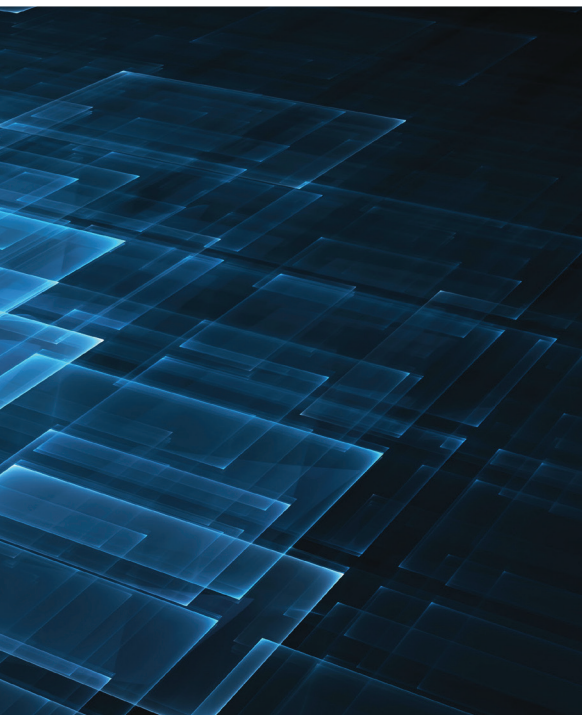




2015

ANNUAL REPORT



On the Cover:

Just a few of those who go the extra mile. They, like so many at EPB, consistently go above and beyond, never mailing it in, refusing to settle for the status quo.

James Parker, Operations Lineman
Jennifer Thaggard, Web Graphics Designer, Marketing
Tremayne Moon, Sr. Customer Service and Sales Advisor
Scott Brewster, Business Sales Executive
Nidhi Agarawl, Network Engineer II

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CHANGING THE WORLD. YET ANOTHER BENEFIT OF A SMART GRID.

Bob Hay, Sr. Engineer, Smart Grid Development;
Instrumental in training ORNL Engineering Scholars

When one of the largest Department of Energy research labs is in your own backyard, and you are a nationally renowned Smart Grid, it seems a partnership is inevitable. But what we could not have known before we agreed to throw our hats in the ring together, was that this partnership has the potential to change the way the world thinks about power. And while that seems like a big statement, it doesn't begin to convey the world of possibilities that lie ahead for both EPB and Oak Ridge National Laboratory.

Before we could team up with anyone, regardless of their resume, we had to know if their thinking and vision aligned with ours. Here at EPB, we weigh every opportunity against what it means for our customers. If it doesn't make sense for them, then it doesn't make sense for us. It's that simple. Oak Ridge National Laboratory (ORNL) works towards what is good for the American people, not necessarily for profit. We like that. We were all in.

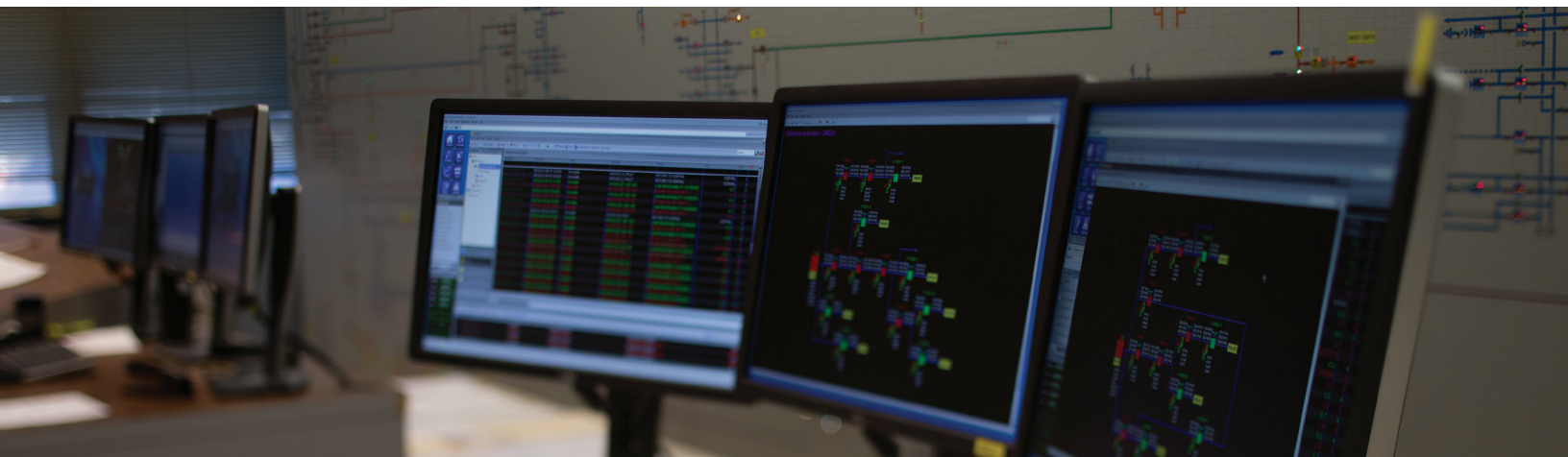
It's a win-win. Oak Ridge gains access to trillions of data points and utilizes our Smart Grid as a real-life environment for testing the technologies they develop in their labs. For EPB, one of the most exciting aspects of our relationship with ORNL is that in a year's time, we've gone from having a fairly small research and development department to essentially utilizing one of the leading organizations in the country as our R&D arm. That means, it is not only possible to make the lives of our customers better, but we are intricately involved in applying technology that makes a difference in our nation and ultimately the world.



CHANGING THE WORLD. YET ANOTHER BENEFIT OF A SMART GRID.

Gaining access to the Smart Grid and our resources requires a one-week training course, called the Engineering Scholars Training Program. Guest engineers learn about EPB, the technology that has been implemented, the data being generated, how it's used, internal processes and more.

Once completed, ORNL personnel become certified Engineering Scholars in Residence. They have access to office space, data, and EPB staff who work with them to confirm all projects stay in-line with EPB and its customers' interests.



Being on the cutting edge of how we manage power, develop a more modern grid for our nation and respond to innovation within digital space, all demands incredibly reliable electric service and the fastest, most efficient Internet. EPB is state-of-the-art in both. Add to that the kind of brainpower and resources Oak Ridge National Laboratory brings to the table and the bar for serving our customers, now and in the future, has been significantly raised.



IT TAKES A VILLAGE TO EMPOWER ONE.

Danielle Edwards, Field Services Specialist; serving Alexian customers face-to-face
Ben Whalen, Supervisor, Technical Support; delivering custom support to an entire village

Tucked away high atop Signal Mountain rests Alexian Village, a booming retirement community. Like any of our 58,000 plus customers, they wanted and deserved excellent Internet, video and phone services. And they weren't getting it, at least not from their current providers. That's where Scott Brewster comes in. As one of the key members of our outside sales team, he's the first of many EPB employees who rose to the occasion and didn't just promise great service, but tirelessly worked to deliver it. Scott knew that when it came to customer service, EPB would outshine any competitor. And if we could bring fiber optics to Chattanooga, EPB could certainly innovate and problem solve our way around the potential complexity of an endeavor this size. So the sales team joined forces with the operations team to create a package of services, and a plan for implementing them that was perfectly suited for the specific needs of the Alexian residents.

There was really only one approach that made sense. Tackle this job like this village was its own city. We ran over 5.5 miles of fiber. We created and customized channels. We met with each customer face to face to explain products, determine their specific needs and show them how to work their devices. Anything and everything we would do if this were a little city, we did.



IT TAKES A VILLAGE TO EMPOWER ONE.

Just over 6 months and nearly 50 EPB employees later, the over 533 apartments, units, rooms and common areas that make up this community on the mountain, were wired for fiber optics. It was no easy task, but above-and-beyond jobs usually aren't. But the EPB culture of innovation and superior customer service wouldn't dream of doing things any other way.



Leave everything in mint condition.

Aaron Sheppard, Alexian Village Director of Facility Services, couldn't wait to share his favorite EPB awesome customer service story. And here's why. There are several clusters of units in Alexian. In order to run fiber to one particular cluster, installers needed access to an attic in one specific apartment. The woman who lived there graciously allowed installers to work for days on end within her home. On their last day of installation, the tail end of a ladder sideswiped a little clay pot of mint and accidentally sent it crashing to the floor. The installers couldn't apologize enough as they cleaned it up. The sweet resident assured them that it was fine; the mint was struggling anyway and to not worry about it. They took her advice. They didn't worry about it. Instead, they did something about it. The very next morning they presented her with a lush, homegrown mint plant in a beautiful, new ceramic pot. That's not going the extra mile, that's crushing it.



WHERE DO YOU WANT TO GO TODAY?

Ken Jones, Project Consultant; turning a gift shop into a Launch Pad
Tyler Morgan, Network Engineer; delivering on the Gig City promise

For years at EPB, we have diligently sought out and cultivated opportunities for engagement in community gateways, like establishing WIFI in downtown's Miller Plaza. So when the opportunity to bring free WIFI and the Gig to the Chattanooga Airport presented itself, we happily got on board. After meeting with the Airport, we knew we had to seize the opportunity to deliver big on adding an essential piece to the Gig City, but we could also go above and beyond by further enhancing the local traveler's experience. Cue the EPB Fiber Optics Launch Pad.

In unavoidable hurry-up-and-wait situations, travelers often find themselves looking for ways to pass the time, either by getting some work done or catching up on Facebook or finding ways to entertain the kids. Today, connecting to high-speed public WIFI in the Chattanooga Airport is easy, reliable and fun thanks to EPB Fiber Optics and the Launch Pad.

Now, located just to the right of security, where there once was a gift shop, there is an opportunity to experience the nation's fastest Internet, by way of an Xbox, a couple of preloaded iPads, 2 large screen HD TV's and a conveniently located charging station. It's open to the public and completely free. In addition, there are several recharging stations, both in the EPB Fiber Optics Launch Pad area and throughout the airport.

Thanks to a successful partnership with the airport, the nation's fastest Internet is now par for the concourse. And our desire to engage the community within our public spaces is stronger than ever. Because going places is one of the things EPB does best.



MAKING CONNECTIONS ONE CLASS AT A TIME.

Kelvin Boyd, Community Relations Specialist
Professor Gig-A-Watt

At EPB, our culture of innovation compels us to look to the future with great anticipation and excitement as we pursue new ideas and opportunities. And that is exactly why we seek to reach out to even the youngest members of our community and introduce them to new things like electrical currents and fiber optics.

We've been reaching out to schools for years through programs and events featuring Dr. Shock, our resident electric safety expert. And while we had to say goodbye to Dr. Shock after he retired, the learning continues with his energetic successor, Professor Gig-A-Watt. As Professor Gig-A-Watt, Kelvin Boyd, takes science and safety to a new level by utilizing today's technologies and a touch of personal flair. The students of Hamilton County schools continue to learn about all things electric, like circuits and static, but will also be schooled in programs that go beyond electricity, and include cutting-edge technology like the gig, fiber optics, and our unrivaled Smart Grid.

Finding new ways to reach today's tech-savvy kids is part of what Kelvin does best. For example, this year, when beginning the process of gathering entries for the annual Black History Month Contest, Kelvin revitalized the contest by allowing entrants to express themselves with either a video poem or through a written poem. Not only that, he expanded the contest to include all grade levels from 1 to 12, as well as homeschoolers. With 372 entries, more than any other year in history, Professor Gig-A-Watt is well on his way to many years of positive student engagement.



STUDENTS TODAY. LEADERS TOMORROW.

Greg Gilliam, Lineman and castle illuminator
Kelli Ballard, Sr. Internal Auditor and costume stitcher

Utility outages are measured in minutes. Minutes are time. And as we all know, time is money. Bottom line, if the power goes out, then machines stop, molten steel hardens, registers don't ring, production is lost and so is a whole lot of commerce. This is why reliability is a huge concern for those of us at EPB. And why we are so proud of the fact that for the first time in our history, our System Average Incident Duration Index (SAIDI) number for the year is below 60 minutes.

SAIDI is the measure of how many minutes on average each customer experienced an outage. As recently as 2012, an EPB customer (including both commercial and residential) averaged an outage time of 66 minutes, an excellent number by industry standards. But today, thanks to the improved reliability provided by our Smart Grid's distribution automation, that number has dropped to under an hour. That's a new threshold for EPB and a real accomplishment.

But our engineers and technicians aren't stopping there. They're using data and new tools made possible by the thousands of sensors on our grid to find more ways to cut downtime for everyone, because a more reliable grid is just good business. And that benefits everyone in our community.



BREAKING THE ONE HOUR BARRIER.

Clint Stanfield, Construction Foreman; executing for improved reliability

EPB provides world-class infrastructure and innovative solutions to our community. So doesn't it make perfect sense for EPB to get involved with the next generation of STEM leaders? Of course it does. That's why, when Bobby Hutcherson heard Tony Donen, principal at the STEM school, speak about working with area businesses, he knew they had to get the STEM students collaborating with EPB on some kind of real life project. The annual holiday windows seemed like a natural first step towards a great collaboration.

One of the fondest traditions at EPB is our holiday windows, an annual display of holiday cheer featuring whimsical themes and of course, lots of lights! This year, in addition to getting great ideas and inspiration from students at STEM School Chattanooga, we also got access to their arsenal of tools such as a 3D printer and a CNC machine. Remember the ice castle inspired by the one in Disney's blockbuster Frozen? Students designed it and EPB volunteers worked with them on executing and making sure all aspects of it worked. It was made up of plexiglass bricks that looked like ice, thanks to some strategic and ingenious lighting. Critical and creative problem solving was achieved. And some pretty spectacular windows too.

But why stop there? The STEM students needed another real-life project to fulfill their spring semester requirements. So they met up with Bobby Hutcherson and applied their critical and creative thinking to wiring a new subdivision. Guided by seasoned EPB engineers, the students were given parameters they had to work within. They developed good plans and with a little coaching from their EPB mentors, some of those plans were incorporated into the actual wiring plan.

The fact is, today's students are tomorrow's leaders. And at EPB, we know making a difference in their lives today makes a difference in this community tomorrow. We see it as our responsibility and our legacy for generations to come.



BEST MEANS CREATING YOUR OWN CATEGORY.

Nidhi Agarwal, Network Engineer II

Brad Holcombe, Service Tech

Yecenia Parra, Customer Service and Sales Advisor

Gus Bedoy, Customer Service and Sales Advisor

A few of the folks who helped EPB earn the "Best of the Best" designations

Many of our customers have said it. EPB sets the standard for customer service in the city of Chattanooga. Well, now it's in writing. Chattanooga Times Free Press readers have voted and EPB once again took home three awards.

Best Customer Service in 2012, 2013, 2014 and 2015.

Best Satellite or Cable Provider in 2011, 2012, 2013, 2014 and 2015.

Best Internet Service Provider in 2012, 2013, 2014 and 2015.

The truth is, 'Best Internet Service Provider' was not a category until EPB was chosen for it. The essence of setting the standard is when a category is created for you. In fact, that is a reflection of how we go about doing business. Not everything we've done in the past few years has a playbook. Some of the technologies and products we've developed never existed before. When that is the case, it is essential that your standards are high and compromise is not an option.

So while we are both honored and humbled by these awards, we prefer to see them as a reminder to keep our standards very high, ensuring everyone, especially our customers, wins.



SMART NETWORK. A VERY SMART MOVE.

Shane Wallin, Field Services Supervisor; keeping customers connected
Kate Miller, Technical Consultant; one of the original Smart Network
product developers

Innovation. It's one of the things that makes EPB tick. It's what allows us to offer more convenience, more reliability and more choices to our customers. And innovation is what helped us create one of our fastest growing products, the Smart Network.

In just a few short years, the Smart Network has been adopted by nearly 25% of our EPB Fiber Optics customer base with over 15,700 active customers today. Smart Network meets a growing need in today's technology-centric world: convenience and know-how. Setting up a home's technology software and hardware can be a complicated task even for digital natives, add to that the growing number of "smart" devices to connect. With the help of EPB's Smart Network providing installation services and technical support 24 hours a day, every day, customers can relax knowing that it will be done right.

Highly-trained technicians set up home networks in an effort to maximize performance and get the best results for their customers. The best part is customers get their own dedicated technical support team should an issue arise. As Smart Network, Field Services Supervisor, Shane Wallin puts it, "We become their IT company." In order to stay on top of the constant technological advancements and resolve most any customer issue in need of troubleshooting, Wallin and his team provide continued education for the Smart Network technicians.

At EPB, we are constantly seeking ways to meet the needs of our customers today and in the future. The Smart Network is just another example of our commitment to innovation exclusively benefitting the EPB customer.