
Annual Report 2013

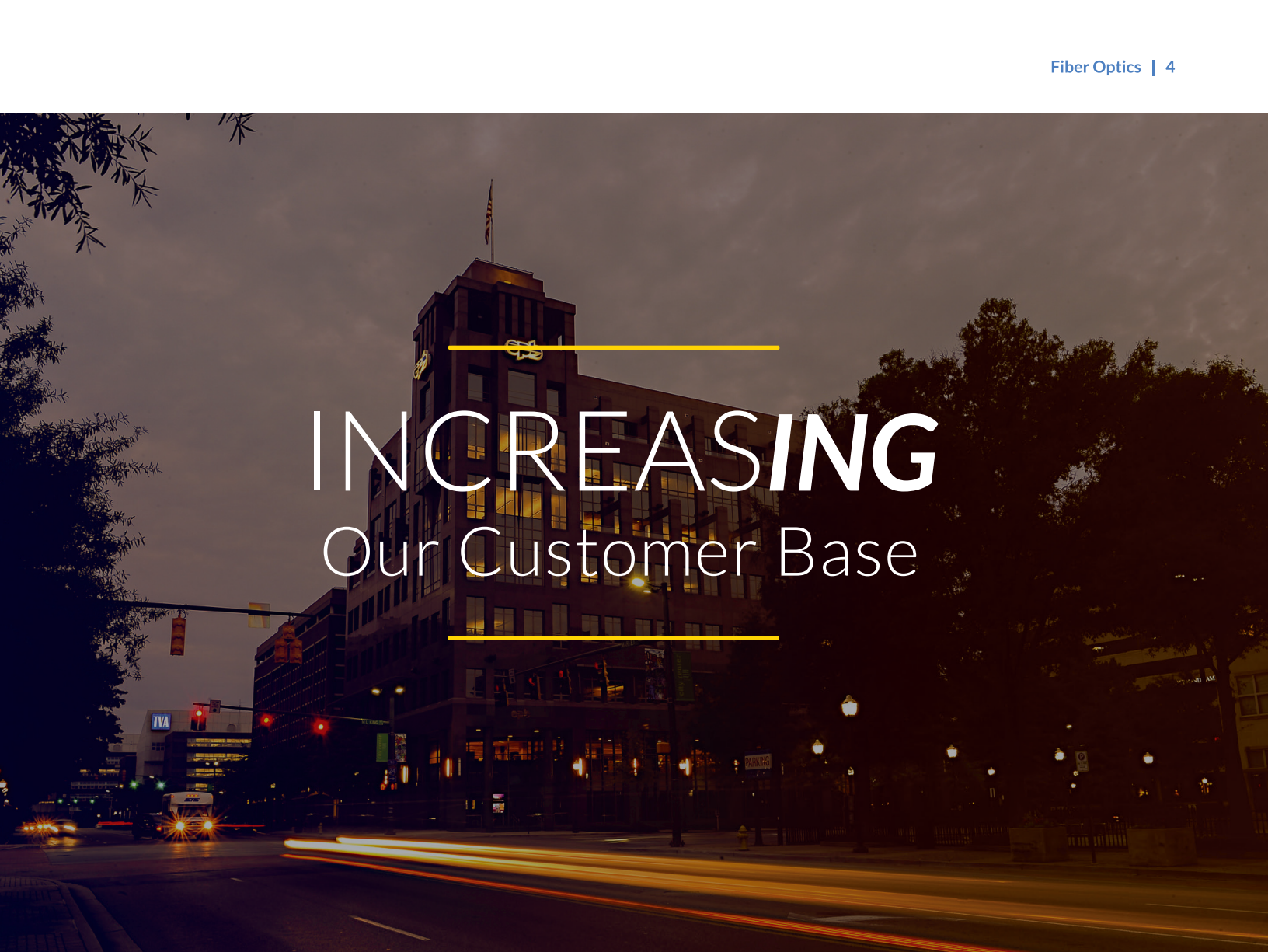


There was no single event that dominated or defined the past year for EPB. Instead, the past year saw EPB's employees make continuous, meaningful improvements across all areas of operation for the homes and businesses they serve, and the community. It was a year of action; never resting on the strength of work already done, EPB employees committed themselves to planning, building, accelerating, upgrading, analyzing, teaching, giving, and caring about and for Chattanooga and its residents.

Commitment to this type of positive change requires a certain kind of mindset:
a new state of EPB-ing.



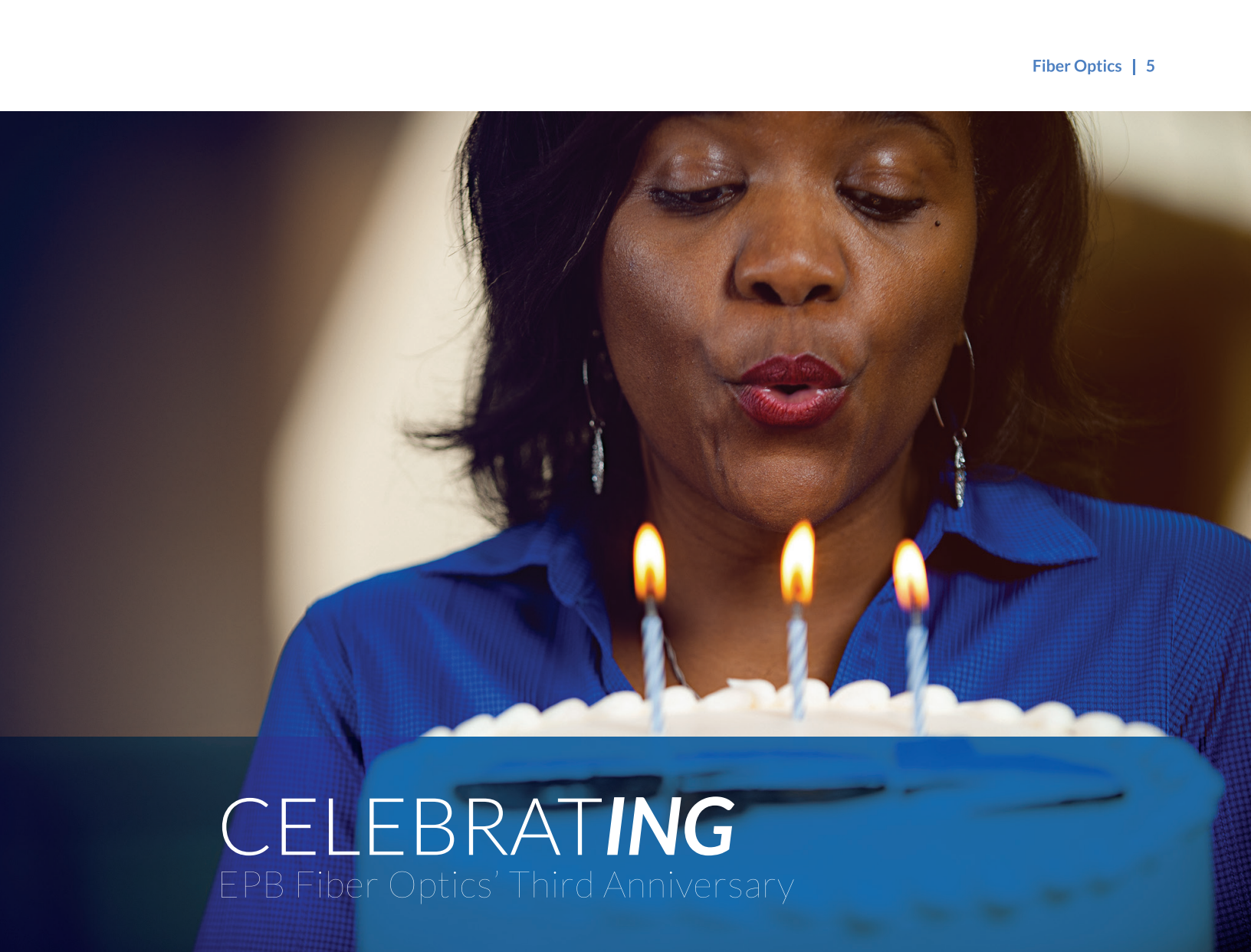
Fiber Optics

A nighttime photograph of a city street corner. A large, multi-story building with many lit windows is the central focus. In the foreground, there are light trails from cars moving across the street. The sky is dark and cloudy. The overall mood is urban and modern.

INCREASING

Our Customer Base

During the past year, EPB Fiber Optics surpassed the 50,000-customer mark. Residents and businesses are adopting Fi-Speed Internet, Fi TV, and Fi Phone service faster than imagined, and while we believe in our EPB Fiber Optics products, we're even more pleased that our customers do. We want to give them more than they expect, but everything they deserve.

A close-up photograph of a woman with dark skin and hair, wearing a blue button-down shirt and large hoop earrings. She is blowing out three lit candles on a white birthday cake. The background is softly blurred.

CELEBRATING

EPB Fiber Optics' Third Anniversary

In September, EPB Fiber Optics celebrated its third birthday. But instead of receiving presents, we gave one to our customers, upgrading Internet speeds for all Fi-Speed Internet subscribers. We increased speed for 30 Mbps customers to 50 Mbps, promoted 100 Mbps customers to 250 Mbps, and moved 500 Mbps customers all the way to 1000 Mbps, or 1 Gbps—all at no charge. This gift was just a small way of thanking our customers, and making their time online just a little bit better.



BRINGING

New Video Services to Life

Improvements to EPB Fiber Optics weren't limited to Internet subscribers. EPB employees designed and implemented new features for Fi TV customers, including Smart View profiles designed with custom programming selections for fans of sports, politics, and more. We also made it possible for subscribers to watch dozens of channels on their preferred mobile devices, and restructured video on demand services as well. As video consumption habits shift and mobile devices become more widespread, EPB is making sure that our customers can access content however they choose.



DEMONSTRATING

The Potential of Fiber Optics

Two years ago, Japan suffered widespread damage from a tsunami. As the effort to rebuild their infrastructure continues, representatives from Nippon Telegraph and Telephone Corp. East visited EPB to study EPB's use of fiber optics for communications services. NTT is Japan's largest phone, TV, and Internet provider, and our representatives were able to show them how fiber optics is revolutionizing service for our customers.

Around the country and the world, others in the industry are increasingly looking to Chattanooga and EPB. Professionals from New Zealand, Denmark, Ireland, and Colombia (just to name a few) have visited Chattanooga to learn from EPB's employees and study EPB's infrastructure.



ANSWERING

The Call of Business

A local business owner had a problem. His existing phone system was no longer working, and he needed a solution. A fast one.

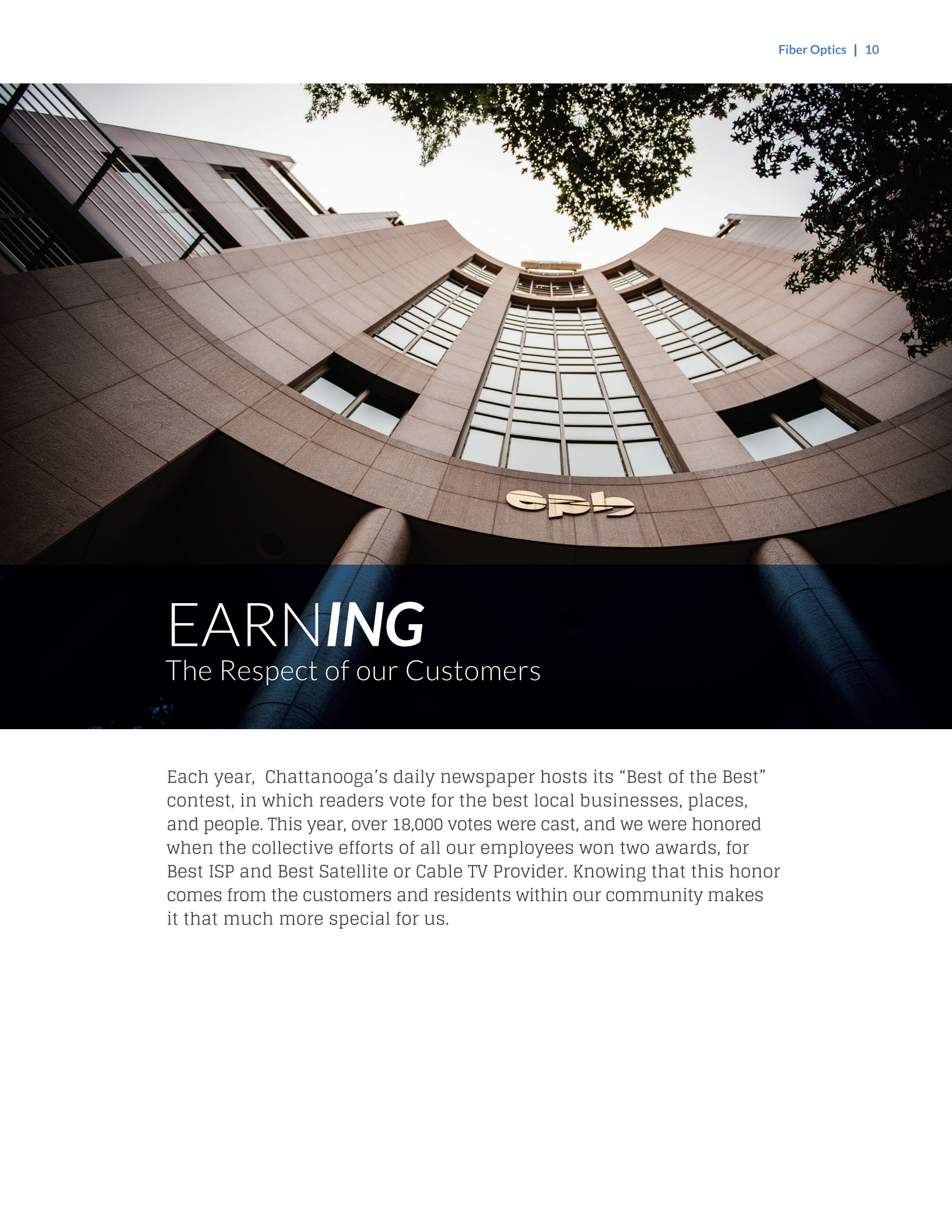
EPB Fiber Optics' new Hosted Phone Solution, which offers all the features of a sophisticated PBX system without all the headache of purchasing and maintaining costly equipment, was just the ticket. Because many EPB employees from several departments put forth special effort, our installers were able to hook up a new system that same day. That kind of dedication and service may not be what customers expect, but we think it's what they deserve.



DISCOVERING

Potential Challenges Before They're Real

No mechanical system is perfect, and so our employees must test each new product to ensure maximum performance. EPB opened its Fiber Optics Test Lab in order to develop those products and test our equipment. Constant research, development, and testing in a laboratory environment allow our employees to explore new ideas and refine them, making them as near perfect as possible before delivering them to our customers.



EARNING

The Respect of our Customers

Each year, Chattanooga's daily newspaper hosts its "Best of the Best" contest, in which readers vote for the best local businesses, places, and people. This year, over 18,000 votes were cast, and we were honored when the collective efforts of all our employees won two awards, for Best ISP and Best Satellite or Cable TV Provider. Knowing that this honor comes from the customers and residents within our community makes it that much more special for us.



CONNECTING

Musicians a Continent Apart

On October 13, 2012, EPB helped present a very special event to a crowd of 4,000 people at RiverRocks Chattanooga. In collaboration with the Annenberg Innovation Lab and the Thornton School of Music at the University of Southern California, and the University of Tennessee Chattanooga, EPB employees facilitated connection of a transcontinental gigabit connection. This connection allowed Chuck Mead, on stage in Chattanooga, to perform “The Wild Side of Life” with T-Bone Burnett, in a Los Angeles studio. The gig connection’s miniscule 67 millisecond latency made the duet possible, as the signal crossed the 2100-mile connection three times faster than the blink of the eye.



FINDING

Success

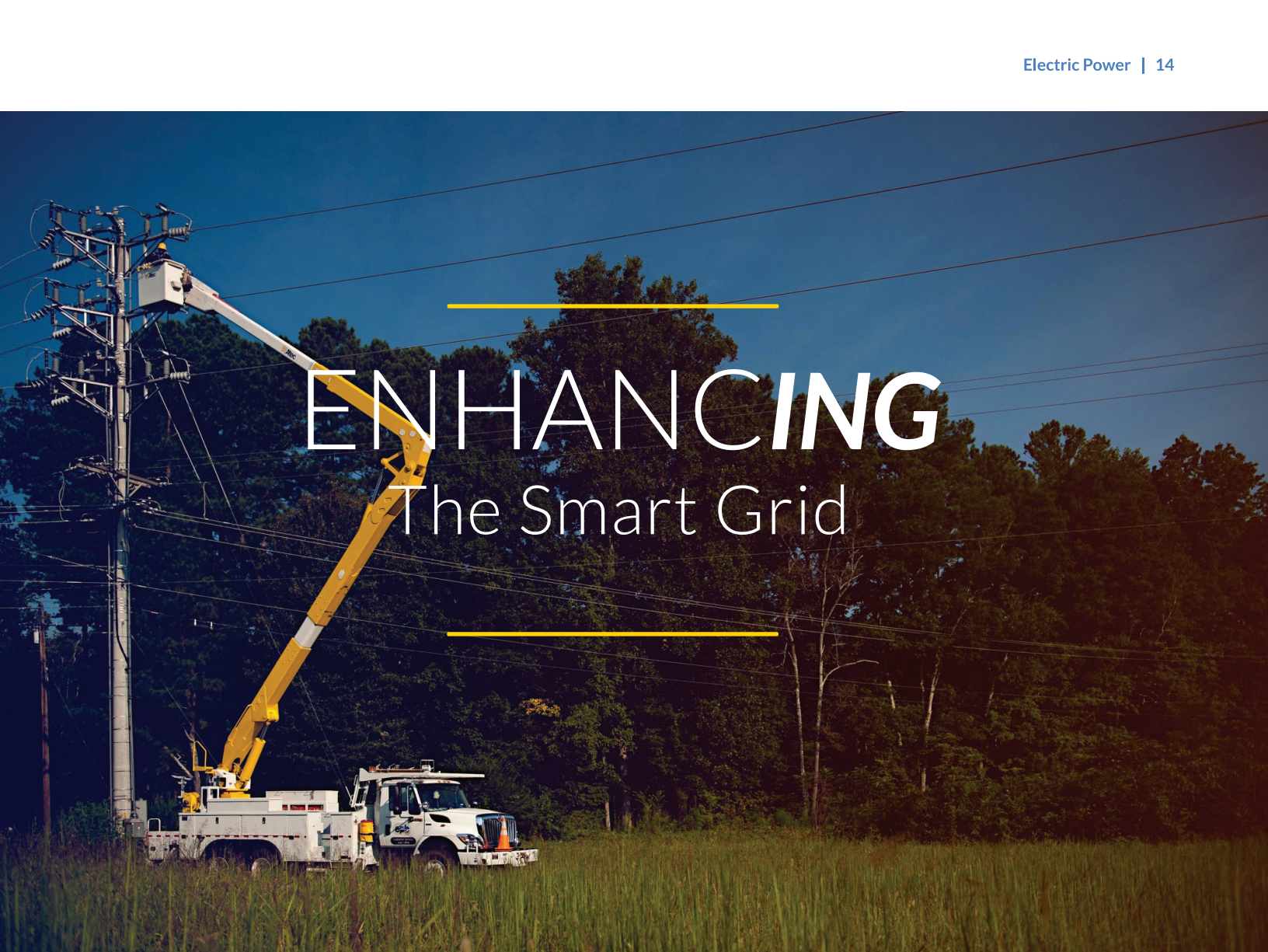
Our customer service representatives and business sales team added thousands of customers to the fiber optic network, earning \$80.7 million in revenue over the past fiscal year.

Meanwhile, EPB partner Viamedia was so successful in selling advertising on Fi TV that it exceeded its sales projections for the year in only six months. It's also beaten monthly sales goals each and every month, and even we've been surprised and flattered at the positive response.

The success and acceptance of our growing suite of EPB Fiber Optics demonstrate that our customers and advertisers find ongoing value in them, and that more and more new customers are discovering the benefits of fiber optics as well. Our customers are voting with their wallets—and that's perhaps the strongest vote of confidence we can get.



Electric Power

A photograph of a utility truck with a yellow boom extending to a power line tower in a field. The truck is white with yellow accents. The boom is extended upwards towards the tower. The background shows a line of trees under a clear blue sky. The text "ENHANCING The Smart Grid" is overlaid on the image, with "ENHANCING" in large white letters and "The Smart Grid" in smaller white letters below it. Two horizontal yellow lines are positioned above and below the word "ENHANCING".

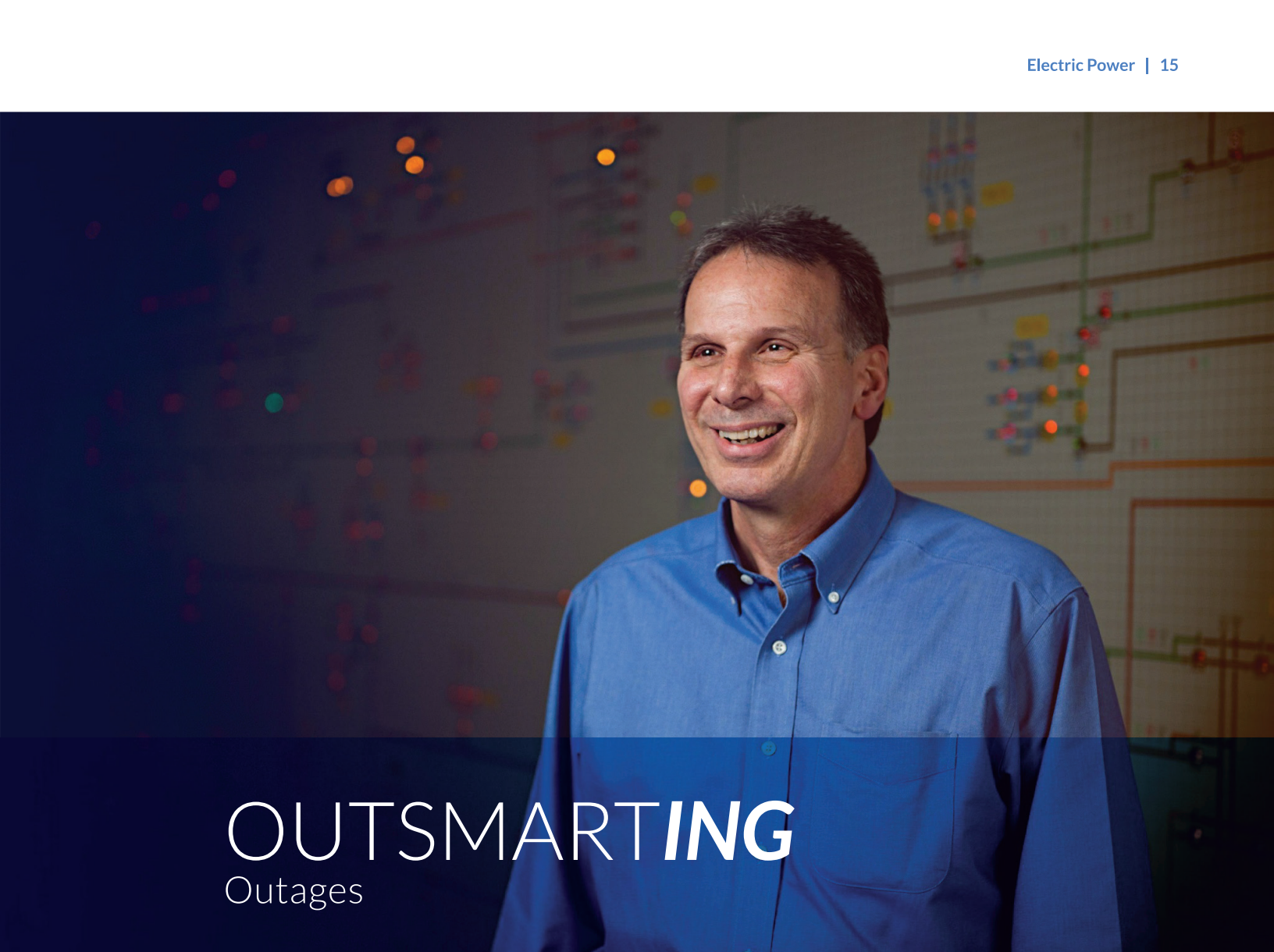
ENHANCING

The Smart Grid

Already the country's most automated, EPB's Smart Grid got even smarter this year, as EPB crews added 200 smart switches to our 46 kV system, on top of the 1200 smart switches installed on our 12 kV system.

Exceeding our own estimate of a 40% reduction in outage duration, we delivered a 60% reduction—eliminating 45 million customer outage-minutes over the past 12 months.

According to a UC Berkeley study, power outages cost communities across the country \$80 billion annually. Chattanooga's share of that cost is \$100 million per year, meaning this reduction may have saved our customers and community \$60 million in 2013.



OUTSMARTING

Outages

The Smart Grid demonstrated its true value throughout the year, and particularly on July 5, 2012. Were it not for the Smart Grid, the wind storms on this date would have knocked out power to over 77,000 homes and businesses. But because of the Smart Grid, only 35,000 homes and businesses saw a significant power interruption. In all, the Smart Grid avoided 58 million customer minutes interrupted, saved \$1.4 million in restoration costs and reduced the total time of the restoration effort by 1 ½ days. That's not just reducing outage duration—it's outsmarting outages.



PROVIDING

More Relevant Data

Most energy providers only provide usage information that's 30 days old. But EPB's Smart Grid makes it possible for customers to view 15-minute increments of usage, in near real-time. Giving our customers a more complete, timelier view of their usage and billing is just one way the Smart Grid is helping our customers make smarter decisions about their energy use.



REACTING

To Outages Faster

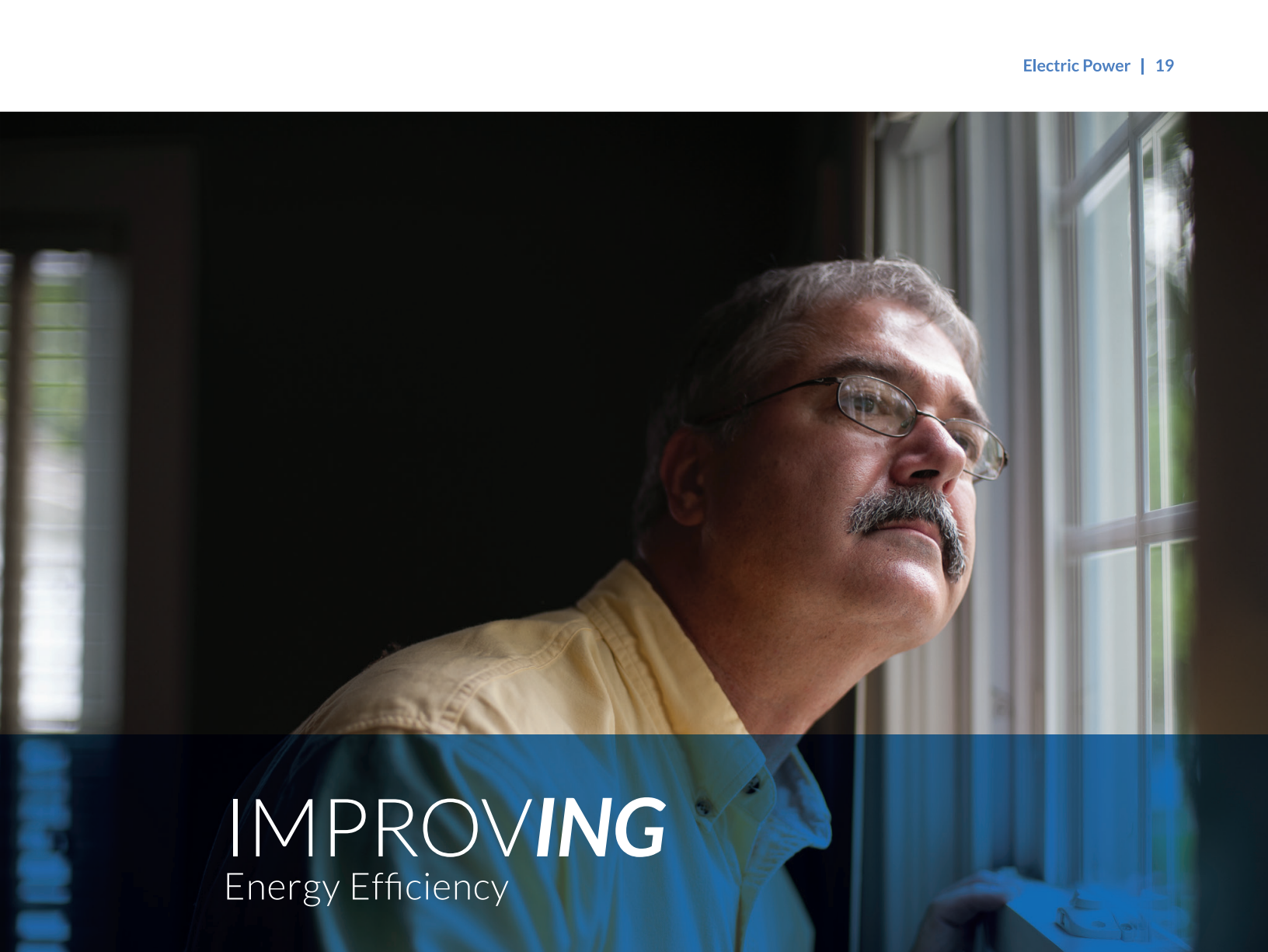
Sometimes the Smart Grid's greatest challenges come from nature itself. In one incident, a falling tree took three power substations offline, affecting power delivery to 11,258 homes and businesses. A traditional power grid would have required truck crews to identify the damaged sections of the grid, travel there, and manually reroute around the damage, a process that could take hours. But thanks to the Smart Grid, the re-routing work and near immediate restoration for customers happened automatically and/or remotely. All told, every customer in the area had power back on inside of six minutes.



RECEIVING

Industry Honors

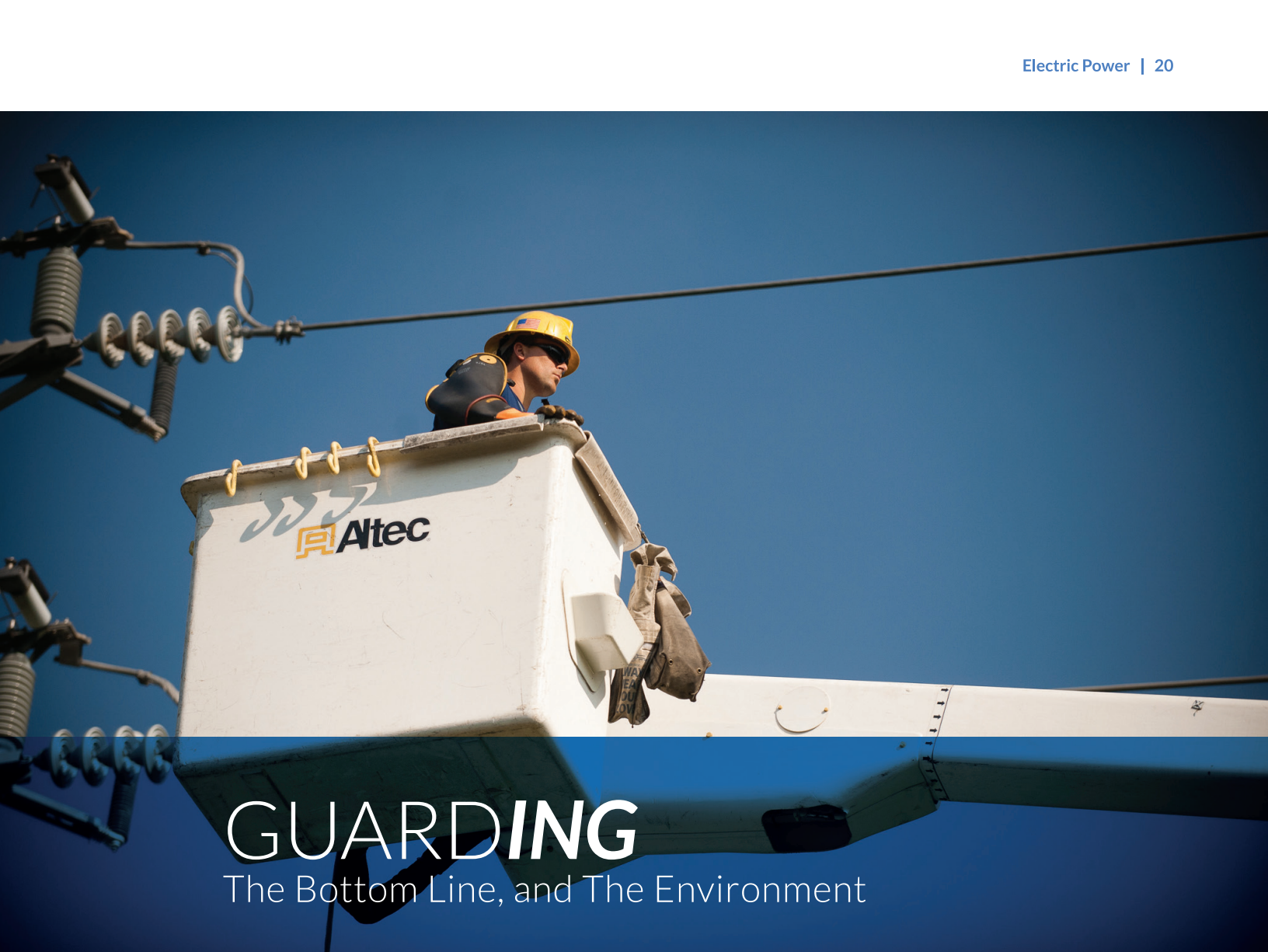
In the past year, the press has paid increased attention to EPB's Smart Grid. For the second year in a row, our employees' hard work and dedication earned EPB the Best Distribution Automation honors on Greentech Media's Top 10 North American Utilities list. And following Hurricane Sandy's effect on the Northeast power grid, media including Fox News, CBS News, the New York Times, and Wall Street Journal all devoted coverage to Chattanooga's Smart Grid.

A man with glasses and a mustache, wearing a yellow shirt, is looking out a window. The image is partially covered by a dark blue overlay on the left side, which contains the text 'IMPROVING Energy Efficiency'.

IMPROVING

Energy Efficiency

Imagine a company that actually wanted to help its customers buy less of its product. EPB customers don't have to use their imaginations—over the past year, our employees have provided 1,600 free in-home energy audits to interested customers. During these audits, EPB technicians examine homes and businesses to find ways to improve energy efficiency. This year, our audit program earned \$500,000 in incentives for residents, and \$1,000,000 in incentives for businesses.



GUARDING

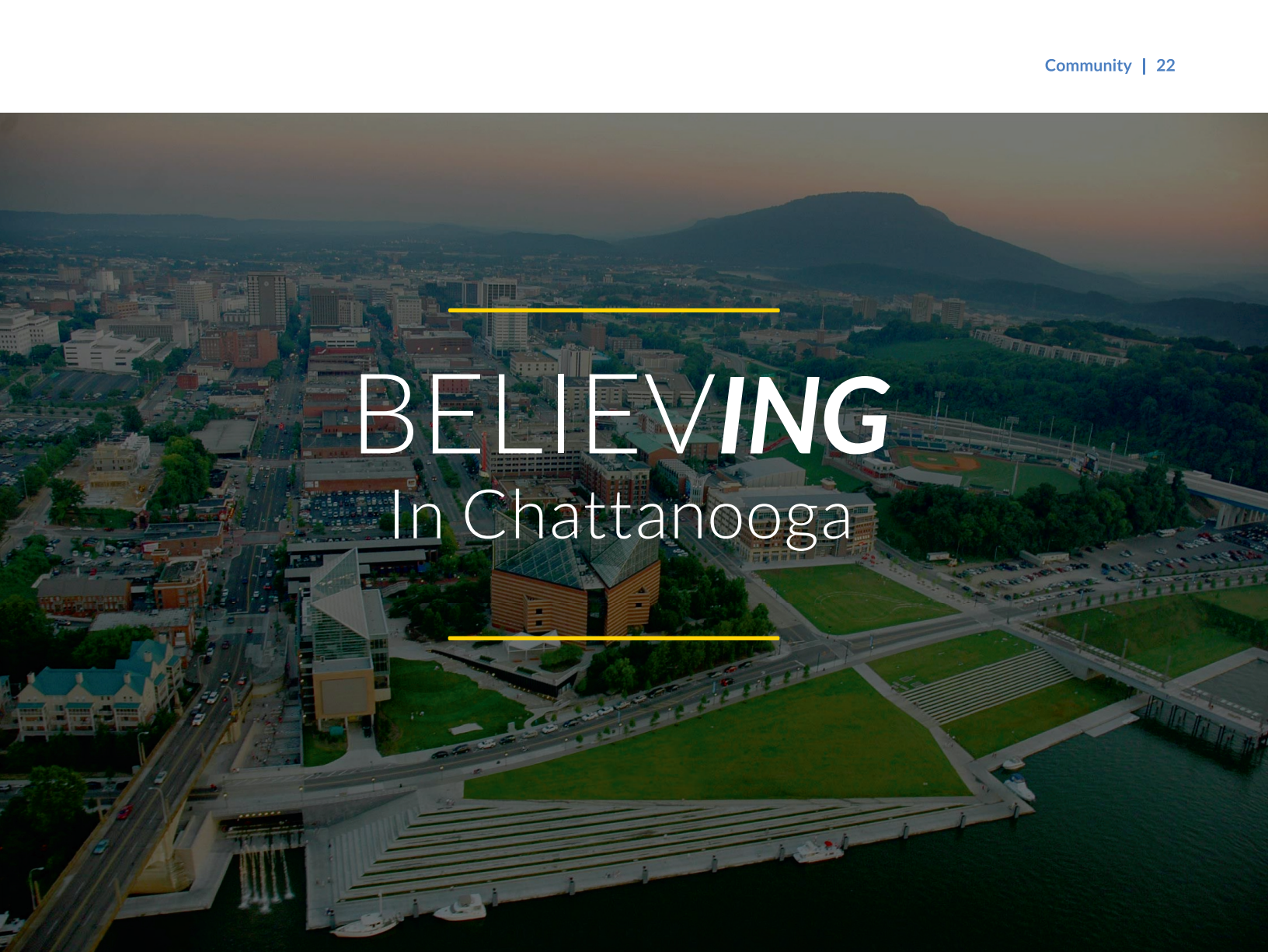
The Bottom Line, and The Environment

In the past year, EPB and its customers weren't the only ones who saw benefit in the Smart Grid. Standard & Poor's upgraded EPB's bond rating to AA+, citing Smart Grid as one rationale.

And the Smart Grid is about much more than dollars and cents. In the past year, the system has saved our employees and trucks more than 260,000 miles of travel and 11,500 gallons of fuel. Plus, the intelligence that comes with the 6 billion data points collected per year from the Smart Grid's field sensors will help EPB employees continue to make adjustments and improvements to benefit everyone.



Community



BELIEVING

In Chattanooga

As members of the community, EPB employees care about the welfare of those around them.

Throughout the year, our employees constantly came up with new ways to give back, support the less fortunate, and raise spirits throughout our community. Our people took initiative, pushed each other to do more, and found their own ways to contribute. We're proud of the people that make this company hum, and we're proud that their actions are what define EPB as a company.

A man with short brown hair, smiling, wearing a tan button-down shirt. He is standing in front of large, grey industrial metal cabinets or doors. A red letter 'M' is visible on one of the cabinets in the background. The image has a blue gradient overlay at the bottom where the text is located.

UPHOLDING

A Commitment to Sustainability

In 2008, EPB took its first steps toward pursuing the U.S. Green Building Council's LEED EBOM (Leadership in Energy and Environmental Design, Existing Building Operations and Maintenance) certification for our downtown office. Our employees organized a "Green Team," organizing recycling contests, and committing to purchase sustainable office supply products like rechargeable batteries and Forestry Steward Council-certified paper. Our project team installed energy-saving devices, implemented energy-saving practices, and coordinated with 69 people at 26 different organizations.

EPB officially applied for EBOM certification on February 1, 2012, and we received that certification on May 30, 2013. In addition to being good for the environment, our efforts have been good for our bottom line. Energy savings from the project will repay the total program investment in under a year. More than anything, LEED's EBOM standard required our employees cultivate our internal culture from within. This certification isn't just about a smarter, more efficient building—it's about all of our smarter, dedicated employees.



LEED STATISTICS

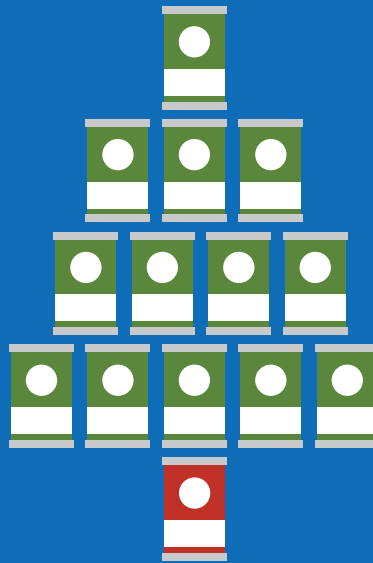
- \$125,000 total investment; \$131,650 in annual energy savings (1.7 million kWh)
- 336,374 gallons of water saved by summer of 2013. Savings of \$6,701, equivalent to 15 standard swimming pools.
- During the certification process, employees recycled the equivalent of 59 dump trucks worth of waste out of landfills.
- Clean Commute participants eliminated an estimated 248,420 miles of travel—equivalent to driving from Chattanooga to San Francisco 102 times.



BETTERING

The Community

EPB employees have always believed in supporting our community. That means more than just creating innovation for our customers: we especially want to help the less fortunate among us. For years we have worked closely with the United Way of Chattanooga, and our goal for this year's annual campaign was to raise \$185,000. Our employees and retirees easily beat that number, contributing \$207,311. That will go toward strengthening local families and assisting those in need.



OFFERING

Hope to the Less Fortunate

EPB employees find a variety of ways to express their charitable side. Every quarter, employees help save lives via a blood drive. In December, employees donated money and non-perishable food items Feed-A-Family program, creating care packages for families in the community. And through the Salvation Army Angel Trees, employees generously contributed gifts for more than 130 children who otherwise might not have experienced any holiday joy.



KEEPING

Chattanooga Residents Cooler

Every year, EPB collects money for its Fan Fund, a program that purchases electric fans to help low-income local residents stay cool during the warmer months. In 2012, we collected a new program record that allowed us to buy and distribute 500 fans to the less fortunate in the community.

A photograph of three people standing outdoors on a grassy area. On the left is a woman with dark hair, wearing a green button-down shirt with an EPB logo and khaki pants, with her hands on her hips. In the center is a man with a shaved head, wearing a blue button-down shirt and dark trousers, with his hands in his pockets. On the right is a woman with long brown hair and glasses, wearing a red t-shirt and white pants, with her arms crossed. Behind them is a large, light-colored mural of a person's face on a brick wall. To the left of the mural are green lampposts. A semi-transparent blue banner is at the bottom of the image, containing the text 'UPHOLDING The Way' in white.

UPHOLDING

The Way

EPB employees were able to help students in a one-on-one manner during company participation the Urban League Shadow Program. This program gave local high school-aged youths the opportunity to get a closer look at a variety of EPB employees and careers in roles like engineering, customer service, and field work. In the spring, ETSU grad students visited EPB to study how our company has used new technology. And EPB's Harold DePriest and Jim Ingraham spoke to tomorrow's business leaders in Harvard's MBA program, speaking to their "Reimagining Capitalism" class about the importance of mutual respect in achieving business success.

