of solar energy and a tremendous addition to TVA's goal of purchasing up to 200 megawatts of alternative power.

We've consulted and supported all the homes and businesses that have participated thus far in bringing alternative energy solutions to Chattanooga. Like Baylor School who installed an array that harnesses solar energy as well as provides a real-life laboratory setting. This "lab" helps students overcome the disconnect between textbook learning and a see it, feel it, touch it experience that students won't soon forget. And who isn't impressed with the wonderful success story from our own Chattanooga Airport with a 1-megawatt solar farm install. It's merely the first part of their 3-megawatt solar farm vision!

This has been a great year for renewable energy. And we are fully committed to serving our customers by facilitating incentives as well as providing the know-how needed to ensure their desired installs go smoothly and are in compliance with national standards.

DAVID EVERETT (right)

Meter Equipment Technician

"I feel like we have the best of the best working here. For me, I take a lot of pride and ownership in my job because I have a strong sense of home. Those of us who work here also live on this system. We're not just serving customers, these people are our wives, children and families."

ADAM NORWOOD (left)

Meter Equipment Technician

"One of the things I do, when it comes to solar energy, is help ensure that the metering is installed and working accurately so that customers are able to take full advantage of the solar panels. EPB is continually doing whatever it can to do its best work for this community and I like being a part of that."