NEW ISSUE | **PRELIMINARY OFFICIAL STATEMENT** | Rating: Moody's "Aa3"
Book-Entry | **Dated: October 4, 2023** | (See "Miscellaneous – Rating")

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Authority, as hereafter defined, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax except as discussed herein. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2023 Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Series 2023 Bonds and the income therefrom will be exempt from all state, county, and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)

Cleveland Utilities
Your Hometown Connection

$64,495,000*
CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2023

Dated: [October 31, 2023*] Due: June 1 (see below)

The $64,495,000* Electric System Revenue Bonds, Series 2023 (the "Series 2023 Bonds") of the Cleveland Utilities Authority (Tennessee) (the "Authority") shall be issued as fully registered Series 2023 Bonds in denominations of $5,000 and authorized integral multiples thereof. The Series 2023 Bonds will be issued in book-entry only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. DTC will act as securities depository of the Series 2023 Bonds. So long as Cede & Co. is the registered owner of the Series 2023 Bonds, as the nominee for DTC, principal, and interest with respect to the Series 2023 Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Series 2023 Bonds. Individual purchases of the Series 2023 Bonds will be made in book-entry only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Series 2023 Bonds is payable semi-annually from the date thereof on each June 1 and December 1, commencing on June 1, 2024, by check or draft mailed to the owners thereof as shown on the books and records of U.S. Bank Trust Company National Association, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry system, principal of and interest on the Series 2023 Bonds are payable at the designated corporate trust office of the Registration Agent.

The Series 2023 Bonds shall be payable solely from and be secured by a pledge of the Net Revenues (defined herein) of the Authority's electrical power transmission and distribution system (the "System") on a parity and equality of lien with any Parity Bonds (defined herein) hereafter issued as provided in the Master Resolution (defined herein). **The Series 2023 Bonds do not constitute a debt of the State of Tennessee, or any political subdivision, agency, or instrumentality thereof, other than the Authority, and no owner or holder of any of the Series 2023 Bonds shall have recourse to the taxing power of any such entities. The Authority has no taxing power.** The punctual payment of principal of and interest on the Series 2023 Bonds and any Parity Bonds hereinafter issued shall be secured equally and ratably by the Net Revenues of the System without priority by series, number or time of sale or delivery.

The Series 2023 Bonds are subject to optional redemption on June 1, 2033 [and mandatory redemption] as described herein.

Due June 1	Principal	Rates	Yields	CUSIPs	Due June 1	Principal	Rates	Yields	CUSIPs
2024	$3,555,000			186571 AA3	2034	$3,235,000			186571 AL9
2025	2,380,000			186571 AB1	2035	3,225,000			186571 AM7
2026	2,535,000			186571 AC9	2036	3,225,000			186571 AN5
2027	2,625,000			186571 AD7	2037	3,335,000			186571 AP0
2028	2,750,000			186571 AE5	2038	3,500,000			186571 AQ8
2029	2,830,000			186571 AF2	2039	3,675,000			186571 AR6
2030	2,955,000			186571 AG0	2040	3,675,000			186571 AS4
2031	3,080,000			186571 AH8	2041	3,860,000			186571 AT2
2032	2,945,000			186571 AJ4	2042	3,910,000			186571 AU9
2033	3,095,000			186571 AK1	2043	4,105,000			186571 AV7

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire "Preliminary Official Statement" to obtain information essential to make an informed investment decision.

The Series 2023 Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, solely to the Authority, whose opinion will be delivered with the Series 2023 Bonds. Certain legal matters will be passed upon for the Authority by its counsel, Kimball Law Firm, Cleveland, Tennessee. It is expected that the Series 2023 Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, N.Y. on or about October 31, 2023*.

RAYMOND JAMES®
Municipal Advisor

October __, 2023

* Preliminary, subject to change. See the "Official Notice of Sale" which is an integral part hereof and is incorporated herein by reference.

This “Preliminary Official Statement” speaks only as of its date, and the information contained herein is subject to change.

This “Preliminary Official Statement” may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this “Preliminary Official Statement”, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this “Preliminary Official Statement”. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Authority’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This “Preliminary Official Statement” and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Series 2023 Bonds, the Resolution (as defined herein), the Disclosure Certificate, and the security and sources of payment for the Series 2023 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Series 2023 Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Series 2023 Bonds have not been registered under the Securities Act of 1933 and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This “Preliminary Official Statement” does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Authority, the Municipal Advisor to give any information or to make any representations other than those contained in this “Preliminary Official Statement”, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority or Municipal Advisor. Except where otherwise indicated, all information contained in this “Preliminary Official Statement” has been provided by the Authority. The information set forth herein has been obtained by the Authority from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of, the Municipal Advisor. The information contained herein is subject to change without notice, and neither the delivery of this “Preliminary Official Statement” nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Authority, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Series 2023 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)

BOARD OF DIRECTORS

Aubrey Ector, Chair

Joe Cate, Vice Chair	Kevin Brooks
Eddie Cartwright	Dale Hughes
David May, Jr.	Debbie Melton

AUTHORITY OFFICIALS

Tim Henderson	*President and Chief Executive Officer*
Walt Vineyard	*Executive Vice President, IT Division*
Marshall Stinnett, CPA	*Vice President, Chief Financial Officer*
Jimmy Isom	*Vice President, Electric Division*
Craig Mullinax	*Vice President, Water and Wastewater Division*
John Corum	*Vice President, Administrative Services*
John F. Kimball, Esq.	*Legal Counsel*

REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company National Association
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

MUNICIPAL ADVISOR

Raymond James & Associates, Inc.
Nashville, Tennessee

TABLE OF CONTENTS

LEGAL MATTERS

SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this "Preliminary Official Statement". This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this "Preliminary Official Statement".

The Issuer .... Cleveland Utilities Authority (Tennessee) (the "Authority"). See the section entitled "Appendix B: Supplemental Information Statement" for more information.

Securities Offered .... $64,495,000* Electric System Revenue Bonds, Series 2023 (the "Series 2023 Bonds") of the Authority, dated the date of their delivery. The Series 2023 Bonds will mature on June 1, 2024, through June 1, 2043, inclusive*. See the section entitled "SECURITIES OFFERED – Authority and Purpose".

Security .... The Series 2023 Bonds shall be payable solely from and secured solely by a pledge of the Net Revenues of the Authority's electrical power transmission and distribution system (the "System"). The punctual payment of principal of and premium, if any, and interest on the Series 2023 Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or delivery. The Net Revenues of the System are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. **The Series 2023 Bonds do not constitute a debt of the State of Tennessee, or any political subdivision, agency, or instrumentality thereof, other than the Authority, and no owner or holder of any of the Series 2023 Bonds shall have recourse to the taxing power of any such entities. The Authority has no taxing power.** See the section entitled "SECURITIES OFFERED – Security" and "Appendix C: Summary of Certain Provisions of the Resolution".

Purpose .... The Series 2023 Bonds are being issued for the purpose of providing funds to (i) to acquire the assets of the electric transmission and distribution system (the "System") heretofore owned by the City of Cleveland, Tennessee, and operated by the Board of Public Utilities of the City of Cleveland; (ii) to finance capital improvements to the System so acquired; and (iii) pay costs related to the sale and issuance of the Series 2023 Bonds. See the section entitled "SECURITIES OFFERED – Authority and Purpose" for additional information.

Optional Redemption .... Series 2023 Bonds maturing June 1, 2024, through June 1, 2033, inclusive, shall mature without option of prior redemption and Series 2023 Bonds maturing June 1, 2034 and thereafter shall be subject to redemption prior to maturity at the option of the Authority on June 1, 2033 and thereafter, as a whole or in part, at any time, at the redemption price of par, plus interest accrued to the redemption date. See "SECURITIES OFFERED – Optional Redemption" for additional information.

* Subject to reduction and adjustment as set forth in the "Official Notice of Sale" which is an integral part of the "Preliminary Official Statement" and is incorporated herein by reference.

Mandatory Redemption .... [To Be Determined. See the "Official Notice of Sale" for Bidding Option.]

Rating.. Moody's "Aa3". See the section entitled "MISCELLANEOUS – Rating" for more information.

Underwriter .... ____ (the "Underwriter"). Also see the section entitled "MISCELLANEOUS – Competitive Public Sale".

Municipal Advisor .... Raymond James & Associates, Inc., Nashville, Tennessee, (the "Municipal Advisor" or "Raymond James"). Also see the section entitled "MISCELLANEOUS - Financial Professionals; Related Parties; Other".

Bond Counsel .... Bass, Berry & Sims PLC, Nashville, Tennessee (the "Bond Counsel"). Also see the section entitled "MISCELLANEOUS - Financial Professionals; Related Parties; Other".

Registration and Paying Agent ... U.S. Bank Trust Company National Association, Nashville, Tennessee (the "Registration Agent"). Also see the section entitled "MISCELLANEOUS - Financial Professionals".

Book Entry Only .... The Series 2023 Bonds will be issued under the Book Entry System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION – Book Entry System".

Tax Matters .... In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Authority, as hereafter defined, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax except as discussed herein.

For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county, and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. See "LEGAL MATTERS – Tax Matters" herein.

General.. The Series 2023 Bonds are being issued in full compliance with Title 7, Chapter 36, Section 101 et seq., Tennessee Code Annotated, as amended and a Resolution adopted on September 22, 2023. The Series 2023 Bonds will be issued with CUSIP numbers through the facilities of The Depository Trust Company, New York, New York. See the section entitled "SECURITIES OFFERED – Authority and Purpose" for more information.

Disclosure .... In accordance with Rule 15c2-12 of the Securities and Exchange Commission as amended (the "Rule"), the Authority will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State information depository ("SID"), if any, annual financial reports and notice of certain enumerated events. See the section entitled "MISCELLANEOUS - Continuing Disclosure".

Other Information .... The information in the "Preliminary Official Statement" is deemed "final" within the meaning of Rule 15c2-12(b)(5) of the SEC (the "Rule") as of the date which appears on the cover hereof except for the omission of certain information allowed to be excluded under the Rule. For more information concerning the Authority or the "Preliminary Official Statement", contact the Vice President and Chief Financial Officer, Cleveland Utilities Authority, 2450 Guthrie Avenue, N.W., Cleveland, Tennessee 37311, Telephone: 423-472-4521 or the Authority's Municipal Advisor, Raymond James, One Burton Hills Blvd. - Suite 225, Nashville, Tennessee 37215, Telephone: 615-665-6917.

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$64,495,000*
CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)
Electric System Revenue Bonds, Series 2023

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This "Preliminary Official Statement" (including the cover page and inside cover page hereof and the Appendices hereto) is furnished by the Cleveland Utilities Authority (the "Authority") to provide information concerning the acquisition by the Authority of the City of Cleveland, Tennessee's electrical power transmission and distribution system (the "System") and the offering by the Authority of its $64,495,000* Electric System Revenue Bonds, Series 2023 (the "Series 2023 Bonds") to finance such acquisition, improvements to the System, and to pay costs of issuance of the Series 2023 Bonds.

The Authority has been created as a governmental authority and public corporation pursuant to the Municipal Energy Authority Act, Sections 7-36-101 et seq., Tennessee Code Annotated, as amended (the "Act") for the purpose of acquiring and operating the System. The System has heretofore been owned by the City of Cleveland, Tennessee (the "City") and operated on behalf of the City by the Board of Public Utilities (the "Board"). Pursuant to the Act, the City and the Board have agreed to transfer and assign the assets comprising the System to the Authority, and the Authority has agreed to assume the operating liabilities of the System and to pay the City an amount sufficient to permit the City to discharge its bonded indebtedness related to the System.

The Resolution adopted on September 22, 2023, sets forth the terms of the Series 2023 Bonds, governs the Authority's application of the Net Revenues (as defined in Appendix C) of the System, and includes covenants regarding the operation of the System. The Resolution requires that the Authority set rates in each year sufficient to provide for 120% of the debt service on the Series 2023 Bonds and any parity bonds and 100% of the payment of operating costs, subordinate lien debt service and payments in lieu of taxes. The Resolution allows the Authority to establish a debt service reserve fund determined from time to time as a reasonable reserve. No debt service reserve fund will be established upon the initial issuance of the Series 2023 Bonds. The Resolution prohibits the issuance of additional bonds on parity with the Series 2023 Bonds unless the System's revenues, after providing for the payment of operating costs, are at least 120% of the maximum annual debt service on then outstanding bonds and any proposed bonds. For a description of the terms of the Resolution, see "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS" herein, and Appendix C – Summary of Certain Provisions of the Resolution.

The Series 2023 Bonds are payable from and secured by a lien on the Net Revenues of the System. For a discussion of the sources of payment and security for the Series 2023 Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2023 BONDS" herein.

THE BOARD

The Board operates as a board of public utilities of the City that provides retail electric service through its System to ratepayers in the City and in Bradley County, Tennessee. Although with permission of TVA, CU is allowed to purchase up to 5.00% of power supply from sources other than TVA. Currently, the Board does not own any generation facilities and presently purchases its entire power supply requirements under a wholesale power contract (the "Power Contract") with the Tennessee Valley Authority ("TVA"), a federal governmental instrumentality created by Congress pursuant to the Tennessee Valley Authority Act of 1933, as amended, (the "TVA Act"). The Power Contract provides that the Board may sell power to all customers in its service area, except certain federal installations and large customers, which TVA may serve directly. The Power Contract establishes the rates and terms and conditions under which power is to be purchased from TVA and distributed to the customers of the Board. The Board's customer rates are set at levels sufficient to cover the cost of power supplied by TVA under the Power Contract and the Board's costs of operation.

Upon the transfer of the System to the Authority under the provisions of the Act, the Board of Directors of the Authority will have the exclusive authority and responsibility for the ownership and operation of the System. The Authority, the System and the Board are further described in the Authority's Supplemental Information Statement, which is included herein as Appendix B.

DEFINED TERMS

Capitalized terms used but not defined herein shall have the meanings ascribed in Appendix C – Summary of Certain Provisions of the Resolution.

DESCRIPTION OF THE SERIES 2023 BONDS

The Series 2023 Bonds initially will be dated the date of their issuance estimated to be October 31, 2023*. Interest on the Series 2023 Bonds will be payable semiannually as applicable on June 1 and December 1, commencing June 1, 2024. Interest will be calculated based on a 360-day year of twelve 30-day months. The Series 2023 Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2023 Bonds. See the section entitled "BASIC DOCUMENTATION" for additional information.

SECURITY

The Series 2023 Bonds shall be payable solely from and secured solely by a pledge of the Net Revenues of the System. The punctual payment of principal of and premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or delivery. The Net Revenues of the System are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. **The Series 2023 Bonds do not constitute a debt of the State**

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* Preliminary, subject to adjustment and revision. Also, see the "Official Notice of Sale".

of Tennessee, or any political subdivision, agency, or instrumentality thereof, other than the Authority, and no owner or holder of any of the Series 2023 Bonds shall have recourse to the taxing power of any such entities. The Authority has no taxing power. See “Appendix C: Summary of Certain Provisions of the Resolution”.

PLAN OF FINANCE

General. The proceeds of the sale of the Series 2023 Bonds will be used to (i) to acquire the assets of the electric transmission and distribution system (the "System") heretofore owned by the City of Cleveland, Tennessee, and operated by the Board of Public Utilities of the City of Cleveland; (ii) to finance capital improvements to the System so acquired more fully described below (the “Project”); and (iii) pay costs related to the sale and issuance of the Series 2023 Bonds.

Purchase Price Payable to the City. The purchase price payable to the City equals the amount necessary to enable the City to defease all outstanding City debt attributable to the financing of improvements to the System. The City has agreed to immediately apply the purchase price paid to it to the discharge of all its outstanding bonded indebtedness payable from and/or secured by a lien on the revenues of the System.

The Project. The Project will be used primarily to finance the purchase and installation of fiber-based communications infrastructure (the “Fiber Infrastructure”). The Fiber Infrastructure will primarily benefit the System and will be recorded as an asset of the System. The Fiber Infrastructure will connect, directly or indirectly, to each electric meter of the System within the footprint of the Fiber Infrastructure, and will enhance the quality and efficiency of the System’s electric service by, among other things, (i) allowing the System to read electric meters remotely, (ii) allowing the System to remotely connect and disconnect meters, (iii) providing real-time outage reports, thereby enabling the System to respond more quickly to power outages, (iv) providing real-time usage reports that will allow the System’s customers to tailor their electric power needs more effectively; (v) allow the System to design and implement a grid modernization project, thus allowing automated procedures and equipment to reduce outage times and improve reliability and (vi) allowing the System to better manage its peak power load, thereby reducing the demand for additional electric generation facilities and reducing costs to the System’s customers.

The Fiber Infrastructure is also expected to be used by a broadband division (the “Broadband Division”) established by the Authority. The Broadband Division, if and when established, will each be operated as a separate division of the Authority and will not be a part of the System, which is operated as the “Electric Division”. The Broadband Division is expected to offer high-speed internet services that are unrelated to the transmission and distribution of electricity. Telecommunications services may also be part of the Broadband Division, but such services will be offered through a third part. Therefore, the Authority will not be seeking a telecommunications license from the State of Tennessee or establishing a separate Telecommunications Division. The Broadband Division will be permitted to use the Fiber Infrastructure (and any other assets of the Electric Division) only upon the payment by the Broadband Division (as applicable) to the Electric Division of a monthly use charge equal to not less than the portion of the cost of the Fiber Infrastructure (and other assets) allocable to the Broadband Division. The portion of the Fiber Infrastructure allocable to the Broadband Division is expected to continue grow as customers are added to the Broadband Division. This allocation will be based upon the actual number of customers utilizing the services of the Broadband Division and will be periodically reallocated to assure proper division of costs.

The Authority has also committed to loan up to $8,000,000 of System (or Electric Division) funds to the Broadband Division for the purpose of funding certain capital and working capital costs of the Broadband Division. This interdivision loan bears interest at a rate of 6.00% and is required to be repaid by the Broadband Division to the Electric Division over a period of 20 years.

The Authority cannot predict or guarantee the future success of the Broadband Division. If the Broadband Division is unsuccessful, it may have difficulty making scheduled monthly use payments and/or interdivision loan payments. Accordingly, the Authority cannot guarantee the amount of monthly use payments or interdivision loan payments that will be made by the Broadband Division to the System.

Any monthly use charges and any interdivisional loan interest payable to the System by the Broadband Division will be treated as revenues of the Electric Division. However, revenues derived from sales of the services of the Broadband Division will not constitute revenues of the Electric Division and will not be available for the payment of or the security for the Series 2023 Bonds.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds relating to the proceeds from the Series 2023 Bonds:

Sources of Funds:	
Par Amount	
Net Original Issue Premium [Discount]	
TOTAL SOURCES:	
Uses of Funds:	
Purchase Price Payable to the City	
Deposit to Project Fund	
Underwriter’s Discount	
Costs of Issuance	
TOTAL USES:	

REDEMPTION

Optional Redemption. Series 2023 Bonds maturing on or before June 1, 2033, shall not be subject to optional redemption. The Series 2023 Bonds maturing on or after June 1, 2034, shall be subject to redemption at the option of the Authority at any time on or after June 1, 2033, in whole or part, at price of par plus interest accrued to the redemption date.

[*Mandatory Redemption*. In the event any or all the Series 2023 Bonds are sold as Term Bonds, the Authority shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth below, in aggregate principal amounts equal to the maturity at a price of par plus accrued interest thereon to the date of redemption. Any Term Bonds to be redeemed within a single maturity shall be selected as follows:

a) if the Series 2023 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2023 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

b) if the Series 2023 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2023 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

At its option, to be exercised on or before the 45th day next preceding any such mandatory redemption date, the Authority may (i) deliver to the Registration Agent for cancellation Series 2023 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2023 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2023 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Authority on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2023 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Authority shall on or before the 45th day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Final Maturity	Redemption Date	Principal Amount of Series 2023 Bonds Redeemed

*Final Maturity

Notice of Call for Redemption. Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent on behalf of the Authority not less than 30 nor more than 60 days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2023 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2023 Bond registration records of the Registration Agent as of the date of the notice. Failure to mail such notice or any defect in any such notice so mailed shall not affect the sufficiency of the proceedings for redemption of any of the Series 2023 Bonds for which proper notice was given, and failure of any owner to receive such notice if properly given in the manner described above shall not affect the validity of the proceedings of the redemption of the Series 2023 Bonds held by such owner. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series 2023 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2023 Bonds, as and when above provided, and neither the Authority nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Authority pursuant to written instructions from an authorized representative of the Authority (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least 45 days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series 2023 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Authority to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Series 2023 Bonds called for redemption and not so paid remain outstanding.

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SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2023 BONDS

PLEDGE OF NET REVENUE

Under the terms of the Resolution, the Series 2023 Bonds are payable solely from and secured solely by a pledge of the Net Revenues of the System. The punctual payment of principal of and premium, if any, and interest on the Series 2023 Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or delivery. The Net Revenues of the System are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due, see "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" in Appendix C.

FLOW OF FUNDS

Pursuant to the Resolution, the Authority has agreed to deposit all revenues derived from the operation of the System into the Revenue Fund and to apply such moneys in accordance with the Resolution. See Appendix C for a description of the flow of funds.

RATE COVENANT

The Authority shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times, such that Net Revenues in each Fiscal Year: (a) will equal at least 120% of the Debt Service Requirement on all Bonds, and 100% of the Debt Service Requirement on all other bonds or other obligations then outstanding for such Fiscal Year; (b) will enable the Authority to make all required payments, if any, into the Reserve Fund and on any Credit Facility; (c) will enable the Authority to accumulate an amount, which, in the judgment of the Board of Directors, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and (d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years.

DEBT SERVICE SINKING FUND AND DEBT SERVICE RESERVE FUND

The Resolution establishes a Debt Service Sinking Fund to be held by the Authority. The Resolution requires that the Authority fund monthly accruals of principal and interest to the Debt Service Sinking Fund for the Series 2023 Bonds and any Parity Bonds. Money on deposit in the Debt Service Sinking Fund will be used to pay debt service on the Series 2023 Bonds and any Parity Bonds as it becomes due. See Appendix C for a further description of the Debt Service Sinking Fund.

The Resolution establishes a debt service reserve fund ("Reserve Fund") and authorizes the Authority to determine, for any series of Bonds issues thereunder, the Reserve Fund Requirement for such series of Bonds, all in the manner described in "Appendix C -- Summary of

Certain Provisions of the Resolution – Debt Service Reserve Fund". The Authority has elected not to establish a Reserve Fund Requirement for the Series 2023 Bonds.

PARITY BONDS

The Authority may, from time to time, issue Parity Bonds under the terms of the Resolution. Such Parity Bonds will have a lien on the Net Revenues of the System securing the Series 2023 Bonds. See Appendix C for the conditions under which such Parity Bonds may be issued.

For a more extensive discussion of the terms and provisions of the Resolution related to the sources of payment of and security for the Series 2023 Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" in APPENDIX C hereto.

PAYMENTS IN LIEU OF TAXES

The Authority is required by Tennessee law to make annual payments in lieu of taxes to the City and other jurisdictions in which it has property and customers, but pursuant to an agreement with Bradley County, only the City receives these funds. The State of Tennessee has a specific formula for the calculation of in lieu of taxes for municipal electric systems, based generally on a percentage of electric plant value and a percentage of net operating revenue. Under the terms of the Resolution, payments in lieu of taxes are paid as an Operating Expense of the System.

SUBORDINATE INDEBTEDNESS

The Resolution does not limit the Authority's ability to incur indebtedness on an unsecured or subordinate basis relative to the pledge of Net Revenues in favor of the Series 2023 Bonds.

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent for the Authority will make all interest payments with respect to the Series 2023 Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at its address shown on said registration records, without, except for final payment, the presentation or surrender of such registered Series 2023 Bonds, and all such payments shall discharge the obligations of the Authority in respect of such Series 2023 Bonds to the extent of the payments so made. Payment of principal of the Series 2023 Bonds shall be made upon presentation and surrender of such Series 2023 Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Series 2023 Bonds, as nominee of DTC, references herein to the Holders or Registered Owners of the Series 2023 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2023 Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Series 2023 Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee, except as described above. When the Series 2023 Bonds are issued, ownership interests will be available to purchasers only through a book-entry system maintained by DTC (the "Book-Entry-Only System"). One or more fully-registered Bond certificates will be issued for each maturity, in the entire aggregate principal amount of the Series 2023 Bonds and will be deposited with DTC.

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Bank Law, a "**banking organization**" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code, and a "**clearing agency**" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry-only changes in DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of its Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (the "NSCC", **"GSCC", "MBSCC",** and **"EMCC"**, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc. (the "**NYSE**"), the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (the **"Indirect Participants"** and, together with the Direct Participants, the **"Participants"**). DTC has S&P's highest Ratings: **"AAA."** The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.com.

Purchase of Ownership Interests. Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a **"beneficial owner"**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through whom such beneficial owners entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except as specifically provided in the Series 2023 Bonds in the event that use of the book-entry-only system is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in **"street name"**, and will be the responsibility of such Participant and not of DTC, the Authority or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Series 2023 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. Beneficial owners of the Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to beneficial owners, or in the alternative, beneficial owners may wish to provide their names and addresses to the Registration Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE AUTHORITY, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Series 2023 Bonds. To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Discontinuance of Book-Entry-Only System. In the event that (i) DTC determines not to continue to act as securities depository for the Series 2023 Bonds or (ii) to the extent permitted by the rules of DTC, the Authority determines to discontinue the Book-Entry System, the Book-Entry System shall be discontinued. Upon the occurrence of the event described above, the Authority will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to beneficial owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority, the Bond Counsel, the Registration Agent, the Municipal Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Series 2023 Bonds as nominee of DTC, references herein to the holders or registered owners of the Series 2023 Bonds will mean Cede & Co. and will not mean the beneficial owners of the Series 2023 Bonds. None of the Authority, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the beneficial owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Series 2023 Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

CERTAIN OTHER COVENANTS WITH RESPECT TO THE SERIES 2023 BONDS

See "Appendix C: Summary of Certain Provisions of the Master Resolution and the Resolution".

DISCHARGE AND SATISFACTION OF SERIES 2023 BONDS

If the Authority shall pay and discharge the indebtedness evidenced by all or any portion of the Series 2023 Bonds in any one or more of the following ways:

a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Series 2023 Bonds as and when the same become due and payable;

b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Series 2023 Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Series 2023 Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

c) By delivering such Series 2023 Bonds to the Registration Agent, for cancellation by it; and if the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority with respect to such Series 2023 Bonds, or make adequate provision therefor, and by resolution of the Board instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Series 2023 Bonds when due, then and in that case the indebtedness evidenced by such Series 2023 Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Series 2023 Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

d) If the Authority shall pay and discharge the indebtedness evidenced by any of the Series 2023 Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

e) Except as otherwise provided, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant hereto nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Series 2023 Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (i) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Registration Agent and (ii) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Series 2023 Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Registration Agent.

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BONDHOLDERS' RISKS

GENERAL

Set forth below are certain risks purchasers of the Series 2023 Bonds should consider when making an investment decision. All potential risks are not included, and the discussion is not intended to be exhaustive.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2023 Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions, which are often subject to discretion and delay. The enforceability of remedies or rights with respect to the Series 2023 Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted. Under existing constitutional and statutory law and judicial decisions, certain remedies specified by the Resolution may not be readily available or may be limited. The legal opinion to be delivered concurrently with the delivery of the Series 2023 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, reorganization, moratorium, or other similar laws affecting the rights of creditors generally and such enforceability may be subject to the exercise of judicial discretion in accordance with general principles of equity.

ADDITIONAL BONDS

The Authority may issue additional bonds in accordance with the provisions of the Act. The issuance of additional bonds would increase the debt service requirements and could adversely affect debt service coverage on the Series 2023 Bonds.

LOSS OF TAX EXEMPTION

There is no provision for the redemption of the Series 2023 Bonds or for the payment of additional interest on the Series 2023 Bonds if interest on the Series 2023 Bonds becomes includable in gross income for federal income tax purposes. If interest on the Series 2023 Bonds becomes includable in gross income for federal income tax purposes, the value and marketability of the Series 2023 Bonds would likely be adversely affected. The Authority has covenanted not to do anything that would adversely affect the tax-exempt status of the Series 2023 Bonds.

See "LEGAL MATTERS – Tax Matters".

COVID-19 AND OTHER PUBLIC HEALTH EMERGENCIES

The COVID-19 pandemic, a global health emergency associated with severe respiratory illness, is no longer having any material effect on the Authority, the City or Bradley County, Tennessee and is not expected to affect the Authority's operations though circumstances may change and no assurances may be made. The Governor of the State of Tennessee issued a state of emergency in connection with the COVID-19 pandemic in March 2020, which led, from time to time, to certain quarantine and "social distancing" measures throughout the State, including the Authority. The Governor of the State lifted the state of emergency in April 2021. The World Health Organization, which had declared COVID-19 to be a global health emergency in March 2020, declared an end to the COVID-19 pandemic as a global health emergency in May 2023. The Authority is unable to predict whether and to what extent that any increases in COVID-19 cases or the emergence of any other epidemic or pandemic may disrupt the local or global economy, or whether any such disruption may adversely affect the operations of the Authority.

Various types of information regarding employment, income trends, and business activity in the Authority, the City of Cleveland and Bradley County, Tennessee are detailed in Appendix B, including historical data collected both before and during the COVID-19 pandemic. Certain data and other information collected prior to and during the COVID-19 outbreak may not reflect current conditions. For example, some of the largest employers and taxpayers served by the Authority, the City and Bradley County, Tennessee may have been forced to reduce their employment during the COVID-19 outbreak and may be similarly affected a result of any future epidemic, pandemic, or other public health emergency. For additional information, see "APPENDIX B: Supplemental Information Statement" ("APPENDIX B").

CLIMATE CHANGE

In recent years, many scientific studies have been conducted addressing the possible impact of changing global weather patterns. The Authority's location in the southern United States and in southeast Tennessee increases its risks for extreme heat, drought conditions, flooding, windstorms, and other extreme weather events that could become more frequent and severe.

As required by federal law, the Tennessee Emergency Management Agency ("TEMA"), has prepared and adopted the "State of Tennessee Standard Hazard Mitigation Plan 2018" which includes among other things a climate risk and vulnerability assessment for all counties and regions of the State, including the Authority's service area. The Hazard Mitigation Plan prepared by TEMA may be updated from time to time, and no representation is made herein as to the sufficiency or timeliness of any such plan.

It is not possible for the Authority to predict the intensity, duration, or impact of any weather-related events, whether known or unknown, but the Authority has considered and implemented additional operational and safety measures and practices to offset and respond to similar climate-related issues which have occurred in the past. The Authority also believes it maintains adequate reserves to offset in part many financial risks associated with weather-related operational disruptions if they occur. Insurance coverage is also available for buildings and certain equipment.

CYBERSECURITY

The Authority relies on its computer systems and related networking technology to administer and assist in many key operations. Such operations include the storage and transfer of critical and sensitive information. It is recognized that the Authority may be subject to cyberattacks targeted at gaining access to sensitive information and possibly disrupting operations. Additionally, technical problems or unintentional breaches of security due to employee errors could disrupt operations. Any of the foregoing risks and/or others that are not presently known, may result in the loss of substantial time and money and be expensive to correct. Additionally, these disruptions could subject the Authority to legal action and possible monetary exposure. To protect the Authority's key and sensitive operations and data, various solutions, operational policies, practices, and training are in place for all employees. Despite the Authority's best efforts, it is not possible to determine whether such efforts will always be successful. The Authority maintains insurance to protect itself against possible cybersecurity threats.

EARLY PAYMENT PRIOR TO MATURITY

The Series 2023 Bonds are subject to optional and mandatory redemption prior to maturity. A prospective investor should consider these rights when making any investment decision. Following any redemption, owners of the Series 2023 Bonds may not be able to reinvest their funds at a comparable interest rate. See the section entitled "SECURITIES OFFERED – Redemption".

OTHER RISK FACTORS

In the future, the following additional factors, among others, may adversely affect the operations of energy providers, including the Authority and the System, to an extent that cannot be determined at this time:

a) The ability of the Authority and the System to insure or otherwise protect itself against property damage and general liability claims due to cost or other unknown factors.

b) The TVA's inability to provide electricity and other risk factors relating to the System's relationship with TVA. See the section included in "Appendix B" entitled 'Factors Affecting the Electric Utility Industry'.

c) Proposals to eliminate the tax-exempt status of bonds issued by the Authority, or to limit the use of such tax-exempt bonds, which have been made in the past, and which may be made again in the future. The adoption of such proposals would increase the cost to the Authority of financing future capital needs.

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LEGAL MATTERS

LITIGATION

There are no pending, nor to the knowledge of the Authority are there any threatened, legal proceedings questioning, or seeking to restrain, enjoin, or adversely affect the issuance or delivery of the Series 2023 Bonds, the fixing or collecting of rates and charges for the services of System, the pledge of the Net Revenues of the System to secure the payment of the Series 2023 Bonds, the proceedings and authority under which the Series 2023 Bonds are to be issued, the validity of the Series 2023 Bonds, the right of the Authority to acquire and operate the System, or the application of the proceeds of the Series 2023 Bonds for the purposes described herein.

The Board and the Authority, like other similar public bodies, are subject to a variety of other lawsuits and proceedings arising in the ordinary conduct of its affairs. The Authority will assume liabilities, if any, associated with these matters in connection with the transfer of the assets of the Board. After reviewing the current status of all pending and threatened litigation involving the System with its litigation counsel, the Authority believes that, while the outcome of such litigation and proceedings cannot be predicted, the final resolution of these pending and threatened lawsuits, proceedings and claims against the Authority and its officials in such capacity are not expected to have a material adverse effect upon the financial position or results of operations of the System after taking into consideration the Authority's insurance and self - insurance arrangements for unemployment.

REMEDIES OF BONDHOLDERS

Any registered owner of any of the Series 2023 Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Authority by the provisions of the Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms of the Resolution.

If any default be made in the payment of principal of, premium, if any, or interest on the Series 2023 Bonds, then upon the filing of suit by any registered owner of the Series 2023 Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Authority with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Operating Expenses, and to apply the income and revenues thereof in conformity with the provisions of the Resolution.

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TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2023 Bonds. Their opinion under existing law, relying on certain statements by the Authority and assuming compliance by the City with certain covenants, is that interest on the Series 2023 Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986 (the "Code"), and

- is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial state income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing that alternative minimum tax imposed on corporations for the tax years beginning after December 31, 2022.

The Code imposes requirements on the Series 2023 Bonds that the Authority must continue to meet after the Series 2023 Bonds are issued. These requirements generally involve the way that the Bond proceeds must be invested and ultimately used. If the Authority does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2023 Bonds in its federal gross income on a retroactive basis to the date of issue. The Authority has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2023 Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit,
- a borrower of money to purchase or carry the Series 2023 Bonds, or
- an applicable corporation, as defined in Section 59(k) of the Code

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2023 Bonds or affect the market price of the Series 2023 Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2023 Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Series 2023 Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Series 2023 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Series 2023 Bond will be reduced. The holder of a Series 2023 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2023 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2023 Bond with bond premium, even though the Series 2023 Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Series 2023 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Series 2023 Bond would have "original issue discount" if the price paid by the original purchaser of such Series 2023 Bond is less than the principal amount of such Series 2023 Bond. Bond Counsel's opinion is that any original issue discount on these Series 2023 Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Series 2023 Bonds will be increased. If a bondholder owns one of these Series 2023 Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2023 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2023 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2023 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Series 2023 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Series 2023 Bonds during the period the Series 2023 Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2023 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter, or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2023 Bonds or otherwise prevent holders of the Series 2023 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2023 Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on Series 2023 Bonds, such as the Series 2023 Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. Further, such proposals may impact the marketability or market value of the Series 2023 Bonds simply by being proposed. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to the Series 2023 Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability, or tax status of the Series 2023 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2023 Bonds would be impacted. Purchasers of the Series 2023 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The opinion expressed by Bond Counsel is based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2023 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives, or litigation.

Miscellaneous

Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the foregoing matters.

The form of the opinion of Bond Counsel is attached as “APPENDIX A: Form of Series 2023 Bond Opinion”. Copies of the opinion will be available at the time of the initial delivery of the Series 2023 Bonds.

CLOSING CERTIFICATES

Upon delivery of the Series 2023 Bonds, the Authority will execute certain closing certificates including the following: (i) A certificate as to the "Official Statement", in final form (as defined herein), signed by the Chair and other officials acting in their official capacities to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the "Official Statement", in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, not misleading, (b) since the date of the "Official Statement", in final form, no event has occurred which should have been set forth in such a memo or supplement, and (c) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Series 2023 Bonds, or contesting the validity of the Series 2023 Bonds or any proceeding taken pursuant to which the Series 2023 Bonds were authorized; (ii) a non-arbitrage certificate which supports the conclusions that based upon facts, estimates and circumstances in effect, upon delivery of the Series 2023 Bonds will not be used in a manner which would cause the Series 2023 Bonds to be arbitrage Series 2023 Bonds; (iii) certificates as to the delivery and payment, signed by the officials acting in their official capacities evidencing delivery of and payment for the Series 2023 Bonds; (iv) a signature identification and incumbency certificate, signed by the Chair and other officials of the Authority acting in their official capacities certifying as to the due execution of the Series 2023 Bonds; and (v) a Continuing Disclosure Certificate regarding certain covenants of the Authority concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

For additional information, see the section entitled "MISCELLANEOUS – Competitive Public Sale"; "Financial Professionals"; "MISCELLANEOUS - Additional Information"; "MISCELLANEOUS - Continuing Disclosure" and "Appendix A: Form of the Legal Opinion".

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Series 2023 Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, bond counsel ("Bond Counsel"). Bond Counsel did not prepare the "Preliminary Official Statement" or the "Official Statement", in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the "Preliminary Official Statement" or "Official Statement", in final form, except for the information under the section entitled "TAX MATTERS". The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Series 2023 Bonds and to the tax-exemption of interest on the Series 2023 Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Series 2023 Bonds and the form of the opinion is included in APPENDIX A.

Certain other matters will be passed upon for the Authority by the Kimball Law Firm, Cleveland, Tennessee.

MISCELLANEOUS

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned the Series 2023 Bonds the credit rating of "Aa3" which appears on the cover of this "Preliminary Official Statement".

The Authority furnished Moody's certain information and materials and had a "due diligence" meeting with the rating agency concerning the Series 2023 Bonds and the Authority. Generally, Moody's bases its ratings on such information and materials and such investigations, studies, and assumptions that it may undertake independently. There is no assurance that any rating will be maintained for any given period of time, or that it will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. The Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating or other actions by a rating agency may have an adverse effect on the market price of the Series 2023 Bonds.

Any explanation of the significance of the ratings may be obtained only from Moody's.

COMPETITIVE PUBLIC SALE

The Series 2023 Bonds were offered for sale at competitive public bidding on October 16, 2023*. Details concerning the public sale were provided to potential bidders and others in the "Preliminary Official Statement" that was dated October 4, 2023*. Through IPREO's BiDCOMP®/Parity® system ("PARITY"), __ of the original __ firms which indicated an interest in bidding for the Series 2023 Bonds submitted proposals ranging from the best bid of ____ % on a true interest cost basis ("TIC") to ____ %.

The successful bidder for the Series 2023 Bonds was an account led by ____________________, _______, _________ (the "Underwriters") who contracted with the Authority, subject to the conditions set forth in the "Official Notice of Sale" (including permitted adjustments) to purchase the Series 2023 Bonds at an adjusted purchase price of $____________ (consisting of the par amount of the Series 2023 Bonds, plus a premium of $___________, less an original issue discount of $________, less an underwriter's discount of $_________) or a bid price of ______ % of par.

FINANCIAL PROFESSIONALS

Registration Agent. The Registration Agent provides commercial banking, investments and corporate trust services to private parties and State and local jurisdictions and may have provided one or more such services to the Authority on other occasions. As registration, registration and paying agent in this transaction, the Registration Agent will receive separate compensation for such services as it would if it were to serve the Authority in other normal commercial banking capacities.

*Subject to adjustment and revision as outlined in the "Official Notice of Sale" which is an integral part of the "Preliminary Official Statement" and is incorporated herein by reference.

Bond Counsel. Bass, Berry & Sims PLC presently represents the Raymond James on legal matters unrelated to the Authority and may continue to do so in the future.

Investments. Among other services, Raymond James assists local jurisdictions in the investment of idle funds. If the Authority chooses to use these services, then a portion of such compensation may be shared with other divisions of the firm including Public Finance. Whether such fees are shared or not, the standard fees will be the same.

Dissemination Agent. Raymond James may be employed to serve the Authority as its dissemination agent with respect to its continuing disclosure undertakings for the Series 2023 Bonds and other debt obligations. For such services, Raymond James will receive a separate annual fee.

ADDITIONAL DEBT OBLIGATIONS

There are no other debt obligations of the System approved or planned at this time. See the section entitled "Security and Source of Payment for the Series 2023" for additional information.

OFFICIAL STATEMENT

Certain information relative to the location, economy and finances of the Authority is found in the "Preliminary Official Statement" and the "Official Statement". While not guaranteed as to completeness or accuracy, the "Preliminary Official Statement" and the "Official Statement" are believed to be correct as of their respective dates based on information supplied by the Authority and other reliable sources and by the certification by the Authority as to the "Official Statement".

Raymond James has not been engaged by Authority to provide or validate any information in this "Official Statement" relating to Authority, including (without limitation) any of Authority's financial and operating data, whether historical or projected. Raymond James is not a public accounting or auditing firm and has not been engaged by Authority to review or audit any information in this "Official Statement" in accordance with accounting standards.

CONTINUING DISCLOSURE

At the time the Series 2023 Bonds are delivered, the Authority will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Series 2023 Bonds to provide certain financial information relating to the Authority by not later than twelve months after each of the Authority's fiscal years (the "Annual Report"), commencing with the fiscal year ending June 30, 2023, and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and with any State Information Depository established in the State of Tennessee (the "SID"). If the Authority is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of events will be filed by the Authority with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report and the notices of events is set forth in “Appendix D: Form of Continuing disclosure Certificate”. These covenants have been made to assist the underwriters in complying with SEC Rule 15c2-12(b) (the "Rule"). Prior to the issuance of the Series 2023 Bonds, the Authority has not entered into any continuing disclosure undertakings and consequently has not failed to comply, in any material respect, in the last five years with any previous undertakings with regard to said Rule to provide Annual Reports or notices of events.

See “Appendix D: Form of Continuing Disclosure Certificate” for additional information.

ADDITIONAL INFORMATION

References, excerpts and summaries contained herein of certain provisions of the laws of the State and any documents referred to herein do not purport to be complete statements of the provisions for such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Series 2023 Bonds, the security for the payment of the Series 2023 Bonds and the rights of the holders thereof. The “Preliminary Official Statement” and the “Official Statement” in final forms, and any advertisement of the Series 2023 Bonds are not to be construed as a contract or agreement between the Authority and the purchasers of any of the Series 2023 Bonds. Any statements or information printed in the “Preliminary Official Statement” and the “Official Statement”, in final forms, involving matters of opinion or of estimates, whether or not expressly so identified, is intended merely as such and not representations of fact.

The Authority has deemed this “Preliminary Official Statement” as "final" as of its date within the meaning of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC") (the “Rule”) except for certain information allowed to be omitted by the Rule.

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CERTIFICATION OF THE AUTHORITY

At the time of payment for and delivery of the Series 2023 Bonds, the Authority will furnish the purchaser a certificate, signed by the Chair and the President and Chief Executive Officer, to the effect that (a) the descriptions and statements of or pertaining to the Authority contained in its "Official Statement" and any addendum thereto, for its Series 2023 Bonds, on the date of such "Official Statement", on the date of sale of the Series 2023 Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Authority and its affairs, including its financial affairs, are concerned, such "Official Statement" did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data of or pertaining to entities other than the Authority, and their activities contained in such "Official Statement" are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and that the Authority has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the System since June 30, 2022, the date of the last audited financial statements of the System, which appears in "Appendix E: The Board of Public Utilities of the City of Cleveland, Tennessee - Financial Statements – June 30, 2022".

/s/ ______________________________
Chair

ATTEST:

/s/ ______________________________
President and Chief Executive Officer

/s/ ______________________________
Recording Secretary

APPENDIX A

PROPOSED FORM OF LEGAL OPINION

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

(Dated Closing Date)

Board of Directors
Cleveland Utilities Authority

[Underwriter]

Re: Cleveland Utilities Authority, Electric System Revenue Bonds, Series 2023

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Cleveland Utilities Authority (the "Issuer") of $_________ Electric System Revenue Bonds, Series 2023, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Board of Directors of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The principal of and interest on the Bonds are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the electrical power transmission and distribution system of the Issuer (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. We express no opinion as to the sufficiency of any of such revenues for the payment of principal of, premium, if any, or interest on the Bonds.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted

financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

36260130.1

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

CLEVELAND UTILITIES AUTHORITY

HISTORY AND ORGANIZATION

Background. Prior to the creation of the Authority, all activities were conducted through a five-member Board of Public Utilities of the City of Cleveland appointed and confirmed by the City Council of the City. The Board of Public Utilities operated as an enterprise fund of the City.

The Board of Mayor and Commissioners of the City acquired the properties of the Tennessee Electric Power Company on August 16, 1939, and on that date established Cleveland Electric System.

Cleveland Water Works began its operation in 1895 under the direction of Commissioners of the Cleveland Water System. In 1959, the Board of Mayor and Commissioners instructed the Cleveland Water System to be under the direction of the Board of Mayor and Commissioners.

In March of 1976, the Board of Mayor, and Commissioners, after years of research, directed the Cleveland Water System and Cleveland Electric System to merge operations. The new organization adopted the name of Cleveland Utilities. A Board of Public Utilities for the City of Cleveland was established in 1981.

Cleveland Utilities now serves approximately 33,675 electric customers, 33,982 water customers, and 20,656 wastewater customers in the City of Cleveland and a large portion of Bradley County.

The Authority. In April 2023, the City Council of the City of Cleveland established Cleveland Utilities Authority and instructed the Board of Public Utilities to begin the transition to transfer all of the assets and liabilities of Cleveland Utilities to Cleveland Utilities Authority.

The Authority was created as a governmental authority and public corporation pursuant to the Municipal Energy Authority Act, Sections 7-36-101 et seq., Tennessee Code Annotated, as amended (the "Act") for the purpose of acquiring and operating the electric transmission and distribution system.

The Authority is governed by a seven-member Board of Directors. The Board of Directors is appointed by the City Council of the City of which three members will be a combination of either the current Mayor of the City and current members of City Council. All members serve stagged terms of four years commencing on July 1 or until the appointment and confirmation of their successors.

Any member may be removed from office for cause upon a vote of two-thirds of the members of City Council following preferment of formal charges by resolution of a majority of the members of City Council.

Source: Approved Charter of the Authority.

DESCRIPTION OF THE SYSTEM

The Electric Division of Cleveland Utilities is responsible and dedicated to providing the citizens of Cleveland and Bradley County with a source of reliable and readily available electric energy. This is a responsibility that requires a staff possessing a high degree of technical ability to meet current needs, as well as building the system to meet the needs of future generations.

The Electric Division is one of 153 local power distributors for the Tennessee Valley Authority (TVA) and purchases 100% of its power needs from TVA. The Electric Division, in cooperation with TVA, operates and maintains two delivery substations for Cleveland Utilities. The two delivery stations deliver a total load capacity of 505 MVA to the distribution system. From these transmission substations the electric division maintains approximately 43.7 miles of 69kV sub-transmission lines feeding fifteen 13kV distribution substations.

The Electric Division operates and maintains fifteen 13kV distribution substations spread throughout the service area. From these substations, over 429 miles of overhead primary lines and 141 miles of underground primary lines are utilized to deliver reliable power to approximately 33,675 electric meters. All transmission and distribution substations are monitored and controlled remotely by the SCADA system. To operate and maintain the electric distribution system along with a distribution automation program, and an Automated Meter Infrastructure (AMI) system, CU has 64.2 miles of fiber optic communication lines.

In April 2023, the City Council of Cleveland, TN directed Cleveland Utilities to expand its fiber footprint to include the creation of a fourth division to offer broadband related services to the customers of Cleveland Utilities Electric System. This expanded fiber network is being built to increase the reliability and effectiveness of the electric system well into the future. This enhanced network will add countless advantages to the current distributed automation program as well as provided a high-speed low latency connection to the electric customer to enhance CU's ability to provide new and advancing technology as it relates to electric vehicles, grid modernization, distributed load reduction and many other technologies.

Source: Cleveland Utilities

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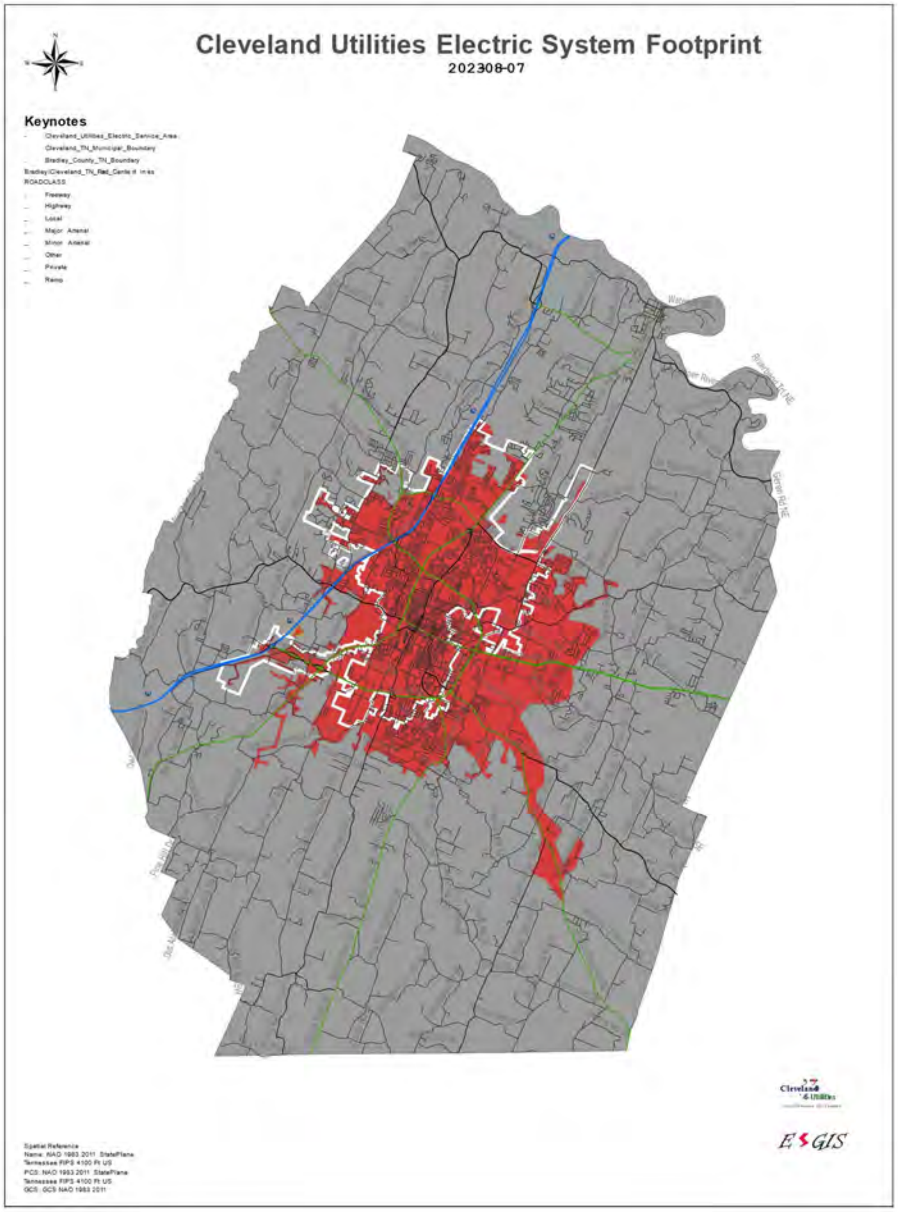

PROFESSIONAL LEADERSHIP OF THE AUTHORITY

Tim Henderson, President/CEO

Tim Henderson grew up in Cleveland/ Bradley County and is a graduate of Cleveland High School and East Tennessee State University. His work path began as an Environmentalist for the State of Tennessee. Tim then moved to the Department of Labor, working both with Federal OSHA and the State of Tennessee TOSHA. After spending 8 years as the Director of Safety Compliance for TOSHA, Tim moved to Cleveland Utilities in 1993. His utility path specifically started with guiding the safety, health, and security for all divisions of the organization. In 2000, he was promoted to Assistant Manager of Administrative Services and worked closely with government and community affairs. In 2012, he assumed the role of Vice President of the department, was promoted to Senior Vice President in May 2016 and President/CEO in November 2016.

Tim has served on or continues to serve on the Junior Achievement Board, Tree Board, Tennova Board, Planning Commission, Ocoee River Recreation and Economic Development Board, Chamber of Commerce Board, the United Way of Bradley County Board, Southeastern Industrial Development Association (SEIDA) Board, along with other committees for the Tennessee Valley Authority (TVA), Tennessee Valley Public Power Association (TVPPA), and Southeast District Power Distributors Association (SDPDA).

Walt Vineyard, Executive Vice President - Information Technology & Customer Connection

Walt Vineyard joined Cleveland Utilities as an Electrical Engineer in 1991, was promoted to Information Systems Manager in 1997, Information Technology Manager at the division level in 1998 (which was renamed to Vice President of Information Technology in 2012), and to his current role as Executive Vice President/ Information Technology & Customer Connection in 2017. Walt is a Knoxville native who spent most of his youth in the Cleveland area. He earned a Bachelor of Science in Electrical Engineering from the University of Tennessee, Knoxville. Vineyard serves as a wrestling official for high school athletics and has spent the past couple years as the assigning officer for the Chattanooga-region's officials' association.

Jimmy Isom, Vice President – Electric Division

Jimmy Isom joined Cleveland Utilities as an Engineer in 1994. During his tenure at CU, he has also served in the roles of Distribution Engineer, Assistant Engineering Manager, Engineering Manager, and was promoted to Vice President of the Electric Division in 2019. He has over 34 years of utility industry experience. Prior to joining the CU family, Isom worked at Cookeville Electric Department for five years and was the Engineering Manager for two years.

Throughout his career, he has worked closely with members of the Electric Division, developers/contractors in the community as well as colleagues from other utilities and has served on various committees. A Hardeman County native, he earned a Bachelor of Science degree in Electrical Engineering from Tennessee Technological University in Cookeville. Isom has lived in Bradley County for nearly 30 years.

Marshall Stinnett, Vice President, and CFO

Marshall Stinnett joined Cleveland Utilities as Controller in 2013 and was later promoted to Vice President and Chief Financial Officer in 2015. A Polk County native, he earned a Bachelor of Science in Accounting and a Master of Accountancy from the University of Tennessee at Knoxville. He obtained his CPA license in 2012. Prior to Cleveland Utilities, he served as an external auditor with Ernst & Young where he specialized in public utilities, manufacturing, and transportation. Marshall serves as a board member for the Cleveland Greenway Advisory Board and a Trustee on Cleveland State's Foundation Board. He is a member of the Tennessee Society of Certified Public Accountants.

Craig Mullinax, Vice President – Water and Wastewater Division

Craig Mullinax joined Cleveland Utilities as a Civil Engineer in 1983, was promoted to Meter Department Supervisor in 1994 and to his current role as Vice-President of the Water and Wastewater Divisions in 2004. Cleveland Utilities' Water and Wastewater Divisions currently have 88 employees and serves 35,982 water customers and 20,656 wastewater customers. Mullinax earned a Bachelor of Science degree in Civil Engineering from Tennessee Technological University in Cookeville.

He has been a member of the American Water Works Association (AWWA) and Water Environment Federation (WEF) for 40 years. He holds a Grade II Water Distribution Operator's License from the State of Tennessee. Craig has been a member of the Cleveland Rotary Club for 18 years where he served as treasurer for 5 years. He is a Cleveland native and now lives nearby in Ooltewah.

John Corum, Vice President – Administrative Services

John Corum has been employed at Cleveland Utilities since 2013 where he began as Safety Director and currently serves as the Vice President of Administrative Services. He has 32 years of utility industry experience including working as a Journeyman Lineman at Knoxville Utilities Board and faculty member at Western Nebraska Community College where he taught Utility Powerline Construction and Maintenance. He holds bachelor's and master's degrees from the University of Tennessee, Knoxville, and a Doctorate from the University of Texas at Austin.

John serves on various boards and advisory committees including the Family Resource Agency, Cleveland High School Career/Technical, Cleveland State Community College Business Programs, TVA Energy Programs, and TVPPA Safety Conference Planning. Active in the utility safety arena, he is an OSHA-Authorized General Industry Trainer and conducts regular trainings on the National Electric Safety Code. He has a passion for training and education and speaks at numerous conferences throughout the Tennessee Valley.

THE TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority ("TVA") is a wholly owned corporate agency and instrumentality of the United States. TVA was created by the U.S. Congress in 1933 by virtue of the Tennessee Valley Authority Act of 1933, as amended, 16 U.S.C. §§ 831-831ee (2000 & Supp. IV 2004) (as amended, the "TVA Act"). TVA was created to improve navigation on the Tennessee River, reduce flood damage, provide agricultural and industrial development, and provide electric power to the Tennessee Valley region. TVA manages the Tennessee River and its tributaries for multiple river-system purposes, such as navigation; flood damage reduction; power generation; environmental stewardship; shoreline use; and water supply for power plant operations, consumer use, recreation, industry, and other stewardship purposes. TVA's power system operations, however, constitute the majority of its activities and provide virtually all of its revenues.

TVA operates the nation's largest public power system. TVA supplies power in most of Tennessee, northern Alabama, northeastern Mississippi, and southwestern Kentucky and in portions of northern Georgia, western North Carolina, and southwestern Virginia.

TVA is primarily a wholesaler of power. TVA sells power at wholesale to distributor customers, consisting of municipalities and cooperatives that resell the power to their customers at a retail rate. TVA also sells power to directly served customers, consisting primarily of federal agencies and customers with large or unusual loads, and to exchange power customers (electric systems that border TVA's service area) with which TVA has entered into exchange power arrangements as allowed by the TVA Act.

The power contracts between TVA and the distributor customers such as the System provide for purchase of power by the distributor customers at the wholesale rates established by the TVA Board. Under section 10 of the TVA Act, the TVA Board is authorized to regulate the municipal and cooperative distributors of TVA power to carry out the purposes of the TVA Act through contract terms and conditions as well as through rules and regulations. TVA regulates distributor customers primarily through the provisions of TVA's wholesale power contracts. All power contracts between TVA and the distributor customers require that power purchased from TVA be sold and distributed to the ultimate consumer without discrimination among consumers of the same class, and prohibit direct or indirect discriminatory rates, rebates, or other special concessions. In addition, there are a number of wholesale power contract provisions through which TVA seeks to ensure that the electric system revenues of the distributor customers are used only for electric system purposes. Furthermore, almost all these contracts specify the specific resale rates and charges at which the distributor customers must resell TVA power to their customers. These rates are revised from time-to-time, subject to TVA approval, to reflect changes in costs, including changes in the wholesale cost of power. The regulatory provisions in TVA's wholesale power contracts are designed to carry out the objectives of the TVA Act, including the objective of providing for an adequate supply of power at the lowest feasible rates.

The TVA Act gives the TVA Board sole responsibility for establishing the rates TVA charges for power. These rates are not subject to judicial review or to review or approval by any state or federal regulatory body.

In setting TVA's rates, the TVA Board is charged by the TVA Act to have due regard for the primary objectives of the TVA Act, including the objective that power shall be sold at rates as low as are feasible.

Source: Various Form 10-K/A Annual Financial Reports of the Tennessee Valley Authority

POWER CONTRACT

Except as described below, the System purchases all of it power from TVA pursuant to a Power Contract dated September 10, 1976, as subsequently amended, including on August 27, 2019 (the "Power Contract"). The Power Contract with TVA is a rolling 20-year agreement. Under the Power Contract, TVA agrees to supply the amount of electric power required for service to the System's customers, and the System agrees to purchase all electric power from TVA. The Power Contract has not been terminated by either party. The Power Contract allows CU to develop or obtain up to 5.00% of CU's annual standard service energy requirements from distribution-level renewable and other resources. CU is currently evaluating its options to develop or obtain these distribution-level resources.

The Power Contract provides that TVA shall make every reasonable effort to increase the generating capacity of its system and to provide transmission facilities required to deliver the output thereof to supply additional power when and to the extent needed. Neither TVA nor the System are liable for breach of contract if the availability or use of power is interrupted or curtailed or if either party is prevented from performing under the Power Contract by circumstances reasonably beyond their control. The amount of power supplied by TVA and the contractual obligation to supply such power are limited by the capacity of TVA's generating and transmission facilities and the customary purchases from other companies on the power grid.

The Power Contract provides that the System may sell power to all customers in its service area, except certain federal installations and large customers which TVA may serve directly. At the present time, TVA does not directly serve any customers located within the System's electric service territory.

The cost and availability of power for the System may be affected by, among other things, factors relating to TVA's nuclear program, fuel supply, environmental considerations (such as future legislation regulating the mining of and burning of coal), the construction and financing of future generating and transmission facilities and other factors relating to TVA's ability to fulfill the power demands of its customers, including the System. The power sold to the System is supplied from the entire TVA system and not one specific generating facility.

For more information concerning TVA, its generation capacity, and its financial condition, including some of those factors discussed above, see the annual, quarterly, and current reports filed by TVA with the Securities and Exchange Commission ("SEC"). Annual financial information about TVA can be found in TVA's Annual Report filed on Form 10-K. Interim financial information can be found in TVA's Quarterly Reports filed on Form 10-Q. Additional information may be found from time to time on TVA's Current Reports filed on Form 8-K. TVA's SEC filings are available to the public from the SEC and from TVA website at TVA. Information contained in these reports and on TVA's website shall not be deemed to be incorporated into, or to be a part of, this "Official Statement".

Source: Various Form 10-K/A Annual Financial Reports of the Tennessee Valley Authority.

Also see "Appendix F: The Board of Public Utilities of the City of Cleveland, Tennessee - Financial Statements - June 30, 2022" for schedule of current power rates.

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FINANCIAL AND OPERATING INFORMATION

DISCUSSION OF OPERATIONS

General: The Electric Division sold 1,022,259,454 kilowatt-hours of electricity during fiscal year 2022. This volume represents a 1.4% increase compared to fiscal year 2021. Residential, Street & Outdoor Lighting reflected a decrease in volume compared to 2021. The remaining classes reflected an increase in volume in 2022 compared to 2021. The average retail price of all kilowatt-hours sold in 2022 was 10.26 cents compared to 9.68 cents in 2021. The number of customers served during June 2022 was 32,791, compared to 32,351 during June 2021.

Revenue from the sale of electricity was $106,102,020 for fiscal year 2022 and $98,357,656 for fiscal year 2021. Revenue from the sale of electricity to residential customers represented 42.0%, commercial customers represented 9.0%, and industrial customers represented 46.0% of the total. Lighting accounted for the remaining 3.0%. Other revenues increased 4.0% from 2021 to 2022.

Expenses for the fiscal year 2022 had an 8.0% increase from 2021. The Electric Division purchases all electricity from the Tennessee Valley Authority. The cost of purchased power was $78,293,429 in fiscal year 2022; whereas it was $71,322,321 for fiscal year 2022. When stated as a percent of electric revenues, purchased power was 73.8% in fiscal year 2022 and 72.5% in fiscal year 2021. Operating expenses other than purchased power for FY 2022 increased 2.0% from FY 2021.

During FY 2013, an agreement was made between Cleveland Utilities, the City, and Bradley County regarding the $2,000,000 Spring Branch Industrial Park obligation. Cleveland Utilities has recorded an economic development asset in the amount of $1,297,636 with $849,006 being classified as deferred economic development costs (amortizable over the remaining 11 years) and $448,630 being classified as deferred economic land held for future use (non-amortizable). Any additional costs incurred to the project will be recorded as deferred economic development costs, and the yearly amortization will be adjusted to include the additional costs spread over the remaining years of the agreement. Any return received on the project will be used to offset the deferred economic asset, whether that return be in the form of proceeds or real estate.
Source: Board of Public Utilities of the City of Cleveland, Tennessee – Financial Statements – June 30, 2022.

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Number of Customers. The following table shows by type, the number of meters for the most recent five fiscal periods as reported to TVA.

Class of Service	2018	2019	2020	2021	2022
Residential	27,052	27,191	27,329	27,575	27,921
General Power 50kw & Under	3,897	3,931	3,932	4,028	4,111
General Power over 50kW	605	587	592	585	595
Electric Vehicles	0	0	0	0	0
Street and Athletic	122	121	121	121	121
Outdoor Lighting	50	46	45	42	43
Total Meters:	**31,726**	**31,876**	**32,019**	**32,351**	**32,791**
Special Outdoor Lighting	1,443	1,472	1,510	1,568	1,581
Other Outdoor Lighting	662	629	557	502	450

Source: TVA Annual Reports of the Board.

IMPORTANT NOTE: On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. In prior years, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City.

Purchased Power – Cost. The following table depicts purchased power from all sources for the most recent five fiscal years as reported to TVA.

Description	2018	2019	2020	2021	2022
Purchased Power (TVA	$79,078,347	$79,105,222	$73,773,799	$71,322,321	$78,293,429
Facilities Rental (TVA)	0	0	0	0	0
Other Charges/Credits (TVA)	0	0	0	0	0
Total From TVA	$79,078,347	$79,105,222	$73,773,799	$71,322,321	$78,293,429
Other Purchased Power	0	0	0	0	0
Subtotal	$79,078,347	$79,105,222	$73,773,799	$71,322,321	$78,293,429
Unbilled Purchases	0	0	0	0	0
Total:	$79,078,347	$79,105,222	$73,773,799	$71,322,321	$78,293,429

Source: TVA Annual Reports of the Board.

IMPORTANT NOTE: On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. In prior years, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City.

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Purchased Power - Kilowatt Hours Purchased. The following table depicts Kilowatt Hours of Electric Power Purchased for the most recent five fiscal years as reported to TVA.

Description	**2018**	**2019**	**2020**	**2021**	**2022**
Purchased Power (TVA	1,081,144,905	1,069,273,479	1,033,326,623	1,039,444,215	1,053,875,725
Total From TVA	1,081,144,905	1,069,273,479	1,033,326,623	1,039,444,215	1,053,875,725
Other Purchased Power	0	0	0	0	0
Total	1,081,144,905	1,069,273,479	1,033,326,623	1,039,444,215	1,053,875,725
Less Kilowatt-hours Sold and Used	1,055,146,783	1,040,636,952	1,004,294,362	1,007,351,842	1,019,393,254
Line Losses and Kilowatt-hours Unaccounted	25,998,422	28,636,527	29,032,261	32,092,373	34,482,471
Percent of Losses to Purchases	2.41%	2.68%	2.81%	3.09%	3.27%
Cost Per kWh including Facilities Rent				$0.0686	$0.0743

Source: TVA Annual Reports of the Board.

IMPORTANT NOTE: On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. In prior years, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City.

Statistical Data – Revenue. The following table depicts revenues from power sold by class of service for the most recent five fiscal years as reported to TVA.

Class of Service	**2018**	**2019**	**2020**	**2021**	**2022**
Residential	$41,717,860	$43,415,172	$42,765,283	$42,917,432	$45,077,529
General Power – 50kW & Under	8,956,858	9,384,335	9,238.041	9,256,472	9,934,815
General Power – Over 50kW	46,525,290	46,617,888	44,489,271	43,743,881	48,325,751
Electric Vehicles	0	0	0	0	0
Street and Athletic	1,404,522	1,442,413	1,497,082	1,626,814	1,628,987
Outdoor Lighting	675,611	673,387	658,980	659,447	682,724
Subtotal:	**$99,279,941**	**$101,533,195**	**$98,648,657**	**$98,204,047**	**$105,649,806**
Unbilled Revenue	104,844	140,806	50,098	153,610	452,214
Total:	**$99,384,785**	**101,674,001**	**$98,698,754**	**$98,357,656**	**$106,102,020**

Source: TVA Annual Reports of the Board.

IMPORTANT NOTE: On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. In prior years, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City.

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Kilowatt Hours of Electric Power Sold. The following table depicts kilowatt hours of power sold by class of service for the most recent five fiscal years as reported to TVA.

Class of Service	2018	2019	2020	2021	2022
Residential	383,383,976	381,641,551	373,542,196	377,937,238	374,987,461
General Power – 50kW & Under	76,452,457	77,060,983	75,855,186	75,855,186	77,41,347
General Power – Over 50kW	584,501,857	571,363,828	545,298,949	543,440,788	557,029,747
Electric Vehicles	0	0	00	0	0
Street and Athletic	6,809,120	6,671,550	6,517,504	6,488,261	6,409,246
Outdoor Lighting	3,999,073	3,899,040	3,745,058	3,600,369	3,475,453
Kilowatt – hours for Own Use	0	0	0	0	0
Total:	1,055,146,483	1,040,636,952	1,004,294,362	1,007,351,842	1,019,393,254

Source: TVA Annual Reports of Cleveland Utilities.

IMPORTANT NOTE: On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. In prior years, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City.

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TEN LARGEST ELECTRIC CUSTOMERS

For the twelve months ended June 30, 2023, compared to June 30, 2014, the ten largest customers of the System in order of total kWh sales are shown in the following charts. Also depicted on the following charts is certain operating data and revenue for each customer:

FISCAL YEAR 2023

Customer Name	Activity/Business	Usage KW	Usage KWH	% of Total Usage	% of Annual Revenue	FY 2023 Revenue
MARS CHOCOLATE	Industry/Food	157,040	93,947,932	9.44%	5.68%	$ 6,459,941
WHIRLPOOL CORPORATION	Industry/Appliances	58,374	27,624,195	2.77%	2.03%	2,303,722
DURACELL MANUFACTURING	Industry/Batteries	51,332	23,838,485	2.39%	1.91%	2,171,185
SOUTHEASTERN CONTAINER	Industry/Bottles	35,376	19,096,537	1.92%	1.24%	1,409,014
RENFRO CHARLESTON LLC	Industry/Socks	24,498	13,567,641	1.36%	1.11%	1,257,351
TENNOVA MEDICAL	Hospital	22,721	12,789,078	1.28%	1.04%	1,186,539
FORMULATED SOLUTIONS	Pharmaceuticals	23,776	12,005,702	1.21%	1.00%	1,142,142
COCA COLA BOTTLING	Industry/Drinks	25,974	10,841,337	1.09%	0.96%	1,086,399
CORMETCH INC	Industry/	17,349	10,232,869	1.03%	0.82%	932,103
NEWLY WED FOODS	Industry/Food	17,997	7,439,565	0.75%	0.65%	743,809
		434,437	231,383,341	23.24%	16.44%	$ 18,692,204

FISCAL YEAR 2014

Customer Name	Activity/Business	Usage KW	Usage KWH	% of Total Usage	% of Annual Revenue	FY 2014 Revenue
MARS CHOCOLATE	Industry/Food	159,578	96,370,984	8.82%	6.24%	$ 6,048,154
WHIRLPOOL CORPORATION	Industry/Appliances	58,981	29,834,422	2.73%	2.20%	2,134,404
SOUTHEASTERN CONTAINER	Industry/Bottles	52,948	28,124,679	2.57%	1.93%	1,874,234
WHIRLPOOL CORPORATION	Industry/Appliances	42,222	22,596,649	2.07%	1.62%	1,567,265
PROCTOR & GAMBLE	Industry/Batteries	75,356	19,313,127	1.77%	1.65%	1,603,064
MSD CUSTOMER CARE	Pharmaceuticals	27,878	15,625,091	1.43%	1.31%	1,272,823
TENNOVA MEDICAL	Hospital	23,481	14,245,846	1.30%	1.18%	1,140,627
CORMETECH	Industry/	17,794	10,763,966	0.98%	0.74%	718,168
PROCTOR & GAMBLE	Industry/Batteries	20,210	10,572,279	0.97%	0.81%	786,782
COCA COLA REFRESHMENT	Industry/Drinks	25,533	10,193,199	0.93%	0.94%	909,828
		503,981	257,640,242	23.57%	18.63%	$ 18,055,349

Source: Cleveland Utilities

IMPORTANT NOTE: On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. In prior years, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City.

SYSTEM RATES

Pursuant to the Power Contract, the Board has agreed to adhere to the resale rates set forth in certain schedules established by the TVA. The schedules include the provision that customer billings will be adjusted in accordance with the Adjustment Addenda published by the TVA. The System is not otherwise subject to rate regulation under existing law and there is no known legislation pending to make its electric rates subject to regulation. The Power Contract provides further that if the resale rates set forth therein do not provide sufficient revenues for the operation and maintenance of the Board on a self-supporting, financially sound basis, including debt service, the System and TVA shall agree to changes in rates to provide increased revenues. In like manner, if the rates and changes produce excess revenues, the parties shall agree to rate reductions. Since the date of the Power Contract, the wholesale and resale rates have been adjusted from time to time through TVA's publication of Adjustment Addenda.

TVA has announced a system-wide 4.0% increase in its charges effective on October 1, 2023. CU plans to pass this increase on to its customers.

See “Appendix E: Current Rates” for additional information on System rates.

RETIREMENT PLANS

For information on the Board’s retirement plans, see “Appendix F: The Board of Public Utilities of the City of Cleveland, Tennessee - Financial Statements - June 30, 2022”.

OTHER POST-EMPLOYMENT BENEFITS

Cleveland Utilities provides additional post-employment benefits (“OPEB”) to its retirees. The OPEB obligation is disclosed in the annual financial statements. See “Appendix F: The Board of Public Utilities of the City of Cleveland, Tennessee - Financial Statements - June 30, 2022”

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CLEVELAND UTILITIES AUTHORITY
Electric System Bonds
Summary of Indebtedness
As of June 30, 2023 Plus the Series 2023 Bonds

Amount Issued [(1)]	Purpose	Due Date	Interest Rates	Outstanding
$ 885,283	General Obligation Refunding Bond, Series 2016B (FHB)	6/1/2036	3.140%	$ 615,055
2,385,000	General Obligation Bonds, Series 2018B	6/1/2039	3.500 - 5.000%	2,055,000
2,510,000	General Obligation Refunding Bonds, Series 2019	12/1/2033	3.000 - 5.000%	890,000
8,830,000	General Obligation Bonds, Series 2020 (Includes Refunding Component)	12/1/2040	2.000 - 5.000%	7,180,000
$ 14,610,283	**Prior Total Electric System Obligated Debt Issued By the City for the Use and Benefit of CUB [(2)]**			$ 10,740,055
$ (14,610,283)	Less: Obligated Principal Retired			$ (10,740,055)
10,495,000	Plus: Series 2023 Bonds - Acquired*			10,495,000
54,000,000	Plus: Series 2023 Bonds - System Improvements*			54,000,000
$ 64,495,000	**Total Electric System Revenue Bonds***			$ 64,495,000

[(1)] Does not include leases and similar operating obligations. Does not include agreement with the City of Cleveland for funding the Spring Creek Industrial Park, initially totaling $2,000,000 payable over 15 years. See the Notes to the Financial Statements for additional information. Also does not include five short-term notes payable to Volunteer Energy at 0% interest totalling $1,625,000 as of July 1, 2023 (the "Notes"). The Notes will be assigned and assumed by the Board to the Authority without change, but are not prior lien obligations.

[(2)] Prior to fiscal year 2023, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee ("CUB") and was treated as an enterprise activity of the City. During that time, all debt of the System was issued by the City for the use and benefit of CUB. On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. For additional information, see the section entitled "SECURITIES OFFERED - Introduction".

* Preliminary - Subject to revision or adjustment.

CLEVELAND UTILITIES AUTHORITY
Electric System Revenue Bonds
Debt Service Requirements[(1)(2)]*
As of June 30, 2023 Plus the Series 2023 Bonds

	PRINCIPAL REQUIREMENTS						INTEREST REQUIREMENTS					
	City Issued - Use and Benefit of CUB		Series 2023 Bonds				City Issued - Use and Benefit of CUB		Series 2023 Bonds			
FYE 6/30	Current Obligated Principal	Less: Obligated Principal	Acquired Principal	New Improv. Principal	Total Principal	% Total Debt Retired	Current Obligated Interest	Less: Obligated Interest	Acquired Interest	New Improv. Interest	Total Interest	Total Debt Service
2024	$ 1,100,860	$ (1,100,860)	1,255,000	$ 2,300,000	$ 3,555,000		$ 422,635	$ (422,635)	$ 307,562	$ 1,582,500	$ 1,890,062	$ 5,445,062
2025	1,127,635	(1,127,635)	1,080,000	1,300,000	2,380,000		377,884	(377,884)	462,000	2,585,000	3,047,000	5,427,000
2026	780,807	(780,807)	745,000	1,790,000	2,535,000		332,882	(332,882)	408,000	2,520,000	2,928,000	5,463,000
2027	786,398	(786,398)	745,000	1,880,000	2,625,000		294,600	(294,600)	370,750	2,430,500	2,801,250	5,426,250
2028	811,989	(811,989)	775,000	1,975,000	2,750,000		255,551	(255,551)	333,500	2,336,500	2,670,000	5,420,000
2029	809,355	(809,355)	755,000	2,075,000	2,830,000	25.85%	215,982	(215,982)	294,750	2,237,750	2,532,500	5,362,500
2030	824,946	(824,946)	775,000	2,180,000	2,955,000		176,089	(176,089)	257,000	2,134,000	2,391,000	5,346,000
2031	852,903	(852,903)	795,000	2,285,000	3,080,000		135,178	(135,178)	218,250	2,025,000	2,243,250	5,323,250
2032	588,495	(588,495)	545,000	2,400,000	2,945,000		103,474	(103,474)	178,500	1,910,750	2,089,250	5,034,250
2033	609,086	(609,086)	575,000	2,520,000	3,095,000		82,176	(82,176)	151,250	1,790,750	1,942,000	5,037,000
2034	619,678	(619,678)	590,000	2,645,000	3,235,000	49.59%	64,560	(64,560)	122,500	1,664,750	1,787,250	5,022,250
2035	455,860	(455,860)	445,000	2,780,000	3,225,000		50,500	(50,500)	93,000	1,532,500	1,625,500	4,850,500
2036	307,043	(307,043)	305,000	2,920,000	3,225,000		40,178	(40,178)	70,750	1,393,500	1,464,250	4,689,250
2037	270,000	(270,000)	270,000	3,065,000	3,335,000		30,394	(30,394)	55,500	1,247,500	1,303,000	4,638,000
2038	275,000	(275,000)	280,000	3,220,000	3,500,000		21,794	(21,794)	42,000	1,094,250	1,136,250	4,636,250
2039	285,000	(285,000)	295,000	3,380,000	3,675,000	75.89%	12,944	(12,944)	28,000	933,250	961,250	4,636,250
2040	115,000	(115,000)	130,000	3,545,000	3,675,000		3,772	(3,772)	13,250	764,250	777,500	4,452,500
2041	120,000	(120,000)	135,000	3,725,000	3,860,000		1,275	(1,275)	6,750	587,000	593,750	4,453,750
2042	-	-	-	3,910,000	3,910,000		-	-	-	400,750	400,750	4,310,750
2043	-	-	-	4,105,000	4,105,000	100.00%	-	-	-	205,250	205,250	4,310,250
	$ 10,740,055	$ (10,740,055)	$ 10,495,000	$ 54,000,000	$ 64,495,000		$ 2,621,867	$ (2,621,867)	$ 3,413,312	$ 31,375,750	$ 34,789,062	$ 99,284,062

(1) Prior to fiscal year 2023, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee ("CUB") and was treated as an enterprise activity of the City of Cleveland, Tennessee ("City"). During that time, all debt of the System was issued by the City for the use and benefit of CUB. On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. For additional information, see the section entitled "SECURITIES OFFERED - Introduction".

(2) Does not include leases and similar operating obligations. Does not include agreement with the City of Cleveland for funding the Spring Creek Industrial Park, initially totaling $2,000,000 payable over 15 years. See the Notes to the Financial Statements for additional information. Also does not include five short-term notes payable to Volunteer Energy at 0% interest totalling $1,625,000 as of July 1, 2023 (the "Notes"). The Notes will be assigned and assumed by the Board to the Authority without change, but they are not prior lien obligations.

*Preliminary - Subjest to adjustement and revision.

CLEVELAND UTILITY AUTHORITY

Electric System

Summary of Revenues, Expenditures and Changes in Net Position

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Revenues:										
Electric Revenues:										
Residential	$ 36,037,321	$ 37,508,466	$ 38,076,457	$ 37,010,883	$ 40,295,283	$ 41,717,860	$ 43,415,172	$ 42,765,283	$ 42,917,432	$ 45,077,529
Large Power	49,178,702	49,180,202	49,103,277	47,940,969	48,948,301	46,525,290	46,617,888	44,489,271	43,743,882	48,325,750
Small Power	7,993,818	8,247,649	8,385,785	8,181,267	8,799,553	8,956,858	9,384,335	9,238,041	9,256,472	9,934,815
Street, Traffic and Outdoor Lighting	1,761,172	2,000,009	2,040,912	2,067,310	2,111,971	2,079,932	2,115,800	2,156,062	2,286,261	2,311,712
Change in Accrued Revenue	(60,233)	101,400	250,084	377,144	(497,179)	104,844	140,806	50,097	153,610	452,214
Less Uncollectible Electric Sales	(203,122)	(209,160)	(224,234)	(99,872)	(120,727)	(78,080)	(89,071)	7,892	(46,876)	(145,642)
Total Electric Revenues	$ 94,707,658	$ 96,828,566	$ 97,632,281	$ 95,477,701	$ 99,537,202	$ 99,306,704	$ 101,584,930	$ 98,706,646	$ 98,310,781	$ 105,956,378
Other Operating Revenues	1,438,381	1,420,943	1,462,391	1,527,747	1,540,155	1,607,573	1,569,784	1,636,398	1,739,517	1,752,360
Total Operating Revenues	$ 96,146,039	$ 98,249,509	$ 99,094,672	$ 97,005,448	$ 101,077,357	$ 100,914,277	$ 103,154,714	$ 100,343,044	$ 100,050,298	$ 107,708,738
Operating Expenses:										
Operations:										
Power Purchased from TVA	$ 79,304,189	$ 80,959,336	$ 81,846,712	$ 77,822,947	$ 80,105,707	$ 79,078,347	$ 79,105,222	$ 73,773,799	$ 71,322,321	$ 78,293,429
Other Operating Expenses	6,823,118	7,133,200	6,725,876	7,412,062	6,609,517	7,255,680	7,594,078	7,631,321	7,670,423	8,055,096
Total Operations	$ 86,127,307	$ 88,092,536	$ 88,572,588	$ 85,235,009	$ 86,715,224	$ 86,334,027	$ 86,699,300	$ 81,405,120	$ 78,992,744	$ 86,348,525
Maintenance	3,035,186	3,067,219	3,350,959	3,304,556	3,399,774	3,776,769	5,146,763	5,059,141	4,972,318	4,830,682
Provision for Depreciation and Amortization	3,584,496	3,756,038	4,414,744	4,701,178	4,713,127	4,736,830	4,999,886	4,943,437	5,094,043	4,957,556
Total Operating Expenses	$ 92,746,989	$ 94,915,793	$ 96,338,291	$ 93,240,743	$ 94,828,125	$ 94,847,626	$ 96,845,949	$ 91,407,698	$ 89,059,105	$ 96,136,763
Net Operating Revenue	$ 3,399,050	$ 3,333,716	$ 2,756,381	$ 3,764,705	$ 6,249,232	$ 6,066,651	$ 6,308,765	$ 8,935,346	$ 10,991,193	$ 11,571,975
Non-Operating Revenues (Expenses):										
Interest Expense	$ (447,343)	$ (471,182)	$ (466,496)	$ (458,439)	$ (467,188)	$ (483,608)	$ (634,273)	$ (502,141)	$ (559,372)	$ (404,028)
Interest Income	27,756	31,944	42,654	55,228	99,991	217,722	385,594	274,554	33,984	80,787
Plant Cost Recovered through Contributions in Aid of Construction	(331,830)	(148,231)	(182,407)	(303,134)	(330,463)	(140,664)	(271,254)	(111,134)	(402,873)	(161,974)
Contributions in Aid of Construction	331,830	148,231	182,407	303,134	330,463	140,664	271,254	111,134	402,873	161,974
Other Income	43,272	48,977	55,140	70,288	71,887	118,284	235,723	262,883	291,180	317,634
Other Expenses	-	-	(7,608)	(14,751)	(14,294)	(10,244)	(9,407)	(16,127)	(14,214)	(9,035)
Total Non-Operating Rev. (Exp.)	$ (376,315)	$ (390,261)	$ (376,310)	$ (347,674)	$ (309,604)	$ (157,846)	$ (22,363)	$ 19,169	$ (248,422)	$ (14,642)
Net Income Before Transfers	$ 3,022,735	$ 2,943,455	$ 2,380,071	$ 3,417,031	$ 5,939,628	$ 5,908,805	$ 6,286,402	$ 8,954,515	$ 10,742,771	$ 11,557,333
Transfers to Other Funds	(1,837,680)	(1,989,225)	(2,034,884)	(1,971,655)	(2,005,089)	(2,147,213)	(2,265,315)	(2,401,292)	(2,498,439)	(2,417,873)
Change in Net Position	$ 1,185,055	$ 954,230	$ 345,187	$ 1,445,376	$ 3,934,539	$ 3,761,592	$ 4,021,087	$ 6,553,223	$ 8,244,332	$ 9,139,460
Net Position - PY	$ 61,055,796	$ 62,100,791	$ 63,055,021	$ 55,569,303	$ 57,014,679	$ 60,949,218	$ 62,284,397	$ 66,305,484	$ 72,858,707	$ 81,102,880
Cumulative Effect of Change in Accounting	-	-	(7,830,905)	-	-	(2,426,413)	-	-	-	-
Net Position, Beginning of Year - (Restated)	$ 61,055,796	$ 62,100,791	$ 55,224,116	$ 55,569,303	$ 57,014,679	$ 58,522,805	$ 62,284,397	$ 66,305,484	$ 72,858,707	$ 81,102,880
Restatement	-	-	-	-	-	-	-	-	(159)	-
Net Position, End of Year	$ 62,240,851	$ 63,055,021	$ 55,569,303	$ 57,014,679	$ 60,949,218	$ 62,284,397	$ 66,305,484	$ 72,858,707	$ 81,102,880	$ 90,242,340

IMPORTANT NOTE: Prior to fiscal year 2023, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee and was treated as an enterprise activity of the City. On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. For additional information, see the section entitled "SECURITIES OFFERED - Introduction". Accordingly, information provided for years prior to fiscal years is included for informational and comparative purposes only.

Source: Financial Statements and Supplementary Information of the Cleveland Board of Public Utilities

CLEVELAND UTILITIES AUTHORITY

Debt Service Coverages[(1)]*

Historical Coverage of Proforma Maximum Annual Debt Service Requirements

Operations:	**2018**	**2019**	**2020**	**2021**	**2022**	**Unaudited 2023**
Operating Revenues	$ 100,914,277	$ 103,154,714	$ 100,343,044	$ 100,050,298	$ 107,708,738	$ 114,916,555
Operations Expense (Excluding Depreciation)	(90,110,796)	(91,846,063)	(86,464,261)	(83,965,062)	(91,179,207)	(98,665,630)
Depreciation	(4,736,830)	(4,999,886)	(4,943,437)	(5,094,043)	(4,957,556)	(4,885,218)
Net Operating Income	$ 6,066,651	$ 6,308,765	$ 8,935,346	$ 10,991,193	$ 11,571,975	$ 11,365,707
Non-Operating Revenues (Expenses):						
Interest Expense	$ (483,608)	$ (634,273)	$ (502,141)	$ (559,372)	$ (404,028)	$ (379,339)
Interest Income	217,722	385,594	274,554	33,984	80,787	1,077,267
Other Income	118,284	235,723	262,883	291,180	317,634	305,572
Other Expenses	(10,244)	(9,407)	(16,127)	(14,214)	(9,035)	-
Net Non-Operating Rev. (Exp.)	$ (157,846)	$ (22,363)	$ 19,169	$ (248,422)	$ (14,642)	$ 1,003,500
Other:						
Operating Transfers - PILOT Payments	$ (2,147,213)	$ (2,265,315)	$ (2,401,292)	$ (2,498,439)	$ (2,417,873)	$ (2,539,354)
Net Operating Income	$ 3,761,592	$ 4,021,087	$ 6,553,223	$ 8,244,332	$ 9,139,460	$ 9,829,853
Add Back:						
Depreciation	$ 4,736,830	$ 4,999,886	$ 4,943,437	$ 5,094,043	$ 4,957,556	$ 4,885,218
Interest Expenses	483,608	634,273	502,141	559,372	404,028	379,339
Total Additional:	$ 5,220,438	$ 5,634,159	$ 5,445,578	$ 5,653,415	$ 5,361,584	$ 5,264,557
Income Available for Debt Service	$ 8,982,030	$ 9,655,246	$ 11,998,801	$ 13,897,747	$ 14,501,044	$ 15,094,410
Prior Maximum Debt Service	$ 1,663,454	$ 1,667,811	$ 1,735,742	$ 1,617,531	$ 1,641,058	$ 1,641,058
Historical Coverage Ratio	539.96%	578.92%	691.28%	859.20%	883.64%	919.80%

Projected Debt Service Coverage - MADS[(2)]:	$ 5,463,000
Estimated Series 2023 Bonds*	
Coverage	276.30%

IMPORTANT NOTE: Prior to fiscal year 2023, the System was owned and operated by the Board of Public Utilities of the City of Cleveland, Tennessee ("CUB") and was treated as an enterprise activity of the City. During that time, all debt of the System was issued by the City for the use and benefit of CUB. On October 31, 2023, the Authority was created and acquired all assets and liabilities of the System. For additional information, see the section entitled "SECURITIES OFFERED - Introduction".

[(1)] Does not include leases and similar operating obligations. Does not include agreement with the City of Cleveland for funding the Spring Creek Industrial Park, initially totaling $2,000,000 payable over 15 years. See the Notes to the Financial Statements for additional information. Also does not include five short-term notes payable to Volunteer Energy at 0% interest totalling $1,625,000 as of July 1, 2023 (the "Notes"). The Notes will be assigned and assumed by the Board to the Authority without change.

[(2)] Maximum annual debt service ("MADS") occurs in FY 2026

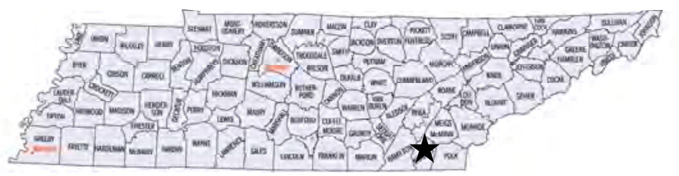
* Preliminary - Subject to Revision or Adjustment. Audited financials for FY 2023 are not available as of the date of the "Official Statement".

THE CITY OF CLEVELAND AND BRADLEY COUNTY[*]

INTRODUCTION

The City of Cleveland (the "City") serves as the county seat of Bradley County (the "County") is in the southeast portion of the State of Tennessee approximately 26 miles northeast of Chattanooga and 80 miles south of Knoxville. The City lies in a valley between the Cumberland and Great Smoky Mountains and consists of 30.33 miles of land area. Bradley County is bordered to the east by Hamilton County and to the west by Polk County. Meigs and McMinn Counties make up the County's northern border. To the south, the County is bordered by the state of Georgia.

Cleveland is Bradley County's largest city with a Census 2020 population of 47,356. The 2020 Census reported the County with a 108,620 population. In 2004 Cleveland was designated a Metropolitan Statistical Area (the "MSA"). The MSA includes Bradley and Polk Counties and has a Census 2020 population of 126,164.



The City is also part of the Chattanooga-Cleveland-Athens, TN-GA Combined Statistical Area (the "CSA") of southeast Tennessee and northeast Georgia. The CSA includes Hamilton, Marion, and Sequatchie Counties in Tennessee. The 2020 Census reported the CSA with a 623,180 population. The City of Chattanooga is the largest city in the CSA with a population of 181,099 according to the 2020 Census.

Census Population	City of Cleveland	% Increase	Bradley County	% Increase	Tennessee	% Increase
2020	47,356	14.7%	108,620	9.8%	6,910,339	8.9%
2010	41,285	11.0%	98,963	12.5%	6,346,105	11.5%
2000	37,192	22.5%	87,965	19.3%	5,689,283	16.7%
1990	30,354	14.9%	73,712	9.1%	4,877,185	6.2%
1980	26,415	23.2%	67,564	33.3%	4,591,120	17.0%
1970	21,466	32.4%	50,686	32.3%	3,923,687	10.0%

Source: U.S. Census Bureau

TRANSPORTATION

Transportation is provided by numerous facilities. The County is served by Interstate 75, U.S. highways 11 and 64, and state routes 60, 74, 40 and 2. Over 100 motor freight carriers serve

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[*] Unless otherwise cited, information about the City of Cleveland and Bradley County are taken from their respective continuing disclosure filings for the fiscal year ended June 30, 2022.

the area with local terminals. The Norfolk-Southern railway's main line between New Orleans and Washington, D.C. is located less than thirty miles from Cleveland. Ten miles north of Cleveland a barge terminal is located on the Hiwassee River, providing manufacturing concerns with direct access to a major barge traffic artery.

The Cleveland Regional Jetport has a 6,200-foot runway that was completed in 2013. Commercial airline service is available in Chattanooga at Lovell Field, which is approximately 15 miles from the County. Air freight, cargo and package express services are also available at Lovell Field.

GOVERNMENTAL STRUCTURE

The City of Cleveland operates under the council-manager form of government, established by an amended Private Act Charter in 1993, following a referendum. Five council members are elected from districts, and the mayor and two council members are elected at large. All elections are non-partisan, and the terms are for four years, with half the members elected every two years. Policy-making and legislative authority are vested in the council. The council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, hiring the city manager, and appointing the city attorney and city judge. The city manager is responsible for carrying out the policies and ordinances of the city council, overseeing the city's day-to-day operations, and appointing the heads of the various departments.

The City provides a full range of services which include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the Board of Directors exercises, or has the authority to exercise, oversight of the Utilities Department and the Cleveland City Schools.

Source: City of Cleveland Annual Comprehensive Financial Report – FYE June 30, 2022.

EDUCATIONAL OPPORTUNITIES

K-12 Public Education. Public education is provided to City and County residents by two systems. The Bradley County School System operates seventeen schools with a fall 2022 enrollment of about 9,691 students. The Cleveland City Schools System operates nine schools with a fall 2022 enrollment of about 5,304 students.

Chattanooga State Technical Community College (the “CSTCC”) is located in Chattanooga, Tennessee. It was founded in 1965. The fall 2021 enrollment was 7,085 over 4 campuses: Downtown Chattanooga, East Chattanooga, Dayton, Kimball and Sequatchie Bledsoe. Chattanooga State provides comprehensive one and two-year occupational, college parallel, continuing education, and community service programs as well as quality technical and scientific occupational programs. The College serves Chattanooga and Hamilton, Bradley, Rhea, Sequatchie, Marion, Bledsoe, and Grundy counties.

Since 2007 CSTCC has invested more than $2.3 million in technology curriculum updates and expansions to relate directly to automotive industry and suppliers, as well as energy and nuclear

industries moving to the area. Volkswagen has completed construction on a $1 billion plant in nearby Chattanooga that employs about 2,000 people. The $2.4 billion Wacker Polysilicon plant, which began production in early 2016, has located in nearby Bradley County, has three apprenticeship programs at CSTCC to help meet future employment needs. Chemical operator and mechanical and electrical/instrumentation apprentices will work one to two days a week at the plant in addition to their class work.
Source: Chattanooga State Technical Community College.

Cleveland State Community College is a comprehensive two-year community college that operates within the governance of the Tennessee Board of Regents. The college is located in Cleveland, Tennessee, just 30 miles northeast of Chattanooga. The fall of 2021 semester had an enrollment of 3,182 students. The college has offices and classrooms in Athens and Vonore. Cleveland State's service area includes Bradley, Meigs, McMinn, Monroe, and Polk Counties.
Source: Cleveland State Community College and TN Higher Education Commission.

Lee University is a private, comprehensive Christian college operated by the Church of God located in Cleveland, Tennessee. Lee is a fully accredited liberal arts institution with bachelor's degrees available in 40 majors in 80 programs of study and seven master's degree programs. Lee is the second largest of Tennessee's 35 accredited private colleges and universities. The University was founded in 1918 and had a fall 2021 enrollment of 4,505 students.
Source: Lee University.

University of Tennessee at Chattanooga Cleveland MBA Program. UTC's College of Business Administration offers the only AACSB accredited Master of Business Administration (MBA) program in the Cleveland area. Professors travel to Cleveland once a week. The MBA program is designed to help potential as well as experienced managers improve their skills by learning in an application-based teaching environment.
Source: University of Tennessee at Chattanooga.

The Tennessee College of Applied Technology at Athens. The Tennessee College of Applied Technology at Athens (the "TCAT-A") is part of a statewide system of 26 vocational- technical schools. The TCAT-A meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-A serves the southeast region of the state including McMinn, Monroe, Bradley, Meigs, and Polk Counties. The TCAT-A began operations in 1963, and the main campus located in McMinn County.
Source: Tennessee Technology Center at Athens and TN Higher Education Commission.

HEALTHCARE

Tennova Healthcare is a 351- bed, two campus, full service, regional medical center. Services include surgery, digestive care, senior services, behavioral health, women's services, emergency, and pediatric care. The hospital has about 150 active physicians. Tennova Healthcare is affiliated with Community Health Systems (the "CHS"), which is one of the nation's leading operators of general acute care hospitals based in Brentwood, TN. The organization's affiliates own, operate or lease 127 hospitals in 20 states with approximately 21,000 licensed beds. There are sixteen CHS hospitals in Tennessee.

MANUFACTURING AND COMMERCE

Industrial Parks. Northeast Industrial Park is fully developed, and Cleveland-Bradley County Industrial Park has only 30 of its total 330 acres remaining for development. The Hiwassee River Industrial Park has approximately 15 of its total 121 acres available for development. Property for a new industrial park Springbranch, was purchased by Bradley County Government and the City of Cleveland, and development of the park was recently completed.

Amazon.com, Inc. Amazon currently operates fulfillment and sortation centers in Charleston, Chattanooga, Lebanon, Memphis, Mt. Juliet, Murfreesboro and Nashville, a Prime Now Hub in Nashville and various other facilities supporting last mile delivery operations across the State of Tennessee. New facilities in Alcoa and Clarksville were built in 2022. The company is in the midst of building a corporate office in downtown Nashville, which will bring 5,000 jobs and house the management functions for Amazon's Retail Operations division. In Tennessee, Amazon has three fulfillment centers that use innovative robotics technology (Alcoa, Memphis, and Mt. Juliet), with eighth fulfillment centers total.

Since 2010, Amazon has invested more than $13 billion in Tennessee, including infrastructure and compensation to thousands of its employees in the state. Amazon's investments in Tennessee contributed an additional $13 billion into the state's economy, and using methodology developed by the U.S. Bureau of Economic Analysis, Amazon estimates its investments in the state have created Ian additional 39,000 indirect jobs on top of the company's more than 25,000 direct hires in Tennessee.

Amazon in 2018 bought organic grocer Whole Foods for $13.7 billion. Amazon also added Sears' Kenmore appliances to its website and is rolling out its own ready-to-cook meal kits, competing with companies such as Blue Apron. Amazon's fulfillment network supports millions of small, medium, and large-sized businesses worldwide through its Fulfillment By Amazon offering. There are more than 30,000 authors, sellers, and developers in Tennessee, growing their businesses and reaching new customers on Amazon products and services every day.

Amazon's innovative Career Choice program pre-pays 95 percent of tuition for courses in high-demand fields. Since the program's launch, more than 30,000 employees have pursued degrees in game design and visual communications, nursing, IT programming and radiology, to name a few. In addition, Amazon has pledged to invest over $700 million to provide upskilling training for 100,000 U.S. employees for in-demand jobs. Programs will help Amazonians from all backgrounds access training to move into highly skilled roles across the company's corporate offices, tech hubs, fulfillment centers, retails stores, and transportation network, or pursue career paths outside of Amazon.

Tennessee Main Street Program. The City has a historically significant downtown that it has improved through accreditation with the Tennessee Main Street Program. As of November 2022, there are 45 communities that are accredited through the state program Tennessee Main Street

Accreditation and a program of the national Trust for Historic Preservation (called Main Street America). The Main Street Program provides training, support, and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2020, accredited Tennessee Main Street communities generated $79 million of public and private investment and nearly 158 new businesses. The Tennessee Main Street Program requires communities to illustrate a commitment from local government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.
Source: Tennessee Department of Economic and Community Development.

Volkswagen. In 2019 the German automaker announced an $800 million project to build the company's first electric vehicle facility in North America, resulting in 1,000 additional jobs. It is expected that the first electric vehicle would be produced in Chattanooga sometime in 2023. Volkswagen expects to sell 1 million electric vehicles by 2025. In addition to Chattanooga, the company is also building an electric vehicle facility in Germany and China. As of early 2019, Volkswagen employs 3,500 people in Chattanooga and will have invested $2.3 billion in the facility by the end of 2019.

In 2011, the German automaker completed the $1 billion plant in the Enterprise South industrial park located about 10 miles from Cleveland in Chattanooga. This $1 billion plant is the largest single manufacturing investment ever for Chattanooga. This is the first U.S. assembly plant for VW. A study by the University of Tennessee's Center for Business and Economic Research estimated the plant and suppliers will create new tax revenue of nearly $1.4 billion and create 11,477 jobs. The Chattanooga plant is a key part of the carmaker's long-term plan to nearly quadruple its U.S. sales to about 800,000 annually by 2018. In addition to the plant, the Chattanooga built a $40 million Volkswagen Training Center.

Volkswagen invested an additional $600 million in an expansion to produce a new sport utility vehicle called the CrossBlue. This created an additional 2,000 new jobs for the plant was in production in 2017. Also, Volkswagen built a new research and development center near the automotive plant that employed 200. This large expansion was a year after Volkswagen laid off 500 workers in 2013 due to slower than expected sales growth. In 2012 Volkswagen hired an additional 800 employees for the production of the Passat sedan.

In 2012, construction was completed on the largest solar park in the State at the time. The $30 million, 9.5 megawatts park supplies power to the Volkswagen plant. The park is estimated to provide up to 12.5% of the VW plant's power. The solar park is privately run by two companies, Phoenix Solar and Silicon Ranch Corp headquartered in Germany and Nashville, TN, respectively.

Wacker Polysilicon. The German chemical company, Wacker Polysilicon, has a facility in Bradley County to make hyper-pure polycrystalline silicon to be used mainly in the solar energy industry. The plant was built on a 550-acre site near Hiwassee Industrial Park in Charleston. The $2.4 billion plant was opened in April 2016 with 600 employees. A second $150 million pryogenic silica plant was added in 2016 at the site. The plant uses chlorine supplied by the adjacent Olin Chemical through a pipeline that connects the plants. Wacker has graduated several lead chemical operator and technicians from its Wacker Institute at the Chattanooga State Community College since the program started in 2013. In 2019, WACKER added production of pyrogenic silica. With the announced expansion in 2022 of these specialty silicones, the company will have invested nearly $3 billion in Southeast Tennessee in less than a decade.

WACKER officials announced an expansion of new silicone production facilities in Charleston in 2022. The expansion would involve a phased investment of more than $200 million over several years and create more than 200 new jobs in Bradley County, adding to WACKER-Charleston's existing workforce of 700.

Polysilicon is the raw material used in the production of solar power panels. A byproduct of its manufacture is tetrachlorosilane, which either is converted and fed back into the production loop or processed into pyrogenic silica. The plant produces 20,000 tons per year of hyper-pure polysilicon. Pyrogenic silica is a filler in silicone elastomer and a viscosity-adjusting agent in coatings, printing inks and adhesives. It also serves as a flow aid in the cosmetics, pharmaceutical and food-processing industries.

There are several solar-related plants planned or already located in Tennessee: the solar panel manufacturer Sharp in Memphis; AGC Flat Glass, a solar glass manufacturer with plants in Sullivan and Hawkins Counties, and Wacker Polysilicon.

SK Food Group, Inc. In January 2023, it was announced that SK Food Group, Inc. would invest $205.2 million to construct its fourth production facility in the City. The new production facility will be built in the recently established Spring Branch Industrial Park in Cleveland and be an approximately 525,000 square foot food manufacturing plant. The new plant will utilize state-of-the-art technology to assist with sandwich assembly and food handling.

According to the Tennessee Department of Economic and Community Development, SK Food Group's newest facility is expected to create approximately 840 new jobs Bradley County by 2030.

Founded as a mobile catering business in 1942, SK Food Group is an Arizona-based premium custom foods manufacturer. Today, the company specializes in supplying sandwiches, wraps, snacks, flatbreads, burgers, and other protein snacks for branding by corporate customers worldwide.
Source: TECD news release – January 19, 2023.

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Major Employers in Bradley County

Integrity Staffing Solutions Inc.	Staffing	1,600
Whirlpool Corp Cleveland Div	Electric and Gas Ranges	1,600
City of Cleveland	Government	1,202
Bradley County School System	Education	1,160
Peyton's Southeastern, Inc.	Kroger's Distributor	1,157
Tennova Healthcare-Cleveland	Healthcare	1,100
Kroger	Retail	950
Jackson Manufacturing	Upholstered Furniture	894
Amazon.com	Distribution	790
Wacker Polysilicon	Manufacturing	772
Cleveland City Schools	Education	746
Cleveland Chair Company	Upholstered Chairs	664
Wal-Mart (Two Stores)	Retail	640
Bradley County	Government	620
Mars Chocolate	Candy	575
Merck & Co. Inc	Manufacturing	537
Schering-Plough, Inc.	Foot Care Products	537
Lee University	Education	501
Charleston Hosiery, Inc.	Hosiery	432
Whirlpool Consumer Care	Electric and Gas Ranges	376
Maytag Customer Service	Maytag Parts and Service	376
Rubbermaid Cleaning Products	Mops	375
Hardwick Clothes, Inc.	Men's and Women's Clothing	370
Duracell USA	Alkaline Batteries	350
Advanced Photographic Solutions	Photo Finishing	325
Johnston Coca-Cola Bottling Co.	Bottled Drinks	320
Brown Stove Works, Inc.	Electric Ranges	300
Olin Corporation	Chlorine, Calcium	280
Arch Chemicals, Inc.	Pool Chemicals	265
Flowers Bakery of Cleveland	Bakery Items	250

Source: TN Department of Economic and Community Development (2021), Bradley County's Audit (2021), and City of Cleveland's Audit (2022).

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EMPLOYMENT - GENERAL

The chart below depicts estimated average annual employment and unemployment trends (on a seasonally adjusted basis) for the most recent ten (10) years:

Average Annual Employment Trends

Location	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
United States	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.6%
Tennessee	7.8%	6.6%	5.6%	4.7%	3.7%	3.5%	3.4%	7.5%	4.7%	3.4%
Bradley County	7.1%	6.1%	5.2%	4.4%	3.6%	3.6%	3.4%	6. 6%	4.3%	3.6%
✓ **Workforce**	49,460	48,960	49,265	49,945	50,918	50,547	52,521	52,621	50,688	50,242
✓ **Employment**	45,940	45,990	46,687	47,725	49,064	48,746	50,735	49,160	48,505	48,430
✓ **Unemployment**	3,520	2,970	2,578	2,220	1,854	1,801	1,786	3,461	2,183	1,812

Source: TN Dept. of Labor & Workforce Development, "ANNUAL AVERAGES: Labor Force & Nonfarm Employment - Estimates (2013-2022)" and "Labor Force Estimates – United States & Tennessee"

PER CAPITA PERSONAL INCOME

The chart below depicts estimated per capita personal income trends for the most recent ten (10) years:

Per Capita Personal Income

Location	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
United States	$44,266	$44,826	$47,025	$48,040	$49,831	$51,550	$53,786	$56,250	$59,765	$64,143
Tennessee	$39,137	$39,549	$40,977	$42,810	$43,932	$44,879	$46,870	$49,343	$52,351	$56,560
Bradley County	$37,358	$35,108	$36,068	$37,403	$37,643	$37,850	$39,236	$40,228	$43,319	$46,409
✓ **County vs National**	84.39%	79.31%	76.70%	77.86%	75.54%	73.42%	72.95%	71.52%	72.48%	72.35%
✓ **County vs State**	95.45%	88.77%	88.02%	87.37%	85.68%	84.34%	83.71%	81.53%	82.71%	82.05%

Source: U.S. Department of Commerce, Bureau of Economic Analysis – Personal Income by County, Metro, and other Areas.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following briefly summarizes certain terms and provisions of the Resolution adopted on September 22, 2023 (the "Resolution"). This summary is not a complete explanation of the terms and conditions of the Resolution. Investors should refer to the Resolution for a complete statement of the terms, provisions, and conditions thereof.

Definitions of Certain Terms

"Acquired System" shall mean any electrical power generation, transmission and/or distribution system acquired by the Authority and/or any such facilities hereafter constructed or otherwise established by the Authority pursuant to the Act.

"Act" shall mean Sections 7-36-101 et seq., Tennessee Code Annotated, as amended.

"Assignment and Assumption Agreement" means that certain Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") pursuant to which the City and the Board have agreed to sell the assets comprising the System to the Authority.

"Authority" means the Cleveland Utilities Authority.

"Balloon Indebtedness" shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.

"Board" means the Board of Public Utilities of the City of Cleveland, a board of public utilities of the City.

"Board of Directors" means the Board of Directors of the Authority.

"Bonds" means the Series 2023 Bonds and any Parity Bonds.

"Bond Proceeds Fund" means the Bond Proceeds Fund established pursuant to the Resolution.

"Capital Appreciation Bonds" shall mean bonds which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.

"City" means the City of Cleveland, Tennessee.

"Compound Accreted Value" shall mean the value at any applicable date of any Capital Appreciation Bonds computed as the original principal amount thereof for each maturity date plus an amount equal to interest on said principal amount (computed on the basis of a 360-day year of twelve 30-day months) compounded semiannually on such dates as shall be established by the resolution authorizing Capital Appreciation Bonds, from the dated date to said applicable date at an interest rate which will produce at maturity the Maturity Amount for such maturity date.

"Consulting Engineer" means (i) an engineering firm or individual engineer employed by the Authority with substantial experience in advising municipal electric power systems as to the construction and maintenance of such systems and in the projection of costs of expansion of such systems or (ii) an engineer or engineers who are employees of the Authority whose reports or projections are certified by a Financial Adviser.

"Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Authority provides additional security for any Series 2023 Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.

"Debt Service Requirement" means the total principal, Maturity Amounts and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Authority or any paying agent for the or other obligations of the Authority payable from all or some portion of Gross Earnings), for any period of 12 consecutive calendar months for which such a determination is made, provided:

The Debt Service Requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the Authority, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Adviser ("Municipal Advisor").

For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of the Authority, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Adviser to be the interest rate at which the Authority could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph shall not be applicable for purposes of determining the Debt Service Requirement for purposes of “Covenants Regarding the Operation of the System – Rate Covenant” unless the Authority has expressly resolved prior to the commencement of the relevant Fiscal Year to refinance, or retire from available System funds, such Balloon Indebtedness or Short-Term Indebtedness coming due in such Fiscal Year.

"Debt Service Sinking Fund" shall mean the Debt Service Sinking Fund established pursuant to the Resolution and described herein.

"Defeasance Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, or obligations of any agency or instrumentality of the United States, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

"Financial Adviser" means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the Authority for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the Authority, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Adviser has been retained. With respect to the Series 2023 Bonds, the Financial Adviser shall be Raymond James & Associates, Inc.

"Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.

"Fiscal Year" means each fiscal year of the Authority, which initially is the twelve-month period commencing June 1st of each year and ending June 30th of the following year.

"Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, determined in accordance with generally accepted accounting principles; proceeds from the sale of System property; proceeds of System-related insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the System); provided, however, at the election of the Board of Directors, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings or other income received from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds.

"Loan Agreement" shall mean any agreement or contract entered into by the Authority whereby a third party agrees to advance funds to the Authority and the Authority agrees to repay those funds with interest from all or a portion of Gross Earnings.

"Maturity Amount" shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

"Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year.

"Net Revenues" shall mean (i) Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and further excluding non-cash or non-recurring items, including but not limited to, contributions in aid of construction, less (ii) Operating Expenses.

"Operating Expenses" means and shall include but not be limited to, expenses for ordinary repairs, removals and replacements of the System, salaries and wages, employees' health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses (including legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting or technical services not funded with proceeds of bonds, notes or other debt obligations), insurance expenses, taxes, payments in-lieu-of-taxes and other governmental charges, the imposition or amount of which is not subject to control of the Board of Directors, any payments made by the Authority during any Fiscal Year to purchase electrical power for distribution and sale during or after the end of that Fiscal Year, and other payments made under any electrical power supply contract or commodity swap or other hedging mechanism, and any principal or interest payments made by the Authority during any Fiscal Year on bonds, notes or other obligations, including loan agreements, issued or entered into for the purpose of financing the purchase of electrical power, and to the extent so provided by the resolution authorizing such bonds, notes or obligations and to the extent not inconsistent with generally accepted accounting principles. Operating Expenses do not include depreciation or obsolescence charges or reserves therefore, amortization of intangibles or other bookkeeping entries of a similar nature, on bonds, notes or other debt obligations of the System payable from Net Revenues of the System, costs or charges made therefor, capital additions, replacements, betterments, extensions or improvements to or retirement from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System, nor such property items, including taxes and fuels, which are capitalized pursuant to the then existing accounting practices of the Authority or expenses of an Acquired System if revenues of the Acquired System are not included in Gross Earnings at the election of the Board of Directors.

"Parity Bonds" means bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the Authority on a parity with the Series 2023 Bonds herein authorized in accordance with the restrictive provisions of the Resolution, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings.

"President" means the duly appointed President of the Authority, or such person as may be lawfully acting in his or her place.

"Project" means capital acquisitions, extensions, and improvements to the System, including without limitation the purchase and installation of fiber optic infrastructure for the System, the acquisition of all property real or personal appurtenant thereto, and the payment of legal, fiscal, engineering, architectural and administrative fees in connection therewith.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or "Rating Agency" means Fitch Ratings, Inc., Moody's Investors Service, Inc., and S&P Global Ratings, or any successors thereto and any other nationally recognized credit rating agency.

"Registration Agent" means the registration and paying agent selected by the President or any successor designated by the Board of Directors.

"Reserve Fund" shall mean the Debt Service Reserve Fund established pursuant to the Resolution and described herein.

"Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Debt Service Sinking Fund to pay when due principal of and interest on all or a portion of the Series 2023 Bonds.

"Reserve Fund Credit Facility Issuer" means, at the time at which such Reserve Fund Credit Facility is purchased, an issuer of a Reserve Fund Credit Facility that has a credit rating not lower than the rating on any Series 2023 Bonds to be secured thereby from each Rating Agency that rates both such issuer and such Series 2023 Bonds.

"Reserve Fund Requirement" means an amount determined from time to time by the Authority as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant to the resolution authorizing such bonds. With respect to the Series 2023 Bonds authorized herein, there shall be no Reserve Fund Requirement.

"Revenue Fund" shall mean the revenue Fund established pursuant to the Resolution and described herein.

"Series 2023 Bonds" means the electric system revenue bonds authorized to be issued by the Resolution.

"Short-Term Indebtedness" means bonds, notes, Loan Agreements, or other debt obligations, including Variable Rate Indebtedness, maturing five years or less from their date of issuance, issued by the Authority as Parity Bonds in accordance with the restrictive provisions of Article IX of the Resolution.

"State" means the State of Tennessee.

"System" means the electrical power distribution system of the Authority and any electrical power distribution and/or transmission system hereafter acquired, constructed or otherwise established, including all improvements and extensions made by the Authority while the Series 2023 Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Board of Directors, an Acquired System may be included within the System and become a part thereof or, at the election of the Board of Directors, not become a part of the System but be operated as a separate and independent system by the Authority with the continuing right, upon the election of the Board of Directors, to incorporate such separately Acquired System within the System.

"Variable Rate Indebtedness" means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

Source of Payment and Equality of Lien

The Series 2023 Bonds shall be payable solely from and secured solely by a pledge of the Net Revenues. The punctual payment of principal of and premium, if any, and interest on the Series 2023 Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Application of Revenues and Creation of Funds

From and after the delivery of any of the Series 2023 Bonds hereunder, and as long as any of the Series 2023 Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Series 2023 Bonds, the Gross Earnings of the System shall be deposited as collected by the Authority to the Revenue Fund hereby established (the "Revenue Fund"), administered and controlled by the Board of Directors. The funds so deposited in the Revenue Fund created under this Series 2023 Resolution shall be used only as follows:

a) Operating Expenses. The money in the Revenue Fund shall be used first from month to month for the payment of Operating Expenses.

b) Debt Service Sinking Fund. The money thereafter remaining in the Revenue Fund shall next be used to make deposits into a separate and special fund, to be known as the "Debt Service Sinking Fund" (the "Debt Service Sinking Fund") to be kept separate and apart from all other funds of the Authority and used to pay principal of and interest on the Series 2023 Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Series 2023 Bonds are paid in full or discharged and satisfied, beginning in the month next following delivery of the Series 2023 Bonds.

For the period commencing with the month next following the delivery of any Series 2023 Bonds, to and including the month of the next interest payment date for such Series 2023 Bonds, each monthly deposit as to interest shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said Fund, will be equal to interest due on such Series 2023 Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Series 2023 Bonds shall be an equal to not less than one-sixth ($1/6^{th}$) of the interest coming due on such Series 2023 Bonds on the next interest payment date net of any interest earnings on such amounts.

For the period commencing with the month next following the delivery of any bonds to and including the month of the next principal payment for such bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such bonds, monthly deposits to the Debt Service Sinking Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such bonds shall be an amount equal to not less than one-twelfth ($1/12^{th}$) of the principal amount or Maturity Amount, as the case may be, coming due on such bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts.

No further deposit shall be required as to any bonds when the Debt Service Sinking Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date, the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any bonds, the deposits may be adjusted by the Authority as provided in the resolution authorizing the issuance of such bonds. Money in the Debt Service Sinking Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the bonds.

c) Repayment of Reserve Fund Credit Facility Issuers. The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

d) Reserve Fund. To the extent the Reserve Fund Requirement for the Series 2023 Bonds, if any, is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Authority, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into a separate and special fund, to be known and designated as the "Debt Service Reserve Fund" (the "Reserve Fund") to be kept separate and apart from all other funds of the Authority. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the Reserve Fund Requirement, if any.

   In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments.

   Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Debt Service Sinking Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Operating Expenses, be transferred into the Debt Service Sinking Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Series 2023 Bonds for the payment of which funds are not available in the Debt Service Sinking Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Authority for legally permissible purposes.

   At the option of the Authority, it may satisfy the Reserve Fund Requirement, or a portion thereof, by providing for the benefit of owners of the Series 2023 Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to the Series 2023 Bonds and release an equal amount of funds on deposit in the Reserve Fund to be used by the Authority for legally permissible purposes. At any time during the term hereof, the Authority shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor.

In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of the Resolution or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Authority shall satisfy the Reserve Fund Requirement, if any, by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the Reserve Fund Requirement for the Series 2023 Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Authority, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Authority, from Revenues after payment of Operating Expenses and satisfaction of the required deposits to the Debt Service Sinking Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided in the Resolution.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the defeasance provisions of the resolution, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Authority (as applicable) shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this resolution other than remedies that would adversely affect owners of Series 2023 Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

If the Authority is ever required to fund the Reserve Fund Requirement for the Series 2023 Bonds, the President is hereby authorized and directed to either (1) cause to be deposited to the Reserve Fund funds of the Authority in an amount sufficient to cause the amount being held in the Reserve Fund to be equal to the Reserve Fund Requirement for the Series 2023 Bonds or (2) purchase a Reserve Fund Credit Facility in the amount of the Reserve Fund Requirement for the Series 2023 Bonds and to pay the premium therefor from the Authority funds. In the event the President elects to fund the Reserve Fund with a Reserve Fund Credit Facility, he is authorized to execute a Financial Guaranty Agreement and any associated certificates and agreements, as may be required by the Reserve Fund Credit Facility Issuer.

e) Surplus Funds. The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any bonds or other obligations payable from revenues of the System, but junior and subordinate to the Series 2023 Bonds, and payments in lieu of taxes and may thereafter be used by the Authority for any legally permissible purpose, as the Board of Directors shall determine.

Covenants Regarding the Operation of the System

Charges for Services Supplied by the System. While the Series 2023 Bonds remain outstanding and unpaid, the Authority covenants and agrees that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of this resolution. The Authority covenants that the System will be operated on a fully metered basis and that the Authority will bill customers of the System on a monthly basis and will establish and maintain policies and procedures for discontinuing service to customers with delinquent bills.

Insurance. The Authority shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business; provided, the Authority shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

Books and Accounts; Audits. The Authority will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants, which such audit shall be prepared in accordance with generally accepted accounting practices.

Rate Covenant. The Authority shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times, such that Net Revenues in each Fiscal Year:

a) will equal at least 120% of the Debt Service Requirement on all Series 2023 Bonds, and 100% of the Debt Service Requirement on all other bonds or other obligations then outstanding for such Fiscal Year;

b) will enable the Authority to make all required payments, if any, into the Reserve Fund and on any Credit Facility;

c) will enable the Authority to accumulate an amount, which, in the judgment of the Board of Directors, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this resolution from prior Fiscal Years.

Sale or Disposal of System. The Authority will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or otherwise disposed of or any of the System facilities sold at fair market value, provided that:

a) The Authority is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;

b) Any sale proceeds will be applied either (A) to redemption of Series 2023 Bonds in accordance with the provisions governing repayment of Series 2023 Bonds in advance of maturity, or (B) to the purchase of Series 2023 Bonds at the market price thereof so long as such price does not exceed the amount at which the Series 2023 Bonds could be redeemed on such date or the next optional redemption date as set forth herein or in the resolutions authorizing the Parity Bonds, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;

c) (i) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System or (ii) the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and

d) If the facilities are being sold or disposed to an entity that is not a state or local government and the facilities were financed with the proceeds of Series 2023 Bonds the interest on which is excludable from gross income for federal income tax purposes, the Authority shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Series 2023 Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

Budgets. Prior to the beginning of each Fiscal Year, the Board of Directors shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Operating Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth herein, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to any registered owner of a Bond upon written request.

Franchises. The Authority will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently or hereafter served by the Authority by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

Remedies of Bond Owners

Any registered owner of any of the Series 2023 Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Authority by the provisions of this resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal of, premium, if any, or interest on the Series 2023 Bonds, then upon the filing of suit by any registered owner of said Series 2023 Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Authority or the Authority with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Operating Expenses, and to apply the income and revenues thereof in conformity with the provisions of the Resolution.

Modification of Master Resolution

The Resolution may be amended without the consent of or notice to the registered owners of the Series 2023 Bonds for the purpose of curing any ambiguity or formal defect or omission in the Master Resolution; provided such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

In addition to the amendments to this Resolution without the consent of registered owners as referred to above, the registered owners of a majority in aggregate principal amount of the Series 2023 Bonds at any time outstanding (not including in any case any Series 2023 Bonds which may then be held or owned by or for the account of the Authority but including such refunding bonds as may have been issued for the purpose of refunding any of such Series 2023 Bonds if such refunding bonds shall not then be owned by the Authority) shall have the right from time to time to consent to and approve the adoption by the Board of Directors of a resolution or resolutions modifying any of the terms or provisions contained in this resolution; provided, however, that this resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Series 2023 Bonds, as to:

(i) Make any change in the maturities or redemption dates of the Series 2023 Bonds;

(ii) Make any change in the rates of interest borne by the Series 2023 Bonds;

(iii) Reduce the amount of the principal payments or redemption premiums payable on the Series 2023 Bonds;

(iv) Modify the terms of payment of principal of or interest on the Series 2023 Bonds or impose any conditions with respect to such payments;

(v) Affect the rights of the registered owners of less than all of the Series 2023 Bonds then outstanding;

(vi) Reduce the percentage of the principal amount of the Series 2023 Bonds, the consent of the registered owners of which is required to affect a further modification.

Whenever the Authority shall propose to amend or modify this resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Series 2023 Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Authority for public inspection.

Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary of the Board of Directors an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Series 2023 Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Authority may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Series 2023 Bonds.

If the registered owners of at least a majority in aggregate principal amount of the Series 2023 Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Series 2023 Bonds, whether or not such owner shall have consented to or shall have revoked any consent as provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Authority from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Series 2023 Bond pursuant to the provisions hereof shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Series 2023 Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Authority office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Series 2023 Bonds outstanding as defined herein shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions hereof may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Series 2023 Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Series 2023 Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding the foregoing, if any Series 2023 Bonds are insured by a bond insurance policy, the bond insurer issuing such bond insurance policy shall be entitled to consent to any modifications to this Resolution on behalf of the owners of the Series 2023 Bonds insured by such bond insurer, provided that no bond insurer shall be entitled to consent to any modifications to this Resolution that require the unanimous consent of the owners of the Series 2023 Bonds as described above.

<u>Prohibition of Prior Lien; Parity Obligations</u>.

The Authority will issue any other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Series 2023 Bonds without the prior written consent of the holders of the Series 2023 Bonds.

Additional bonds, notes, loan agreements or obligations may hereafter be issued on a parity with the Series 2023 Bonds under the following conditions but not otherwise:

(a) Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) or all of a series of the Series 2023 Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Series 2023 Bonds thereafter outstanding, if all of the following conditions are satisfied:

(i) the Authority shall have obtained a report from a Financial Adviser or the Chief Financial Officer of the Authority demonstrating that the refunding is expected to reduce the total debt service payments on the Series 2023 Bonds, including payments on related Credit Facilities; and

(ii) the requirements of subsections (b)(ii) and (iv) below are met with respect to such refunding.

(b) Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with Series 2023 Bonds, and the Parity Bonds so issued shall be secured on a parity with such Series 2023 Bonds, if all of the following conditions are satisfied:

(i) There shall have been procured and filed with the Authority a report by a Financial Adviser or a certificate by the Chief Financial Officer of the Authority, or his designee, to the effect that the historical Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the Maximum Annual Debt Service Requirement on all bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the delivery of the proposed Parity Bonds and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used; (y) if the Authority has a contract to purchase or otherwise acquire an Acquired System that will become part of the System, the historical Net Revenues may be adjusted to include the anticipated Net Revenues from the Acquired System; and (z) if the Authority has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) the Authority shall have received, at or before issuance of the Parity Bonds, a report from a Financial Adviser or a certificate of the Chief Financial Officer of the Authority, or his designee, to the effect that (x) the payments required to be made into the Debt Service Sinking Fund have been made and the balance in the Debt Service Sinking Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the Reserve Fund Requirement, if any, and will be funded to the Reserve Fund Requirement, if any, immediately following the issuance of the proposed Parity Bonds.

(iii) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to pre-purchase supplies of electrical power, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of Bond Counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.

(iv) The President shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds that the Authority is in compliance with all requirements of the Resolution.

c) Upon the determination of the Authority to combine an Acquired System into the System, any bonds, notes and other obligations of the Acquired System outstanding upon such combination may, at the election of the Authority, be payable from Net Revenues of the combined System on a parity and equality of lien with each other, provided that there shall be filed with the Authority:

(i) a report by a Financial Adviser or a certificate by the Chief Financial Officer of the Authority, or his designee the Net Revenues of such combined System for a period of 12 consecutive months of the most recent 18 consecutive months prior to such combination were equal to at least 120% of the Maximum Annual Debt Service Requirement on all Series 2023 Bonds and any bonds, notes and other obligations of the Acquired System which will be outstanding immediately after the combination, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the combination and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of the combination and not fully reflected in the historical related Net Revenues actually received during such historical period used; and (y) if the Authority has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract.

(ii) A certificate of the President, as of the date of the combination that the Authority is in compliance with all requirements of this resolution.

Applicability of Resolution to Parity Bonds. All the provisions and covenants of the Resolution relating to negotiability and registration of Series 2023 Bonds, creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Series 2023 Bonds, the issuance of additional bonds, modification of this resolution, the defeasance of Series 2023 Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued or assumed pursuant to the terms of the Resolution in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF
CLEVELAND UTILITIES AUTHORITY (TENNESSEE)

$__________ ELECTRIC SYSTEM REVENUE BONDS, SERIES 2023

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered this __ day of October 2023 by the Cleveland Utilities Authority (Tennessee) (the “Issuer”) in connection with the issuance of its $__________ Electric System Revenue Bonds, Series 2023 (the “Series 2023 Bonds”). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Series 2023 Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2023 Bonds (including persons holding Series 2023 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2023 Bonds for federal income tax purposes.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes and shall initially mean the period beginning on June 1 of each calendar year and ending June 30 of the following calendar year.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Issuer, dated October __, 2023, relating to the Series 2023 Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Series 2023 Bonds required to comply with the Rule in connection with offering of the Series 2023 Bonds.

“Registered Owner” means any person who is identified as a holder of Series 2023 Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Series 2023 Bonds.

"Resolution" shall mean the bond resolution adopted by the Board of Directors of the Issuer on September 22, 2023.

"State" shall mean the State of Tennessee.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2023, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include (i) the Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements, and (ii) any other publicly available financial information related to the Issuer.

(i) The Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements; and

(ii) Operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. Historical Debt Service Coverages;

2. Summary of Bonded Indebtedness;

3. Summary of Revenues, Expenses, and Changes in Net Position;

4. Information relative to Customer and System Usage;

5. Ten Largest Electric Customers; and

6. Residential and General Power Resale Rates.

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2023, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Series 2023 Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2023 Bonds or other material events affecting the tax status of the Series 2023 Bonds;

(vii) Modifications to rights of Bondholders if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances (including disclosure as to whether the Series 2023 Bonds have been defeased to their maturity or to a preceding call date);

(x) Release, substitution, or sale of property securing repayment of the securities if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership, or similar event of the obligated person;

(xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information*. The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement*. The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. <u>Methods of Providing Information</u>.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. <u>Amendment</u>.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Series 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Series 2023 Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Series 2023 Bonds and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Dissemination Agent. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Agreement, and the Issuer may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Issuer shall be the dissemination agent.

SECTION 11. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 12. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

CLEVELAND UTILITIES AUTHORITY
(TENNESSEE)

By: ____
President & CEO

APPENDIX E

ELECTRIC SYSTEM RATES

<u>Note:</u> Effective October 1, 2023, TVA has increased its power charges to all distributors by 4.00%. CU will pass the increase on to its customers, but the increase will not affect the CU's operating margins.

Retail Rates for Cleveland, Tennessee
Distributor 43
Season Summer

Retail Rates Effective August 2023

Schedule		Base [1]	Revenue Adjustment October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	August '23 Effective Rate [6] = [3]+[4]+[5]
Residential	Customer Charge #1 (Net)	$22.43		$22.43	-$1.60		$20.83
	Customer Charge #2 (Net)	0.00		0.00	0.00		0.00
	Customer Charge #3 (Net)	0.00		0.00	0.00		0.00
	Customer Charge #4 (Net)	0.00		0.00	0.00		0.00
	Grid Access Charge	2.00	0.05	2.05			2.05
	All kWh	0.08288	0.00165	0.08453	-0.00297	0.02575	0.10731
Alternate	Block1 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Usage	Block2 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Blocks	Block3 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
GSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	2.00	0.05	2.05			2.05
	All kW	0.00	0.00	0.00	0.00		0.00
	All kWh	0.08968	0.00178	0.09146	0.00323	0.02544	0.12013
Alternate	Block1 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Usage Blocks	Block2 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
GSA2	Customer Charge #1	60.82		60.82			60.82
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.00500	0.00012	0.00512			0.00512
	All kW	0.00	0.00	0.00	0.00		0.00
	kW, 0-50	0.00	0.00	0.00	0.00		0.00
	kW, 51-1,000	14.67	0.27	14.94	0.00		14.94
	1st 15,000 kWh	0.07953	0.00163	0.08116	0.00323	0.02544	0.10983
	Additional kWh	0.03765	0.00077	0.03842	0.00323	0.02510	0.06675
GSA3	Customer Charge #1	195.66		195.66			195.66
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.00500	0.00012	0.00512			0.00512
	Block 1 kW	12.63	0.27	12.90	0.00		12.90
	Block 2 kW	12.50	0.27	12.77	0.00		12.77
	Block 3 kW	0.00	0.00	0.00	0.00		0.00
	All kWh	0.03756	0.00083	0.03839	0.00323	0.02510	0.06672
Alternate	Block 1 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Blocks	Block 2 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

Season	Summer	Retail Rates Effective August 2023					
Schedule		Base [1]	Revenue Adjustment October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	August '23 Effective Rate [6] = [3]+[4]+[5]
Outdoor Lighting	Surcharge	0.00		0.00			0.00
	All kWh	0.04796	0.00077	0.04873	0.00323	0.02575	0.07771
Drainage Pumping	Customer	0.00		0.00			0.00
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
SRS	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge #1	0.00	0.00	0.00			0.00
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
TRS	Customer Charge #1 (Net)	0.00		0.00	0.00		0.00
	Grid Access Charge #1	0.00	0.00	0.00			0.00
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Alternative Season	**Summer**						
TGSA1	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.00	0.00	0.00			0.00
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Alternative Season	**Summer**						
TGSA2	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.00000	0.00000	0.00000			0.00000
	kW, 0-50	0.00	0.00	0.00	0.00		0.00
	kW, 51-1,000	0.00	0.00	0.00	0.00		0.00
	Onpeak kW	0.00	0.00	0.00	0.00		0.00
	Offpeak Excess kW	0.00	0.00	0.00	0.00		0.00
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

Season	Summer			Retail Rates Effective August 2023			
Schedule		Base [1]	Revenue Adjustment October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	August '23 Effective Rate [6] = [3]+[4]+[5]
Alternative Season	**Summer**						
TGSA3	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.00000	0.00000	0.00000			0.00000
	Block 1 kW	0.00	0.00	0.00	0.00		0.00
	Block 2 kW	0.00	0.00	0.00	0.00		0.00
	Block 3 kW	0.00	0.00	0.00	0.00		0.00
	Onpeak kW	0.00	0.00	0.00	0.00		0.00
	Offpeak Excess kW	0.00	0.00	0.00	0.00		0.00
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
MSA	Customer Charge #1	0.00		0.00			0.00
	Coincident kW	0.00	0.00	0.00	0.00		0.00
	Maximum kW	0.00	0.00	0.00	0.00		0.00
	Excess kW	0.00	0.00	0.00	0.00		0.00
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
EVC	Customer Charge #1	$100.00		$100.00	$0.00		$100.00
	All kWh	0.19995	0.00254	0.20249	0.00323	0.02527	0.23099
TDGSA	Customer Charge	0.00		0.00			0.00
	Admin Charge	0.00		0.00			0.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	0.00	0.00	0.00	0.00		0.00
	Summer Season Max kW	0.00	0.00	0.00	0.00		0.00
	Summer Season OffPeak Excess of Contract kW	0.00	0.00	0.00	0.00		0.00
	Summer Season OnPeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Summer Season OffPeak kWh - First 200 HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Summer Season OffPeak kWh - Next 200 HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Summer Season OffPeak kWh - Additional HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
TDMSA	Customer Charge	0.00		0.00			0.00
	Admin Charge	0.00		0.00			0.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	0.00	0.00	0.00	0.00		0.00
	Summer Season Max kW	0.00	0.00	0.00	0.00		0.00
	Summer Season OffPeak Excess of Contract kW	0.00	0.00	0.00	0.00		0.00
	Summer Season OnPeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Summer Season OffPeak kWh - First 200 HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Summer Season OffPeak kWh - Next 200 HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Summer Season OffPeak kWh - Additional HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

Season	Summer						
		Retail Rates Effective August 2023					
Schedule		Base [1]	Revenue Adjustment October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	August '23 Effective Rate [6] = [3]+[4]+[5]
GSB	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0.00		10.87
	Summer Season Max kW	4.61	0.08	4.69	0.52		5.21
	Summer Season OffPeak Excess of Contract kW	10.61	0.26	10.87	0.00		10.87
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.02368	0.08881
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.02368	0.06390
	Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.02368	0.02932
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.02368	0.02591
GSC	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0.00		10.87
	Summer Season Max kW	4.10	0.08	4.18	0.52		4.70
	Summer Season OffPeak Excess of Contract kW	10.61	0.26	10.87	0.00		10.87
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.02368	0.08881
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.02368	0.06390
	Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.02368	0.02932
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.02368	0.02591
GSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0.00		10.87
	Summer Season Max kW	3.99	0.08	4.07	0.52		4.59
	Summer Season OffPeak Excess of Contract kW	10.61	0.26	10.87	0.00		10.87
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.02368	0.08881
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.02368	0.06390
	Summer Season OffPeak kWh - Next 200 HUD	0.00331	0.00008	0.00339	0.00111	0.02368	0.02818
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.02368	0.02591
MSB	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24	10.24	0.00		10.24
	Summer Season Max kW	1.72	0.02	1.74	0.52		2.26
	Summer Season OffPeak Excess of Contract kW	10.00	0.24	10.24	0.00		10.24
	Summer Season OnPeak kWh	0.05535	0.00133	0.05668	0.00111	0.02335	0.08114
	Summer Season OffPeak kWh - First 200 HUD	0.03094	0.00074	0.03168	0.00111	0.02335	0.05614
	Summer Season OffPeak kWh - Next 200 HUD	0.00194	0.00005	0.00199	0.00111	0.02335	0.02645
	Summer Season OffPeak kWh - Additional HUD	-0.00055	-0.00001	-0.00056	0.00111	0.02335	0.02390

Season **Summer**

Retail Rates Effective August 2023

Schedule		Base [1]	Revenue Adjustment October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	August '23 Effective Rate [6] = [3]+[4]+[5]
MSC	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24	10.24	0.00		10.24
	Summer Season Max kW	1.21	0.02	1.23	0.52		1.75
	Summer Season OffPeak Excess of Contract kW	10.00	0.24	10.24	0.00		10.24
	Summer Season OnPeak kWh	0.05426	0.00130	0.05556	0.00111	0.02335	0.08002
	Summer Season OffPeak kWh - First 200 HUD	0.02984	0.00071	0.03055	0.00111	0.02335	0.05501
	Summer Season OffPeak kWh - Next 200 HUD	0.00332	0.00008	0.00340	0.00111	0.02335	0.02786
	Summer Season OffPeak kWh - Additional HUD	0.00332	0.00008	0.00340	0.00111	0.02335	0.02786
MSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24	10.24	0.00		10.24
	Summer Season Max kW	1.10	0.02	1.12	0.52		1.64
	Summer Season OffPeak Excess of Contract kW	10.00	0.24	10.24	0.00		10.24
	Summer Season OnPeak kWh	0.05204	0.00125	0.05329	0.00111	0.02335	0.07775
	Summer Season OffPeak kWh - First 200 HUD	0.02762	0.00066	0.02828	0.00111	0.02335	0.05274
	Summer Season OffPeak kWh - Next 200 HUD	0.00167	0.00004	0.00171	0.00111	0.02335	0.02617
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.02335	0.02558

APPENDIX F

The Board of Public Utilities of the City of Cleveland, Tennessee - Financial Statements - June 30, 2022

THE BOARD OF PUBLIC UTILITIES OF THE CITY OF CLEVELAND, TENNESSEE

Financial Statements

June 30, 2022

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Financial Statements
June 30, 2022 and 2021

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Public Utilities of the
City of Cleveland, Tennessee
Cleveland, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major funds and the aggregate fund information of the Board of Public Utilities of the City of Cleveland, Tennessee, (the Board), funds of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Board of Public Utilities of the City of Cleveland, Tennessee, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be

independent of the Board of Public Utilities of the City of Cleveland, Tennessee, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in the notes to the financial statements, the Board has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB 87 establishes a single approach to accounting for and reporting leases by state and local governments. Our opinion is not modified with respect to this matter. As a result of adoption of this GASB statement, the prior year beginning net position of the Electric Division was reduced $159.

Emphasis of Matter

The financial statements present only the Divisions (Electric and Water) of the Board of Public Utilities of the City of Cleveland, Tennessee, and do not purport to, and do not, present fairly the financial position of the City of Cleveland, Tennessee, as of June 30, 2022, and 2021, and the changes in financial position, and, where applicable, cash flows thereof for the years ended in accordance with accounting principles generally accepted in the United State of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Public Utilities of the City of Cleveland, Tennessee's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board of Public Utilities of the City of Cleveland, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Public Utilities of the City of Cleveland, Tennessee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, the Schedules of OPEB liability and related rations, contributions, investment returns and funding progress on pages 41 through 44, and the Schedules of Changes in Net Pension Liability and related ratios, and contributions on pages 45 through 52, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The supplemental information presented on pages 53 through 85, is for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 53 through 85 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Wedgewood Accounting, PLLC

WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

November 18, 2022

Management's Discussion and Analysis

The purpose of the MD&A is to provide an objective and easily readable analysis of the Board's financial activities, based on currently known facts, decisions, or conditions. These statements are made to the best of management's ability to forecast and estimate future occurrences of weather, economical conditions, and acts of God.

Statements of Net Position

The Statements of Net Position detail the total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources. The net effect is segmented into net investment related to capital assets, restricted for capital activity and debt service, and unrestricted assets.

Statements of Revenues, Expenses and Changes in Net Position

This statement provides the operating results of the Board, presented by various categories of operating and non-operating revenues and expenses.

Statements of Cash Flows

Using the direct method, sources and uses of cash from operating, financing and investing activities are shown.

Notes to Financial Statements

The footnotes are prepared to provide clarity and to compliment as detailed information to the financial statements. The financial statements and their respective notes must be combined for a complete analysis.

Financial Highlights

	Electric		Water	
	2022	2021	2022	2021
	(In Thousands)		(In Thousands)	
Operating revenues	$ 107,709	$ 100,050	$ 35,047	$ 33,314
Operating expenses	96,137	89,060	28,785	27,080
Net operating revenue	$ 11,572	$ 10,990	$ 6,262	$ 6,234
Interest income	81	34	40	21
Interest expense	404	558	1,241	1,388
Transfer to City General Fund	2,418	2,498	486	475
Other	308	277	951	1,316
Change in net position (after CIAC)	$ 9,139	$ 8,245	$ 5,526	$ 5,708
Current assets	$ 44,571	$ 41,138	$ 18,975	$ 18,255
Other assets	2,980	2,885	322	0
Utility plant, net	86,024	82,159	149,764	142,613
Total assets	$ 133,575	$ 126,182	$ 169,061	$ 160,868
Deferred Outflows of Resources	$ 3,770	$ 4,512	$ 3,437	$ 4,279

Financial Highlights (Continued)

	Electric		Water	
	2022	2021	2022	2021
	(In Thousands)		*(In Thousands)*	
Long-term liabilities	$ 22,119	$ 30,125	$ 7,416	$ 67,069
Other liabilities	18,805	18,369	62,086	6,826
Total liabilities	$ 40,924	$ 48,494	$ 69,502	$ 73,895
Deferred Inflows of Resources	$ 6,178	$ 1,096	$ 7,577	$ 1,359
Net position:				
Invested in capital assets	$ 70,558	$ 65,281	$ 90,379	$ 85,412
Unrestricted	19,684	15,822	5,040	4,481
Total Net Position	$ 90,242	$ 81,103	$ 95,419	$ 89,893

Electric Division

Kilowatt-hours and Customer Counts

Cleveland Utilities Electric Division (The Division) sold 1,022,259,454 kilowatt-hours of electricity during fiscal year 2022. This volume represents a 1.4% increase compared to fiscal year 2021. Residential, Street & Outdoor Lighting reflected a decrease in volume compared to 2021. The remaining classes reflected an increase in volume in 2022 compared to 2021. The average retail price of all kilowatt-hours sold in 2022 was 10.26 cents compared to 9.68 cents in 2021. The number of customers served during June 2022 was 32,791, compared to 32,351 during June 2021

Revenues

Revenue from the sale of electricity was $106,102,020 for fiscal year 2022 and $98,357,656 for fiscal year 2021. Revenue from the sale of electricity to residential customers represented 42 percent, commercial customers represented 9 percent, and industrial customers represented 46 percent of the total. Lighting accounted for the remaining 3 percent. Other revenues increased 4.0% from 2021 to 2022.

Expenses

Expenses for the fiscal year 2022 had an 8% increase from 2021. The division purchases all electricity from the Tennessee Valley Authority. The cost of purchased power was $78,293,429 in fiscal year 2022; whereas it was $71,322,321 for fiscal year 2022. When stated as a percent of electric revenues, purchased power was 73.8% in fiscal year 2022 and 72.5% in fiscal year 2021. Operating expenses other than purchased power for FY 2022 increased 2% from FY 2021.

Assets, Liabilities and Net Position

During FY 2013, an agreement was made between Cleveland Utilities, The City of Cleveland, and Bradley County regarding the $2,000,000 Spring Branch Industrial Park obligation. Cleveland Utilities has recorded an economic development asset in the amount of $1,297,636 with $849,006 being classified as deferred economic development costs (amortizable over the remaining 11 years) and $448,630 being classified as deferred economic land held for future use (non-amortizable). Any additional costs incurred to the project will be recorded as deferred economic development costs, and the yearly amortization will be adjusted to include the additional costs spread over the remaining years of the agreement. Any return received on the project will be used to offset the deferred economic asset, whether that return be in the form of proceeds or real estate.

Financial Highlights (Continued)

Assets, Liabilities and Net Position (Continued)

The change in net position (defined as the difference in revenues and expenses) was $9,139,460 for fiscal year 2022. The total change in net position was the result of an increase in net position invested in capital assets of $5,275,925 and an increase in unrestricted net position of $3,863,535. Unrestricted net position are those which can be used to finance day-to-day operations of the Division. Long-term debt payments of $1,295,403 were made in 2022. Transfers were made to the general fund of the City of Cleveland of $2,417,873 by the electric division without any specific requirements relating to the use of the funds by the City of Cleveland.

The Board, operating through the Division, maintains an annual capital improvements program. The program is necessary to meet the increased demand placed on the system by customer growth and expansion. The Division has projected an investment in capital assets totaling $47,746,412 in the five-year period beginning with fiscal year 2023. The investment in new facilities is projected to be financed through operations and additional long-term financing.

Water Division

Cleveland Utilities Water Division (The Division) operates as two distinct departments and individual financial records are maintained for both departments. The water department provides water service to the City of Cleveland and surrounding areas, and the wastewater department provides sanitary sewer service to customers primarily in the City of Cleveland and a small area outside the City. The departments' results of operations are combined for reporting purposes; however, since individual records are maintained, specific information is available for both departments.

Water Department

Gallons Billed and Customer Counts

Cleveland Utilities Water Department sold 2,927,922,000 gallons of water during fiscal year 2022 at an average price of $6.12 per 1,000 gallons. This volume is a 2.6 percent increase compared to the 2021 volume. Volume for resale, small and large commercial inside and outside reflected an increase in 2022 compared to 2021, while all other customer classes show decreases for FY 2022 compared to 2021.

Revenue from the sale of water was broken down by customer class as follows:

Residential	48%
Small Commercial	22% (including resale)
Large Commercial	27%
Irrigation	3%

The number of customers served during the month of June 2022 was 33,439, up from 33,060 as of June 2021.

Wastewater Department

Gallons Billed and Customer Counts

Cleveland Utilities Wastewater Department billed customers for treating 1,942,411,500 gallons of wastewater during fiscal year 2022 at an average price of $7.07 per 1,000 gallons. This volume is a 3 percent increase compared to the 2021 volume. Volumes for residential inside and large commercial outside showed a decrease for 2022 compared to 2021.
All other classes showed increases for 2022 compared to 2021.

Water Department (Continued)

Revenue from the different classes of wastewater customers was as follows:

Residential	41%
Small Commercial	27%
Large Commercial	32%

The number of customers served during June 2022 was 20,113, up from 19,893 as of June 2021.

Water/Wastewater Combined

Revenues

Operating revenues for fiscal year 2022 were up 5.2 percent over fiscal year 2021.

Expenses

Operating expenses increased .5 percent in 2022 from 2021.

Assets, Liabilities and Net Position

The change in net position (defined as the difference in revenues and expenses) was $5,526,475. This included $974,219 of plant recovered through contributions in aid of construction ("CIAC"). The total change in net position was the result of a increase in net position invested in capital assets of $4,966,608 and an increase in unrestricted net position of $559,867. Unrestricted net position are those which can be used to finance day-to-day operations of the Division. Long-term debt payments of $4,244,455 were made in 2022. In addition, new debt was issued totaling $6,529,307.
Transfers were made to the general fund of the City of Cleveland of $486,260 by the water division without any specific use requirements relating to the use of the funds by the City of Cleveland.

The Board, operating through the Division, maintains an annual capital improvements program. The program is necessary to continue to meet the increased demand placed on the system by customer growth, expansion and environment related obligations and regulations. The Water Department has projected an investment in capital assets totaling $32,277,470 and the Wastewater Department an investment of $54,943,065 in the five-year period beginning in fiscal year 2023. Both departments are proposing to finance the additional investment through a combination of funds generated by operations and additional long-term financing.

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Statements of Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 24,278,941	$ 23,800,967
Segregated funds - bond proceeds	4,908	4,901
Total cash and cash equivalents	$ 24,283,849	$ 23,805,868
Accounts receivable:		
Customer service	$ 10,997,291	$ 9,507,315
Accrued utility revenues	4,601,148	4,148,935
Conservation loans receivable	247,153	257,762
Other	1,520,394	1,269,429
Allowance for doubtful accounts	(131,973)	(118,841)
Total accounts receivable, net	$ 17,234,013	$ 15,064,600
Inventories, at average cost	$ 2,895,764	$ 2,092,462
Prepaid items	$ 156,982	$ 174,630
Total Current Assets	$ 44,570,608	$ 41,137,560
NON-CURRENT ASSETS		
Capital assets:		
Electric utility plant	$ 168,907,576	$ 161,046,762
Less accumulated depreciation and amortization	(82,883,766)	(78,837,652)
Capital assets (net)	$ 86,023,810	$ 82,209,110
Other assets:		
Other	1,447,798	1,480,929
Receivables from customers for conservation loans, net	1,326,585	1,404,503
Net Pension Asset - restricted	205,829	0
Total Non-Current Assets	$ 89,004,022	$ 85,094,542
TOTAL ASSETS	$ 133,574,630	$ 126,232,102
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pensions	$ 3,375,527	$ 4,095,443
Deferred outflow - other post-employment benefits	372,344	391,788
Deferred loss on refunding	22,011	24,914
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 3,769,882	$ 4,512,145

		2022		2021
LIABILITIES				
CURRENT LIABILITIES				
Current maturities of long-term debt	$	1,297,740	$	1,295,403
Accounts payable:				
Tennessee Valley Authority for purchased power	$	8,210,356	$	6,761,969
Payable due to Water Division		1,205,034		2,076,511
Payable due to Other Funds		115,000		106,667
Other		2,584,716		2,812,460
Total Accounts Payable	$	12,115,106	$	11,757,607
Customer deposits	$	4,062,704	$	3,870,230
Current maturities of conservation loans		247,153		257,762
Accrued interest		44,610		49,406
Other current liabilities		1,037,886		1,157,221
Total Other Liabilities	$	5,392,353	$	5,334,619
Total Current Liabilities	$	18,805,199	$	18,387,629
NON-CURRENT LIABILITIES				
Long-term debt, net of current maturities	$	14,036,554	$	15,474,030
Conservation loans, net of current portion		1,375,170		1,466,052
Due to Other Funds		713,333		828,333
Pension benefits payable		985,442		6,610,504
Post-employment benefits payable		5,008,302		5,778,545
Total Non-Current Liabilities	$	22,118,801	$	30,157,464
TOTAL LIABILITIES	$	40,924,000	$	48,545,093
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	$	4,735,547	$	28,491
Deferred inflows - other post-employment benefits		1,283,828		880,004
Deferred inflows - gain on refunding		158,797		187,779
TOTAL DEFERRED INFLOWS OF RESOURCES	$	6,178,172	$	1,096,274
NET POSITION				
Net investment in capital assets	$	70,557,638	$	65,281,713
Unrestricted		19,684,702		15,821,167
TOTAL NET POSITION	$	90,242,340	$	81,102,880

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Electric revenues:		
Residential	$ 45,077,529	$ 42,917,432
Large power	48,325,750	43,743,882
Small power	9,934,815	9,256,472
Street, traffic and outdoor lighting	2,311,712	2,286,261
Change in accrued revenue	452,214	153,610
Less uncollectible electric sales	(145,642)	(46,876)
Total electric revenues	$ 105,956,378	$ 98,310,781
Other operating revenues	1,752,360	1,739,517
Total operating revenues	$ 107,708,738	$ 100,050,298
Operating expenses:		
Operations:		
Power purchased from Tennessee Valley Authority	$ 78,293,429	$ 71,322,321
Other operating expenses	8,055,096	7,670,423
Total operations	$ 86,348,525	$ 78,992,744
Maintenance	4,830,682	4,972,318
Provision for depreciation and amortization	4,957,556	5,094,043
Total operating expenses	$ 96,136,763	$ 89,059,105
Net operating revenues	$ 11,571,975	$ 10,991,193
Other revenues (expenses):		
Interest expense	$ (404,028)	$ (559,372)
Interest income	80,787	33,984
Plant cost recovered through contributions in aid of construction	(161,974)	(402,873)
Contributions in aid of construction	161,974	402,873
Other income	317,634	291,180
Other expenses	(9,035)	(14,214)
Total other revenues (expenses)	$ (14,642)	$ (248,422)
Net income before transfers	$ 11,557,333	$ 10,742,771
Transfers to other funds	(2,417,873)	(2,498,439)
Change in Net Position	$ 9,139,460	$ 8,244,332
Net Position, beginning of year	81,102,880	72,858,707
Restatement	0	(159)
Net Position, end of year	$ 90,242,340	$ 81,102,880

The accompanying notes are an integral part of these financial statements.

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts from customers	$ 105,796,584	$ 99,160,939
Payments to suppliers for goods and services	(82,060,484)	(70,970,208)
Payments to employees for services	(10,329,463)	(9,629,595)
Net cash provided by operating activities	$ 13,406,637	$ 18,561,136
Cash flows from noncapital financing activities:		
Transfers to other funds	$ (2,417,873)	$ (2,498,439)
Net cash used in financing activities	$ (2,417,873)	$ (2,498,439)
Cash flows from capital and related financing activities:		
Additions to utility plant	$ (8,941,397)	$ (11,535,690)
Removal cost	(416,286)	(633,233)
Salvage	165,581	178,789
Contributions in aid of construction	161,974	402,873
Proceeds from issuance of long-term debt	0	10,407,604
Payment of principal on long-term debt	(1,295,403)	(9,378,789)
Payment of interest on long-term debt	(574,640)	(482,420)
Net cash used in capital and related financing activities	$ (10,900,171)	$ (11,040,866)
Cash flows from investing activities:		
Interest received	$ 80,787	$ 33,984
Other non-operating revenue	308,601	276,966
Net cash provided by investing activities	$ 389,388	$ 310,950
Net increase in cash and cash equivalents	$ 477,981	$ 5,332,781
Cash and cash equivalents, beginning of year	23,805,868	18,473,087
Cash and cash equivalents, end of year	$ 24,283,849	$ 23,805,868
Reconciliation of operating revenues to net cash provided by operating activities:		
Net operating revenues	$ 11,571,975	$ 10,991,193
Adjustments to reconcile net operating revenues to net cash provided by operating activities:		
Depreciation and amortization	5,215,427	5,669,565
Changes in operating assets and liabilities:		
Accounts receivable	(2,193,155)	(951,513)
Allowance for doubtful accounts	13,132	(23,816)
Materials and supplies	(803,302)	75,772
Receivables from customers for conservation loans	88,527	(97,729)
Prepaid items	17,648	(7,318)
Other assets	33,131	43,550
Accounts payable	1,220,643	1,641,301
Customer deposits	192,474	159,883
Other current liabilities	(1,097,478)	1,722,453
Conservation loans	(101,491)	111,176
Pension benefits payable	(403,919)	(665,630)
Post-employment benefits payable	(346,975)	(107,751)
Net cash provided by operating activities	$ 13,406,637	$ 18,561,136

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Statements of Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 14,351,240	$ 13,879,083
Segregated funds - bond proceeds	5,259	4,413
Total cash and cash equivalents	$ 14,356,499	$ 13,883,496
Accounts receivable:		
Customer service	$ 169,115	$ 164,278
Receivable due from Electric Division	1,205,034	2,076,511
Accrued utility revenues	1,599,191	1,401,146
Other	276,689	196,628
Total accounts receivable, net	$ 3,250,029	$ 3,838,563
Inventories, at average cost	$ 1,213,965	$ 410,911
Prepaid expenses	$ 154,771	$ 122,073
Total Current Assets	$ 18,975,264	$ 18,255,043
NON-CURRENT ASSETS		
Capital assets:		
Water and sewer utility plant	$ 284,951,233	$ 270,722,953
Less accumulated depreciation	(135,187,167)	(128,110,333)
Net pension assets - restricted	321,938	0
Total Non-current Assets	$ 150,086,004	$ 142,612,620
TOTAL ASSETS	$ 169,061,268	$ 160,867,663
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pensions	$ 2,588,045	$ 3,345,760
Deferred outflow - other post-employment benefits	500,132	528,113
Deferred loss on refunding	348,362	404,995
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 3,436,539	$ 4,278,868

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Statements of Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
LIABILITIES		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 5,003,537	$ 4,707,275
Accounts payable	114,093	73,191
Accrued interest	98,527	101,314
Other current liabilities	2,199,449	1,944,616
Total Current Liabilities	$ 7,415,606	$ 6,826,396
NON-CURRENT LIABILITIES		
Long-term debt, net of current maturities	$ 54,641,171	$ 52,791,125
Pension benefits payable	507,645	6,294,981
Post-employment benefits payable	6,937,585	7,982,780
Total Non-Current Liabilities	$ 62,086,401	$ 67,068,886
TOTAL LIABILITIES	$ 69,502,007	$ 73,895,282
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	$ 5,670,161	$ 15,940
Deferred inflows - other post-employment benefits	1,812,043	1,230,930
Deferred gain on refunding	94,436	111,694
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 7,576,640	$ 1,358,564
NET POSITION		
Net investment in capital assets	$ 90,378,543	$ 85,411,935
Unrestricted	5,040,617	4,480,750
TOTAL NET POSITION	$ 95,419,160	$ 89,892,685

The accompanying notes are an integral part of these financial statements.

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Water revenues:		
Residential	$ 11,590,687	$ 11,063,633
Commercial	3,280,749	2,981,735
Industrial	2,367,269	2,020,690
Irrigation	558,415	594,380
Resale	125,522	71,292
Change in accrued revenue	134,779	6,837
Less uncollectible water sales	(23,516)	(22,032)
Total water revenues	$ 18,033,905	$ 16,716,535
Sewer revenues	$ 13,730,387	$ 13,408,776
Change in accrued revenue	63,266	7,845
Less uncollectible sewer sales	(16,476)	(14,734)
Total sewer revenues	$ 13,777,177	$ 13,401,887
Other operating revenues	$ 3,235,513	$ 3,195,702
Total operating revenues	$ 35,046,595	$ 33,314,124
Operating expenses:		
Operations	$ 18,113,206	$ 16,975,995
Maintenance	3,515,145	3,357,489
Provision for depreciation and amortization	7,156,227	6,746,827
Total operating expenses	$ 28,784,578	$ 27,080,311
Net operating revenues	$ 6,262,017	$ 6,233,813
Other revenues (expenses):		
Interest expense	$ (1,240,874)	$ (1,387,600)
Interest income	40,242	21,228
Plant cost recovered through contributions in aid of construction	961,596	1,332,427
Other expenses	(10,246)	(17,340)
Total other revenues (expenses)	$ (249,282)	$ (51,285)
Net income before transfers	$ 6,012,735	$ 6,182,528
Transfers to other funds	(486,260)	(474,583)
Change in net position	$ 5,526,475	$ 5,707,945
Net position, beginning of year	89,892,685	84,184,740
Net position, end of year	$ 95,419,160	$ 89,892,685

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts from customers	$ 35,635,130	$ 33,368,992
Payments to suppliers for goods and services	(15,843,058)	(15,960,087)
Payments to employees for services	(6,204,486)	(6,094,924)
Net cash provided by operating activities	$ 13,587,586	$ 11,313,981
Cash flows from noncapital financing activities:		
Transfers to other funds	$ (486,260)	$ (474,583)
Net cash used in financing activities	$ (486,260)	$ (474,583)
Cash flows from capital and related financing activities:		
Additions to utility plant	$ (14,567,505)	$ (11,454,922)
Proceeds received for contributions in aid of construction	961,596	1,332,427
Salvage	5,567	5,000
Proceeds from the issuance of long-term debt	6,529,307	19,847,100
Premiums on bonds issued	182,856	0
Payment of principal on long-term debt	(4,244,455)	(15,868,003)
Payment of interest on long-term debt	(1,525,684)	(1,642,058)
Net cash used in capital and related financing activities	$ (12,658,318)	$ (7,780,456)
Cash flows from investing activities:		
Interest received	$ 40,242	$ 21,228
Other non-operating revenue (expense)	(10,247)	(17,339)
Net cash provided by investing activities	$ 29,995	$ 3,889
Net increase (decrease) in cash and cash equivalents	$ 473,003	$ 3,062,831
Cash and cash equivalents, beginning of year	13,883,496	10,820,665
Cash and cash equivalents, end of year	$ 14,356,499	$ 13,883,496
Reconciliation of operating revenues to net cash provided by operating activities:		
Net operating revenues	$ 6,262,017	$ 6,233,813
Adjustments to reconcile net operating revenues to net cash provided by operating activities:		
Depreciation and amortization	7,410,491	7,022,335
Changes in operating assets and liabilities:		
Accounts receivable	588,535	54,868
Materials and supplies	(803,054)	(82,832)
Prepaid expenses	(32,698)	38,998
Accounts payable	40,902	(1,450,829)
Other current liabilities	254,832	84,662
Pension benefits payable	302,662	(493,943)
Post-employment benefits payable	(436,101)	(93,091)
Net cash provided by operating activities	$ 13,587,586	$ 11,313,981

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Statements of Fiduciary Net Position - Other Post-Employment Benefits Trust Fund
For the Years Ended June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 168,260	$ 102,535
Interest receivable	2,209	1,405
Investments, at fair value	3,150,915	3,028,959
Total Current Assets	$ 3,321,384	$ 3,132,899
TOTAL ASSETS	$ 3,321,384	$ 3,132,899
NET POSITION		
Net position restricted for other post-employment benefits	$ 3,321,384	$ 3,132,899

The accompanying notes are an integral part of these financial statements.

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Statements of Changes in Fiduciary Net Position - Other Post-Employment Benefits Trust Fund
For the Years Ended June 30, 2022 and 2021

	2022	2021
ADDITIONS		
Employer contributions	$ 1,440,742	$ 1,404,235
Net investment income:		
Interest and dividend income	186,266	67,577
Net change in the fair value of assets	(709,938)	544,561
Total Additions	$ 917,070	$ 2,016,373
DEDUCTIONS		
Benefits paid	$ 728,585	$ 706,042
Total Deductions	$ 728,585	$ 706,042
Change in Net Position Held in Trust for Other Post-Employment Benefits	$ 188,485	$ 1,310,331
Net Position, held in trust, beginning of year	3,132,899	1,822,568
Net Position, held in trust, end of year	$ 3,321,384	$ 3,132,899

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Board of Public Utilities of the City of Cleveland, Tennessee, (the "Board") comprises two enterprise funds and a fiduciary fund of the City of Cleveland, Tennessee, the primary government. Accordingly, the accompanying financial statements are included in the basic financial statements of the City. Two distinct operating divisions provide electricity (the "Electric Division") and water and sewer services (the "Water Division"). Certain common operating expenses are allocated between divisions for financial reporting purposes based upon management's estimate of the pro rata relationship of the expenses to each division.

The Board provides electric, water, and sewer services to residential, commercial, and industrial customers located within Cleveland, Tennessee, and the surrounding areas.

Basis of Presentation

The financial statements present only the Electric and Water Divisions of the Board and are not intended to present the financial position of the City, the results of the City's operations, or the cash flows of the City's proprietary fund types and nonexpendable trust funds in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

The Board follows the provisions of Statement No. 34 (Statement 34) of the Governmental Accounting Standards Board Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Statement 34 established standards for external financial reporting for all state and local governmental entities.

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The accounting and financial reporting treatment applied is determined by measurement focus. The transactions are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included on the statement of net position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets; restricted for capital activity and debt service; and unrestricted components. These classifications are defined as follows:

> **Net investment in capital assets -** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are added back to offset long-term debt.
>
> **Net position-restricted -** This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
>
> **Net position-unrestricted -** This component of net position consists of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Board's accounting policies are in conformity with accounting principles generally accepted in the United States of America. Where applicable, the Electric Division's accounting records generally follow the Federal Energy Regulatory Commission's ("FERC") uniform system of accounts prescribed for public utilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Contributions in Aid of Construction

The Board conforms to the provisions of GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Consistent with FERC's guidelines, the Electric Division conforms to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, Accounting for the Effects of Certain Types of Regulation. SFAS No. 71 allows for the direct reduction of plant cost recovered through CIAC as opposed to recovery of costs through future regulatory rates. The Water Division recovers plant costs through future regulatory rates and therefore, recognizes CIAC as a net increase in other revenues. Included in 2022 and 2021, CIAC are $925,120, and $1,272,000, respectively, of non-cash contributions.

Use of Estimates

The preparation of financial statements requires Cleveland Utilities to estimate the effects of various matters that are inherently uncertain as of the date of the financial statements. Although the financial statements are prepared in conformity with GAAP, Cleveland Utilities is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses reported during the reporting period. Each of these estimates varies in regard to the level of judgment involved and its potential impact on Cleveland Utilities' financial results. While Cleveland Utilities' estimates and assumptions are based on its knowledge of current events and actions it may undertake in the future, actual results may ultimately differ from these estimates and assumptions.

Revenue Recognition

Revenues are recognized based on billings to customers on monthly meter reading cycles. In addition, an accrual is prepared for the estimate of unbilled revenue for services provided from the date of the last meter reading to the end of the reporting period. The utility distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from charges to customers for the sale of services of electric, water, and sewer operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, deposits in banks, and short-term highly liquid investments that are readily convertible into cash, including segregated funds.

Statutes authorize the Board to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

Materials and Supplies

Materials and supplies inventory is valued at the lower of cost or market using the average cost basis.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Board has three items that qualify for reporting in this category. The deferred charge on refunding which is reported as a deferred outflow or deferred inflow depending on whether it will ultimately be recognized as an expense or revenue. Pension contributions paid after the measurement date are reported as deferred outflows, and differences between expected and actual experience, and investment earnings are reported as deferred inflows.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the CSA and TCRS plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CSA and TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the various plans. Investments are reported at fair value.

Leases

Leases include office equipment for periods of less than five years. The discount rate is based on current borrowing rates.

Reclassifications

For comparability purposes, certain prior year accounts have been reclassified.

Subsequent Events

The Board has evaluated events and transactions that occurred between June 30, 2022, and November 18, 2022, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

CASH AND INVESTMENTS

Interest rate risk - In accordance with its investment policy, the Board manages its exposure to declines in fair values by negotiating the amount of interest earned on checking accounts with area banks. The Board presently has checking funds with Pinnacle Financial Partners. Under the current agreement, the Board earns the greater of fifteen percent of the New York Prime Rate, one hundred percent of the Federal Funds Rate, or half of one percent on deposited funds.

Custodial credit risk - Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. All of the Board's deposits were covered by federal depository insurance or by the bank collateral pool administered by the State of Tennessee, at June 30, 2022 and 2021.

Investments - fiduciary fund

Investments of the Board are reported at fair value. Investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.
Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
Level 3 - Investments reflect prices based upon unobservable sources.

At June 30, 2022, all investments held in the Other Post-employment Benefit Trust have been classified as Level 1 in the fair value hierarchy as they are valued directly from a predetermined primary external pricing vendor utilizing quoted market prices in active markets. It is the policy of the Board to pursue an investment strategy that reduces the risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2022:

American Beacon Small Cap Value Fund	$	176,054
Clearbridge International Growth		195,209
John Hancock Funds III - International Growth Fund		197,582
Lord Abbett Short Duration Income Fund		322,947
Thornburg Limited Term Income Fund		351,514
Vanguard Growth Index Fund		380,856
Vanguard High Dividend Yield Index Fund		504,095
Victory Sycamore Established Value I Fund		223,348

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments net of OPEB investment expense was -14.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

Receivable Fund	Payable Fund		Amount
Cleveland Utilities - Water Division	Cleveland Utilities - Electric Division	$	1,205,034
Spring Branch Industrial Park Fund	Cleveland Utilities - Electric Division		828,333
		$	2,033,367

Interfund payables between the Water and Electric divisions are based upon daily billing activities. These interfund balances are satisfied within a 30 day cycle. The Spring Branch Industrial Park balance is related to Cleveland Utilities' investment into the park. See footnote "Due to the City of Cleveland" for further information.

Transfers Out	Transfers In		Amount
Cleveland Utilities - Electric Division	City of Cleveland - General Fund	$	2,417,873
Cleveland Utilities - Water Division	City of Cleveland - General Fund		486,260
		$	2,904,133

Transfers from Cleveland Utilities to the City of Cleveland represent tax equivalent payments that are required to be shown as transfers instead of expenses of the divisions.

UTILITY PLANT, DEPRECIATION, AND MAINTENANCE

Utility plant is stated at original cost. Such costs include applicable general and administrative costs and payroll-related costs such as pensions and taxes.

The Board provides for depreciation at rates that are designed to amortize the cost of the depreciable utility plant over its estimated useful life. The composite straight-line depreciation rates, expressed as a percentage of average depreciable utility plant, are as follows:

	2022	2021
Electric	3.1%	3.6%
Water	2.8%	2.8%

The estimated useful life of components of depreciable utility plant are as follows:

Structures, transmission, and distribution systems	33 to 50 years
Equipment	10 to 20 years
Transportation equipment	5 years

Depreciation and amortization expense for the Electric Division was $5,215,427 and $5,669,565, for the fiscal years ended June 30, 2022 and 2021, respectively. Depreciation expense for the Water Division was $7,410,491 and $7,022,335, for the fiscal years ended June 30, 2022 and 2021.

The provision for depreciation and amortization in the accompanying Statement of Revenues, Expenses and Change in Net Position does not include depreciation on certain transportation equipment which is allocated to other expense classifications based on relative usage. Depreciation charged to other accounts is as follows:

		2022		2021
Electric	$	257,871	$	575,523
Water		254,264		275,508

When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its cost, together with the cost of removal less salvage, is charged to accumulated depreciation. The Board charges maintenance and repairs, including the cost of renewals of minor items of property, to maintenance expense accounts. Replacements of property (exclusive of minor items of property) are charged to utility plant accounts.

UTILITY PLANT, DEPRECIATION, AND MAINTENANCE - (Continued)

Electric Division utility plant assets activity for the year ended June 30, 2022, was as follows:

	June 30, 2021	Additions	Retirements	Other (2)	June 30, 2022
Capital assets, not being depreciated:					
Land and land rights	$ 559,065	$ -	$ -	$ -	$ 559,065
Construction work-in-progress	1,683,375	955,493	(1) -	-	2,638,868
Total capital assets, not being depreciated	$ 2,242,440	$ 955,493	$ -	$ -	$ 3,197,933
Capital assets, being depreciated:					
Transmission plant	$ 6,006,127	$ (13,282)	$ (5,388)	$ -	$ 5,987,457
Distribution plant	127,944,334	6,090,682	(672,144)	-	133,362,872
General plant	24,789,504	1,746,529	-	(241,076)	26,294,957
Intangibles - Leases	64,357	-	-	-	64,357
Total capital assets, being depreciated	$ 158,804,322	$ 7,823,929	$ (677,532)	$ (241,076)	$ 165,709,643
Less accumulated depreciation	(78,823,342)	(4,955,606)	677,532	250,705	(82,850,711)
Less accumulated amortization	(14,310)	(18,745)	-	-	(33,055)
Total capital asset, being depreciated, net	$ 79,966,670	$ 2,849,578	$ -	$ 9,629	$ 82,825,877
Total capital assets, net	$ 82,209,110	$ 3,805,071	$ -	$ 9,629	$ 86,023,810

Water Division utility plant assets activity for the year ended June 30, 2022, was as follows:

	June 30, 2021	Additions	Retirements	Other (2)	June 30, 2022
Capital assets, not being depreciated:					
Land and land rights, easements	$ 1,887,238	$ -	$ -	$ -	$ 1,887,238
Construction work-in-progress	18,028,088	(578,029)	(1) -	-	17,450,059
Total capital assets, not being depreciated	$ 19,915,326	$ (578,029)	$ -	$ -	$ 19,337,297
Capital assets, being depreciated:					
Plant in service	$ 250,807,627	$ 15,145,533	$ (339,224)	$ -	$ 265,613,936
Total capital assets, being depreciated	$ 250,807,627	$ 15,145,533	$ (339,224)	$ -	$ 265,613,936
Less accumulated depreciation	(128,110,333)	(7,410,491)	339,224	(5,567)	(135,187,167)
Total capital asset, being depreciated, net	$ 122,697,294	$ 7,735,042	$ -	$ (5,567)	$ 130,426,769
Total capital assets, net	$ 142,612,620	$ 7,157,013	$ -	$ (5,567)	$ 149,764,066

(1) Represents the net change in the construction work-in-progress account.
(2) Represents accretion of plant acquisition adjustment and transfers.

UTILITY PLANT, DEPRECIATION, AND MAINTENANCE - (Continued)

Electric Division utility plant assets activity for the year ended June 30, 2021, was as follows:

	June 30, 2020	Additions	Retirements	Other (2)	June 30, 2021
Capital assets, not being depreciated:					
Land and land rights	$ 559,065	$ -	$ -	$ -	$ 559,065
Construction work-in-progress	5,110,509	(3,427,134) (1)	-	-	1,683,375
Total capital assets, not being depreciated	$ 5,669,574	$ (3,427,134)	$ -	$ -	$ 2,242,440
Capital assets, being depreciated:					
Transmission plant	$ 5,833,619	$ 259,699	$ (87,191)	$ -	$ 6,006,127
Distribution plant	118,901,186	11,084,167	(2,041,019)	-	127,944,334
General plant	22,197,915	3,180,745	(379,660)	(209,496)	24,789,504
Intangibles - Leases	29,016	35,341	-	-	64,357
Total capital assets, being depreciated	$ 146,961,736	$ 14,559,952	$ (2,507,870)	$ (209,496)	$ 158,804,322
Less accumulated depreciation	(76,336,886)	(4,994,326)	2,507,870	-	(78,823,342)
Less accumulated amortization	(3,011)	(11,299)	-	-	(14,310)
Total capital asset, being depreciated, net	$ 70,621,839	$ 9,554,327	$ -	$ (209,496)	$ 79,966,670
Total capital assets, net	$ 76,291,413	$ 6,127,193	$ -	$ (209,496)	$ 82,209,110

Water Division utility plant assets activity for the year ended June 30, 2021, was as follows:

	June 30, 2020	Additions	Retirements	Other (2)	June 30, 2021
Capital assets, not being depreciated:					
Land and land rights, easements	$ 1,760,006	$ 127,232	$ -	$ -	$ 1,887,238
Construction work-in-progress	13,044,390	4,983,698 (1)	-	-	18,028,088
Total capital assets, not being depreciated	$ 14,804,396	$ 5,110,930	$ -	$ -	$ 19,915,326
Capital assets, being depreciated:					
Plant in service	$ 244,882,371	$ 6,343,991	$ (418,735)	$ -	$ 250,807,627
Total capital assets, being depreciated	$ 244,882,371	$ 6,343,991	$ (418,735)	$ -	$ 250,807,627
Less accumulated depreciation	(121,501,734)	(7,027,334)	418,735	-	(128,110,333)
Total capital asset, being depreciated, net	$ 123,380,637	$ (683,343)	$ -	$ -	$ 122,697,294
Total capital assets, net	$ 138,185,033	$ 4,427,587	$ -	$ -	$ 142,612,620

(1) Represents the net change in the construction work-in-progress account.
(2) Represents accretion of plant acquisition adjustment and transfers.

EMPLOYEE BENEFIT PLANS

The CSA Pension Plan

Plan description. All employees of the Electric Division hired prior to October 15, 1993, participate in a cost-sharing multiple-employer pension plan administered by the Central Service Association (the "CSA Plan"). The CSA Plan provides retirement benefits to plan members. Section 5.1 & 5.2 of the Pension Plan for Employees of Central Service Association ("CSA") assigns the authority to establish and amend benefit provisions to the CSA Board of Directors. The Board will serve as the "Plan Sponsor," in regard to employees participating in the plan (active and retired) and CSA shall continue to serve as the "Plan Administrator." CSA issues a publicly available financial report that includes financial statements and required supplementary information for the CSA plan. That report may be obtained by writing Central Service Association, P.O. Box 3480 Tupelo, MS 38803-3480 or by calling (662)842-5962.

On October 1, 2005, Cleveland Utilities-Electric Division withdrew from the CSA Non-Governmental Plan in a spin off whereby assets and liabilities were transferred into the Central Service Association Pension Plan for Governmental Employees, a new tax-qualified multiple employer defined benefit pension plan that is maintained as a governmental plan (as defined under section 414(d) of the Internal Revenue Code). The CSA Governmental Plan is substantially the same as the CSA Non Governmental Plan with certain exceptions, including, but not limited to, (1) the CSA Governmental Plan will not be subject to any PBGC requirements, (2) benefits under the CSA Government Plan will not be insured by the PBGC, and (3) the CSA Governmental Plan will not be subject to the additional deficit reduction contribution funding requirements of Code Section 412(1).

Benefits provided. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. No disability benefits are payable under the plan. There is no provision for Cost-of-living (COLA) adjustments.

Employees covered by benefit term. At the measurement date of October 1, 2021, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	2
Active employees	9
	89

Contributions. Contributions for employees are based on an actuarially determined amount. The contribution requirements of the Board are established and may be amended by the CSA Board of Directors. The employer's actuarially determined contribution (ADC) is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Cleveland Utilities net pension liability was measured as of October 1, 2021, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

EMPLOYEE BENEFIT PLANS - (Continued)

The CSA Pension Plan - (Continued)

Actuarial assumptions. The total pension liability as of the October 1, 2020, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Discount rate*	7.00%
Salary scale	3.5%. The prior valuation assumed 3.00% per year.
Overtime	It is assumed that overtime will continue to be earned at 100% of the prior year's level.
Funding method	Entry Age Normal
Mortality	Pub-2010 General Amount-Weighted table fully-generational with projection scale MP-2021 for all participants except beneficiaries. Beneficiaries are valued using the Pub-2010 Amount-Weighted Contingent Survivor fully-generational with projection scale MP-2021.
Incidence of Disability	1985 CIDA Table - Class 2.
Assumed retirement age	25% at ages 57-61; 50% at ages 62-64; 100% at age 65.
Marriage	It is assumed that 50% of participants are married and that a male is 3 years older than his female spouse.
Turnover	For all employees: Sarason T-3 table.
Cost of living increase	N/A
Date of participation freeze	10/14/1993

*The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the Plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EMPLOYEE BENEFIT PLANS - (Continued)

The CSA Pension Plan - (Continued)

Changes in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 10/01/20	$ 35,815,783	$ 29,259,959	$ 6,555,824
Changes for the year:			
Service cost	$ 66,376	$ 0	$ 66,376
Interest	2,416,904	0	2,416,904
Difference between expected and actual experience	(288,243)	0	(288,243)
Assumption changes	57,079	0	57,079
Contributions - employer	0	2,002,365	(2,002,365)
Contributions - employees	0	0	0
Net investment income	0	5,315,190	(5,315,190)
Benefit payments	(2,709,933)	(2,709,933)	0
Administrative expense	0	(2,702)	2,702
Net changes	$ (457,817)	$ 4,604,920	$ (5,062,737)
Balance at 10/01/21	$ 35,357,966	$ 33,864,879	$ 1,493,087

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the CSA plan calculated using the discount rate of 7.0 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 4,767,485	$ 1,493,087	$ (1,326,104)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2022, Cleveland Utilities recognized pension expense of $282,780.

For the year ended June 30, 2022, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 293,589	$ 230,594
Change of assumption	716,300	0
Net difference between projected and actual earnings	0	2,489,411
Contributions subsequent to the measurement date 10/01/21	1,572,692	0
Total	$ 2,582,581	$ 2,720,005

The amount shown above for "Contributions subsequent to the measurement date of October 1, 2021," will be recognized as a reduction to net pension liability in the following measurement period.

EMPLOYEE BENEFIT PLANS - (Continued)

The CSA Pension Plan - (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	$	(162,434)
2024		(330,052)
2025		(513,015)
2026		(704,615)
2027		0
Thereafter		0

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to Pension Plan

At June 30, 2022, no contributions were payable to the plan.

The TCRS Pension Plan

Plan description. All Electric Division employees hired on or after October 15, 1993, and all Water Division employees participate in the Political Subdivision Pension Plan ("PSPP"), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System ("TCRS"). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapter 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit term. At the measurement date of June 30, 2021, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	517
Inactive employees entitled to but not yet receiving benefits	400
Active employees	760
Total for all City of Cleveland Employees	1,677

EMPLOYEE BENEFIT PLANS - (Continued)

The TCRS Pension Plan - (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Cleveland Utilities makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2022, employer contributions for Cleveland Utilities were 17.18 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Cleveland City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Asset

Cleveland Utilities net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumption used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumption. In 2021, the following assumptions were changed: decrease inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment pool target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

EMPLOYEE BENEFIT PLANS - (Continued)

The TCRS Pension Plan - (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Cleveland Utilities will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	City of Cleveland Tennessee			Allocated* Cleveland Utilities
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Net Pension Liability
Balance at 6/30/20	$ 172,394,186	$ 153,889,198	$ 18,504,988	$ 6,349,660
Changes for the year:				
Service cost	$ 3,067,349	$ -	$ 3,067,349	$ 1,072,713
Interest	12,455,312	-	12,455,312	4,355,871
Difference between expected and actual experience	(973,078)	-	(973,078)	(340,305)
Changes in assumptions	12,101,192	-	12,101,192	4,232,028
Contributions - employer	-	7,074,310	(7,074,310)	(2,474,027)
Contributions - employees	-	-	-	
Net investment income	-	39,657,269	(39,657,269)	(13,868,939)
Change in allocated amount from prior year	-	-	-	121,904
Benefit payments	(7,328,245)	(7,328,245)	-	-
Administrative expense	-	(66,700)	66,700	23,326
Net changes	$ 19,322,530	$ 39,336,634	$ (20,014,104)	$ (6,877,428)
Balance at 6/30/21	$ 191,716,716	$ 193,225,832	$ (1,509,116)	$ (527,768)

*The net pension liability (asset) for Cleveland Utilities was based on an allocation of Cleveland Utilities contributions to total City of Cleveland contributions made during fiscal year ending June 30, 2021.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City of Cleveland calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Cleveland City's net pension liability	$ 25,112,624	$ (1,509,116)	$ (23,607,119)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense. For the year ended June 30, 2022, Cleveland Utilities recognized pension expense of $587,350.

EMPLOYEE BENEFIT PLANS - (Continued)

The TCRS Pension Plan - (Continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2022, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 86,152	$ 283,587
Net difference between projected and actual earnings	0	7,402,117
Change in assumptions	619,035	0
Contributions subsequent to the measurement date 06/30/21	2,675,804	0
Total	$ 3,380,991	$ 7,685,704

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2021," will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	$ (1,490,139)
2024	(2,032,464)
2025	(2,085,527)
2026	(2,693,669)
2027	1,321,283
Thereafter	0

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to Pension Plan

At June 30, 2022, no contributions were payable to the plan.

Aggregation of both Pension Plans

Deferred Outflows of Resources and Deferred Inflows of Resources Related to all Pension Plans

The following is an aggregation of deferred outflows of resources and deferred inflows of resources related to the Board of Public Utilities pension plans:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 379,741	$ 514,181
Net difference between projected and actual earnings	0	9,891,528
Change in Assumptions	1,335,335	0
Contributions subsequent to the measurement date 06/30/20 and 10/01/21.	4,248,496	0
Total	$ 5,963,572	$ 10,405,709

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2021, and October 1, 2021," will be recognized as a reduction to net pension liability in the following measurement period.

EMPLOYEE BENEFIT PLANS - (Continued)

Aggregation of both Pension Plans - (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	$ (1,652,573)
2024	(2,362,516)
2025	(2,598,542)
2026	(3,398,284)
2027	1,321,283
Thereafter	0

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

The retirement plans resulted in the following net pension liability:

	Net Pension (Asset) Liability
CSA Pension Plan	$ 1,493,087
TCRS Pension Plan	(527,768)
	$ 965,319

Pension expense related to both plans were as follows:

CSA Pension Plan	$ 282,780
TCRS Pension Plan	587,350
	$ 870,130

OTHER POST-RETIREMENT BENEFITS

In June 2015, the Governmental Accounting Standards Board issued Statement No. 75 ("GASB 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* GASB 75' objective is to update the requirements of GASB 45 to include new terminology, accelerated recognition of plan cost, and extended disclosure items. In addition, the valuation discount rate assumption must reflect the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher to the extent the plan assets (plan's fiduciary net position) are projected to be insufficient to make projected benefit payments. The Board was required to implement GASB 75 in the year ended June 30, 2018.

Plan Description

The Board provides other postemployment benefits (OPEB) for certain employees as described below. The Plan is a single-employer defined benefit OPEB plan administered by the Board. The Plan is reported as a fiduciary fund in the financial statements. The Board provides post-retirement medical, hospitalization, vision, and dental benefits to employees who retire from the Board with 30 years of service, or age 55 with 15 years of service. As of August 1, 2006, employees

OTHER POST-EMPLOYMENT BENEFITS - (Continued)

Plan Description - (Continued)

with a hire date prior to July 1, 2005, are non-contributory. For those participants with a date of hire on or after July 1, 2005, benefits participants pay according to the following schedule:

Years of Service at Retirement	Percentage of Premium paid by Participant
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

As of August 1, 2006, participants with a date of hire prior to July 1, 2005, the Board will pay 50% of the spouse only premium. For those participants with a date of hire on or after July 1, 2005, the Board will pay 50% of the spouse only premium based on the schedule shown above for the retiree. There is no provision to provide surviving spouse benefits.

Monthly plan premiums effective August 1, 2021, are as follows:

	Medical	Dental
Pre-65 Retiree	$ 651.72	$ 24.64
Pre-65 Retiree and Spouse	1,389.51	54.77
Post-65 Retiree	301.00	24.64
Post-65 Retiree and Spouse	602.00	54.77

Plan description of the life insurance plan:

Plan types:	Term life insurance
Eligibility:	Age 60 with 30 years of service or Age 55 with 15 years of service.
Benefit/cost sharing:	Flat dollar $10,000 benefit for retiree and $2,000 benefit for spouse
Retiree cost sharing:	Non contributory

Plan Membership

As of July 1, 2021, plan membership consisted of the following:

Inactive plan members	114
Active plan members	205
	319

Contributions

Although the Board has no contractual requirement to fund the plan, other than direct benefit payments, their intent is to make budgeted annual contributions over the next ten years with a 20 year funding strategy. This policy will be reviewed on an annual basis.

OTHER POST-EMPLOYMENT BENEFITS - (Continued)

Investment policy

See Investment-fiduciary fund footnote that details the investments related to the OPEB trust at year-end on page 19.

Net OPEB Liability

Cleveland Utilities net Opeb liability was measured as of June 30, 2022, and the total opeb liability used to calculate net opeb liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of Payroll
Salary Increases	4.00%
Payroll Growth	2.50%
Inflation	2.50%
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	9.00% initially, decreasing to an ultimate rate of 5.0%
Mortality	RPH-2014 Fully Generational with Scale MP2021.

Changes in assumptions. The discount rate changed from 7.30% as of June 30, 2019 to 7.00% as of June 30, 2020. The Mortality table changed from RP-2000 to RPH-2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The Board has not adopted a formal written funding policy. A contribution of $712,157, was made during the fiscal year ended June 30, 2022; however, future contributions at the Actuarial Determined Contribution (including direct benefit payments), generate a level funding that cash flow projections indicate will meet the funding requirements. This assumption will be reviewed as of the next measurement date and modified as appropriate.

Changes in the Net OPEB Liability

Changes in the Net OPEB Liability were as follows:

	Actuarial Accrued Liability (a)	Plan Assets (b)	Unfunded Actuarial Accrued Liability (a) - (b)
Balance at 6/30/21	$ 16,165,757	$ 2,404,432	$ 13,761,325
Changes for the year:			
Service cost	$ 243,180	$ -	$ 243,180
Interest	1,023,028	-	1,023,028
Difference between expected and actual experience	(1,711,731)	36,484	(1,748,215)
Contributions - employer	-	1,440,742	(1,440,742)
Net investment income	-	168,310	(168,310)
Changes in assumptions	275,621	-	275,621
Benefit payments	(728,585)	(728,585)	-
Administrative expense	-	-	-
Net changes	$ (898,487)	$ 916,951	$ (1,815,438)
Balance at 6/30/22	$ 15,267,270	$ 3,321,383	$ 11,945,887

OTHER POST-EMPLOYMENT BENEFITS - (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate:

1% Decrease (6.50% decreasing to 3.50%)	Current (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
$ 10,009,611	$ 11,945,887	$ 14,355,914

Sensitivity of Net OPEB Liability to Changes in the Discount Rate
The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

1% decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
$ 14,070,791	$ 11,945,887	$ 10,197,381

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, Cleveland Utilities recognized OPEB expense of $657,666.

For the year ended June 30, 2022, Cleveland Utilities reported deferred outflows of resources and deferred inflows of resources related to opeb from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 2,826,860
Net difference between projected and actual earnings	17,669	29,993
Change in Assumptions	854,807	239,018
Total	$ 872,476	$ 3,095,871

Amounts reported as deferred outflows of resources and deferred inflows of resources related to opeb will be recognized in pension expense as follows:

Year Ended June 30:	
2023	$ (385,348)
2024	(335,031)
2025	(359,309)
2026	(361,832)
2027	(392,415)
Thereafter	(389,460)

Payable to the OPEB Plan

At June 30, 2022, there was no outstanding payable to the plan.

LONG-TERM DEBT

Long-term debt consists of direct borrowing-notes payable, bonds and leases as follows:

	June 30 2022	June 30 2021
Electric Division		
Bonds:		
Series 2016B refunding bonds, due through June 2036 3.140% fixed for five years	$ 663,550	$ 710,271
Series 2018B bonds due through June 2039 3.00% to 5.00%	2,145,000	2,230,000
Series 2019 refunding bonds, due through December 2027 2.00% to 5.00%	1,265,000	1,650,000
Series 2020 bonds, due through December 2040 2.00% to 5.00%	1,760,000	1,820,000
Series 2020 refunding bonds, due through December 2034 2.00% to 5.00%	5,970,000	6,455,000
Direct Borrowing Loans:		
Volunteer Electric - 0% due August 2023	905	1,357
Volunteer Electric - 0% due August 2023	10,741	16,112
Volunteer Electric - 0% due August 2025	7,894	9,867
Volunteer Electric - 0% due August 2028	156,763	179,158
Volunteer Electric - 0% due August 2030	1,665,048	1,850,053
Leases:		
Equipment lease - postage machine 3.0% due February 2024	3,312	5,220
Equipment lease - copier 3.0% due July 2024	1,906	2,745
Equipment lease - copier 3.0% due July 2024	1,906	2,745
Equipment lease - copier 3.0% due August 2023	2,150	3,814
Equipment lease - copier 3.0% due September 2023	2,378	4,100
Equipment lease - copier 3.0% due August 2023	2,521	4,471
Equipment lease - copier 3.0% due August 2023	2,521	4,471
Equipment lease - copier 3.0% due August 2023	2,521	4,471
Equipment lease - copier 3.0% due July 2024	2,145	3,089
Equipment lease - copier 3.0% due July 2024	2,145	3,089
Equipment lease - copier 3.0% due July 2024	2,145	3,089
Equipment lease - copier 3.0% due July 2024	2,145	3,089
Equipment lease - copier 3.0% due July 2024	2,145	3,089
Equipment lease - copier 3.0% due July 2024	2,145	3,089
Current maturities	(1,297,740)	(1,295,403)
Bond discounts/premiums, net	1,657,308	1,797,044
	$ 14,036,554	$ 15,474,030
Water Division		
Bonds:		
Series 2016B refunding bonds, due through 2036 3.140% fixed for five years	$ 4,946,450	$ 5,294,729
Series 2018B bonds, due through June 2039 3.00% to 5.00%	2,990,000	3,110,000
Series 2019 refunding bonds, due through December 2027 2.00% to 5.00%	6,015,000	7,930,000
Series 2020 bonds, due through December 2040 2.00% to 5.00%	3,515,000	3,630,000
Series 2020 refunding bonds, due through December 2034 2.00% to 5.00%	8,660,000	9,470,000
Series 2022 bonds, due through June 2042 3.375% to 5.00%	2,955,000	0

LONG-TERM DEBT - (Continued)

Water Division - (Continued)	**June 30 2022**	**June 30 2021**
Direct Borrowing Loans		
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.15% Interest Rate	$ 1,038,652	$ 1,103,296
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.15% Interest Rate	6,871,846	7,247,914
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.50% Interest Rate	1,406,610	1,500,558
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.34% Interest Rate	1,693,548	1,802,448
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.11% Interest Rate	2,262,139	2,395,939
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, .88% Interest Rate	78,697	83,701
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.60% Interest Rate	685,470	720,990
Note Payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.60% Interest Rate	166,676	175,328
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	365,900	385,424
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	9,964,544	7,913,979
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	800,194	839,059
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.56% Interest Rate	475,595	491,390
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, 1.36% Interest Rate	87,210	87,210
Note payable to the State of Tennessee Revolving Loan Fund, 20 year term loan, .73% Interest Rate	1,488,286	0
Current maturities	(5,003,537)	(4,707,275)
Bond discounts/premiums, net	3,177,891	3,316,434
	$ 54,641,171	$ 52,791,124

On March 13, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-417" to finance the wastewater rehabilitation plan of 2018. The SRF CW6 2018-417 loan agreement was for $10,000,000, in the form of a loan of $10,000,000. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.58 percent. As of June 30, 2022, the Division has drawn down all of the loan proceeds.

On June 19, 2018, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW6 2018-416" to finance the construction of wastewater collection plant for the annexed properties of Durkee Road. The SRF CW6 2018-416 loan agreement was for $350,000, in the form of a loan of $350,500. During the fiscal year ended June 30, 2019, the loan was increased by another $379,500 for a total of $730,000. As of June 30, 2021, the loan was amortized on the final balance of $491,390. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.56 percent.

On November 10, 2020, the City of Cleveland on behalf of the Electric and Water Divisions, issued bonds in the principal amount of $1,820,000, and $3,630,000, respectively, for the purpose making improvements to both the electric and water systems. The 2020 Series bonds have a coupon rate between 2.0 percent to 5.0 percent. The bonds will mature December 1, 2040.

On November 10, 2020, the City of Cleveland on behalf of the Electric and Water Divisions, issued bonds in the principal amount of $7,010,000, and $9,965,0000, respectively, to currently refund the balance of the 2010 and 2014 bonds that had an outstanding

LONG-TERM DEBT - (Continued)

balance of $3,575,000 for Electric and $4,800,000 for Water, and the Series 2012, 2014 and 2015 TMBF Notes and a state revolving loan note all with an outstanding balance in the Water Division of $6,949,512. The bonds are at a fixed rate between 2.0% and 5.0%, and will mature December 1, 2034. The Board currently refunded these bonds to reduce its total debt service payments over 15 years by $624,387, for Electric and $775,034, for Water. The economic gain (difference between the present value of the debt service payments on the old and new debt) for the Electric Division is $535,196, and for the Water Division is $686,413.

On June 27, 2019, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF CW7 19-431" to finance the construction of wastewater improvements for the annexed properties of Durkee Road. The SRF CW7 19-431 loan agreement was for $1,771,000, in the form of a loan of $1,593,900, and principal forgiveness of $177,100. The loan is to be paid back over a 20-year period with a fixed interest rate of 1.37 percent. As of June 30, 2022, the Division has drawn down $87,210, of the loan proceeds and recognized $9,690 in principal forgiveness.

On May 5, 2022, the City of Cleveland on behalf of the Water Division, issued bonds in the principal amount of $2,955,000, for the purpose making improvements to the water system. The 2022 Series bonds have a coupon rate between 3.375 and 5.0 percent. The bonds will mature June 1, 2042

On May 6, 2022, the City of Cleveland on behalf of the Wastewater Division of Cleveland Utilities entered into a revolving loan agreement with the Tennessee State Revolving Loan Fund, "SRF 18-417-01" to finance the wastewater rehabilitation plan. The SRF 18-417-01 loan agreement was for $10,000,000, in the form of a loan of $10,000,000. The loan is to be paid back over a 20-year period with a fixed interest rate of .73 percent. As of June 30, 2022, the Division has drawn down $1,488,286, of the proceeds.

Bonds and notes are collateralized as to payment of principal and interest by a pledge of sufficient revenues, after deduction of all current operating expenses, to meet principal and interest payments when due. In the event of a deficiency of revenues, the full faith, credit and resources of the City of Cleveland are irrevocably pledged for the prompt payment of debt when due.

Leases include office equipment used throughout the office. Leases are recorded as intangible assets and amortized over the life of the lease. The intangible asset and offsetting payable are recorded at the present value of the lease payments using an interest factor of 3.0%.

Long-term debt maturities and interest are as follows:

	Electric Division			
	Bonds		Direct Borrowing Loans	
	Principal	Interest	Principal	Interest
2023	$ 1,063,495	$ 476,404	$ 215,196	$ 0
2024	1,100,860	430,682	215,196	0
2025	1,127,635	377,885	209,373	0
2026	780,807	332,882	209,373	0
2027	786,398	294,600	207,400	0
2028-2032	3,887,688	886,273	784,812	0
2033-2037	2,261,667	267,807	0	0
2038-2042	795,000	39,785	0	0
	$ 11,803,550	$ 3,106,318	$ 1,841,350	$ 0

LONG-TERM DEBT - (Continued)

	Water Division			
	Bonds		Direct Borrowing Loans	
	Principal	Interest	Principal	Interest
2023	$ 3,121,505	$ 1,151,495	$ 1,882,032	$ 441,504
2024	2,604,140	1,033,305	1,904,868	418,668
2025	2,482,365	916,250	1,927,992	395,544
2026	2,499,193	799,630	1,951,404	372,132
2027	2,503,602	680,703	1,975,128	348,408
2028-2032	8,362,312	2,029,274	10,242,516	1,375,164
2033-2037	5,153,333	777,725	10,536,875	736,770
2038-2042	2,355,000	181,122	6,982,956	190,713
	$ 29,081,450	$ 7,569,504	$ 37,403,771	$ 4,278,903

	Electric Division	
	Leases	
	Principal	Interest
2023	$ 19,049	$ 702
2024	11,715	196
2025	1,322	5
2026	0	0
2027	0	0
2028-2032	0	0
2033-2037	0	0
2038-2042	0	0
	$ 32,086	$ 903

Activity in long-term liabilities for the year ended June 30, 2022, was as follows:

	June 30, 2021	Additions	Decreases	June 30, 2022	Current Amount Due
Electric Division					
Bonds Payable	$ 12,865,271	$ 0	$ 1,061,721	$ 11,803,550	$ 1,063,495
Notes Payable	2,056,546	0	215,196	1,841,350	215,196
Conservation Loans	1,723,814	438,348	539,839	1,622,323	247,153
Equipment leases	50,572	0	18,486	32,086	19,049
Water Division					
Bonds Payable	$ 29,434,729	$ 2,955,000	$ 3,308,279	$ 29,081,450	$ 3,121,505
State Revolving Loan Funds	24,747,236	3,574,307	936,176	27,385,367	1,882,032

The long-term debt maturities, as provided above, includes debt related to loan proceeds that have been issued but not received as of June 30, 2022. The following is a summary listing of loan proceeds that are expected to be received in the fiscal year ending June 30, 2022:

	Water Division
SRF - 2018-417-01	8,511,714
SRF - 2019-431	1,506,690
	$ 10,018,404

DUE TO THE CITY OF CLEVELAND

On December 20, 2012, the Board entered into an agreement with the City of Cleveland, Bradley County, and the Industrial Development Board of the County of Bradley and the City of Cleveland. This agreement was for the purpose of funding the development of the Spring Creek Industrial Park, located directly off Exit 20 on Interstate 75. Under this agreement, the City of Cleveland agreed to borrow $6,000,000 through the Tennessee Municipal Bond Fund. Of this amount, Cleveland Utilities agreed to repay the City of Cleveland $2,000,000 over a period of 15 years through Electric Division revenues. As compensation for this agreement, Cleveland Utilities reserves the right to receive up to 25 acres within the Park for the future development of an electric operations center. Upon the sale of the remaining of the remaining park property and after all development costs have been recovered, Cleveland Utilities will receive 1/3 of any remaining funds. This agreement was approved by Tennessee Valley Authority, as in accordance with the purchased power agreement.

TENNESSEE VALLEY AUTHORITY ("TVA") CONSERVATION PROGRAMS

The Board is a fiscal intermediary for TVA conservation programs. Under these programs, the Board obtains advances from TVA to administer loans to qualified customers approved by TVA. The repayment of the customer loans is based on monthly amortization schedules ranging from three to ten years. The TVA advances are repaid monthly as payments are received on outstanding customer loans. Amounts due in the next twelve months are included in accounts receivable-other in the accompanying Statement of Net Position. All other amounts are reported as long-term receivables. TVA assumes all credit risks under these programs. Effective June 30, 1997, TVA sold its loans to First American National Bank, which was acquired by Regions Bank during the year ended June 30, 2000. This sale changed the parties to the arrangement described above but did not change the Board's role as a fiscal intermediary.

COMMITMENTS AND CONTINGENCIES

The Board is a party to a contract with the Tennessee Valley Authority (TVA) dated August 17, 1976, under which the Electric Division purchases its entire requirements for electric power and energy from TVA for resale. The contract may be terminated by either TVA or the Board at any time upon not less than twenty years written notice.

The Board is a party to a contract with the Hiwassee Utilities Commission (HUC) dated June 22, 2006, under which the Water Division agrees to purchase an annual quantity of water equal to an average of 5,335,000 gallons of water per day.

The Board is a party to a contract with the Hiwassee Utilities Commission (HUC) dated January 21, 1982, under which HUC agrees to contract with the Water Division for operating the water filter plant owned by HUC in Charleston, Tennessee. Cleveland Utilities provides all personnel necessary to operate the plant, perform maintenance tasks and in general perform all necessary functions of the day-to-day operation of the plant. Cleveland Utilities is reimbursed for all costs incurred in operating the plant plus additional amounts for overhead as called for in the contract. Cleveland Utilities is not responsible for property insurance on the HUC facilities.

On September 16, 2005, Cleveland Utilities received a Commissioner's Order from the Tennessee Department of Environment and Conservation. The order deals with violations of Cleveland Utilities' NPDES Permit related to overflows in the sewer collection system. Cleveland Utilities reported the violations listed in the order to TDEC. The Board has authorized the utility to engage the services of legal counsel to appeal the order. The appeal was filed September 21, 2005, and on January 25, 2006, an "agreed order" was signed by all parties. The agreed order outlines certain requirements to be undertaken by the utility to address the violations as they are listed in the order. In conjunction with the Commissioner's Order received in 2005, Cleveland Utilities submitted a Capacity, Maintenance, Operations and Management (CMOM) plan to the Tennessee Department of Environment and Conservation (TDEC) for approval. This document details how Cleveland Utilities will ensure capacity within the wastewater collection system, perform routine and preventative maintenance, what daily operations are performed by Cleveland Utilities personnel, and how the data is being managed. On September 23, 2011, Cleveland Utilities received approval of the CMOM document from TDEC. In response to managing the CMOM program, Cleveland Utilities developed the Strategic Commitment to Protect the Environment (SCOPE-10) program. This program will manage the CMOM program while also overseeing wastewater rehabilitation of the collection system. Cleveland Utilities has revised the CMOM document and received approval of the new CMOM on July 18, 2012.

RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is fully insured for worker's compensation, automobile liability, general liability, personal and real property through the purchase of commercial liability insurance coverage. Liabilities for retiree medical benefits are fully insured. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Beginning August 1, 2015 liabilities for employee medical benefits are partially self-insured. The partially self-insured program is accounted for in each division based upon the respective equivalent employees' calculation. The current equivalent calculation is electric division 42%, water division 58% (water only being 35% and wastewater being 23%). Expenses relating to insurance are charged according to this calculation. These expenses include medical claims, prescription drug claims, stop loss insurance coverage, and fixed medical cost premiums. The total estimated liability as of June 30, 2021, is $98,685. This liability has been calculated based upon subsequent claim payments.

Changes in claims liability for the current and prior year are summarized below:

	2022	2021
Claims liability at the beginning of the year	$ 111,896	$ 136,637
Current year claims and estimate changes	4,603,706	3,479,378
Claims paid	4,616,917	3,504,119
Claims liability at end of year	$ 98,685	$ 111,896

RELATED PARTY ACTIVITY

For the years ended June 30, 2022 and June 30, 2021, Cleveland Utilities made purchases of $319,892, and $116,337, respectively, from an auto dealership that was operated by a board member. The purchases involved several trucks that were appropriately bid.

ACCOUNTING CHANGES

GASB Statement No. 87, *Leases*, became effective for fiscal year ending June 30, 2022. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a leasee must recognize (1) a lease liability, (2) an intangible asset representing the leasee's right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease.

RESTATEMENT

With the implementation of GASB Statement 87, *Leases*, Cleveland Utilities Electric Division is recognizing a restatement to the beginning net position of ($159) has been presented to reflect the effect of the change.

Schedule of Changes in the Total OPEB Liability and Related Ratios
Fiscal Year ending June 30,

Total OPEB Liability	**2017**	**2018**
Service cost	$ 295,896	$ 229,164
Interest on total opeb liability	1,020,431	1,144,551
Differences between expected and actual experience	(3,991)	(2,102,456)
Change in assumptions	0	1,470,517
Benefit payments	(626,601)	(637,980)
Net change in total opeb liability	$ 685,735	$ 103,796
Total OPEB liability - beginning	13,619,452	15,344,728
Changes from implementation of GASB 74	1,039,541	0
Total OPEB liability - ending (a)	$ 15,344,728	$ 15,448,524
Plan Fiduciary Net Position:		
Contributions - employer	$ 959,681	$ 637,980
Net investment income	25,731	26,910
Benefit payments	(626,601)	(637,980)
Differences between expected and actual experience	0	2,926
Administrative expense	0	0
Net change in plan fiduciary net position	$ 358,811	$ 29,836
Plan fiduciary net position - beginning	0	358,811
Plan fiduciary net position - ending (b)	$ 358,811	$ 388,647
Net OPEB Liability - ending (a) - (b)	$ 14,985,917	$ 15,059,877
Plan fiduciary net position as a percentage of total OPEB liability	2.34%	2.52%
Covered payroll	$ 11,561,465	$ 12,496,462
Net OPEB liability as a percentage of covered payroll	129.62%	120.51%
Notes:		
Assumption changes:		
Discount rate	7.50%	7.50%
Healthcare Trend rates (decreasing to 4.5% in 2025)	9.00%	9.00%
Mortality Table	RP2000 Scale BB	RP2000 Scale BB
Plan changes	None	None

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

2019	2020	2021	2022
$ 234,893	$ 228,621	$ 255,499	$ 243,180
1,153,072	1,038,874	1,081,058	1,023,028
0	(1,355,935)	0	(1,711,731)
468,861	(375,515)	0	275,621
(629,622)	(676,531)	(706,042)	(728,585)
$ 1,227,204	$ (1,140,486)	$ 630,515	$ (898,487)
15,448,524	16,675,728	15,535,242	16,165,757
0	0	0	0
$ 16,675,728	$ 15,535,242	$ 16,165,757	$ 15,267,270
$ 1,287,545	$ 1,361,034	$ 1,160,326	$ 1,440,742
29,149	79,512	127,580	168,310
(629,622)	(676,531)	(706,042)	(728,585)
13,503	(30,669)	0	36,484
0	0	0	0
$ 700,575	$ 733,346	$ 581,864	$ 916,951
388,647	1,089,222	1,822,568	2,404,432
$ 1,089,222	$ 1,822,568	$ 2,404,432	$ 3,321,383
$ 15,586,506	$ 13,712,674	$ 13,761,325	$ 11,945,887
6.53%	11.73%	14.87%	21.75%
$ 12,808,874	$ 13,195,712	$ 15,724,519	$ 14,404,728
121.69%	103.92%	87.52%	82.93%
7.30%	7.00%	7.00%	7.00%
8.00%	7.50%	7.00%	7.00%
RP-2000 Scale BB	RPH-2014 Scale MP2019	RPH-2014 Scale MP2019	RPH-2014 Scale MP2021
None	None	None	None

Schedule of Contributions Based on Participation in the OPEB Plan Fiscal Year ending June 30,

	2017	2018
Actuarially determined contribution	$ 959,681	$ 1,160,104
Contributions in relation to the actuarially determined contribution	959,681	637,980
Contribution deficiency (excess)	$ -	$ 522,124
Covered payroll	11,561,465	12,496,462
Contribution as a percentage of covered payroll	8.30%	5.11%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Methods and assumptions used to determine contribution rates:		2017	2018
Actuarial cost method	Entry Age Normal		
Amortization method	Level percentage of payroll		
Remaining amortization period	27 years		
Asset valuation	Market value		
Inflation	2.5 percent		
Salary increases	4.00%		
Payroll growth	2.50%		
Investment rate of return	7.30%		
Healthcare trend rates		9.0% decreasing to 5.0% in 2021	9.0% decreasing to 5.0% in 2021
Average assumed retirement age:		63	63
Mortality Table:		RP2000 with Scale BB	RP2000 with Scale BB

Schedule of Investment Returns Fiscal Year ending June 30,

	2017	2018
Annual money-weighted rate of return, net of investment expense	10.1%	8.0%

2019	2020	2021	2022
$ 1,185,998	$ 1,157,071	$ 1,160,326	$ 1,078,379
1,287,545	1,361,034	1,404,235	(1,440,742)
$ (101,547)	$ (203,963)	$ (243,909)	$ 2,519,121
12,808,874	13,195,712	15,724,519	14,404,728
10.05%	10.31%	8.93%	-10.00%

2019	2020	2021	2022
8.0% decreasing to 5.0% in 2021	7.5% decreasing to 4.5% in 2025	7.0% decreasing to 4.5% in 2025	7.0% decreasing to 4.5% in 2026
63	61	61	61
RP2000 with Scale BB	RPH2014 With Scale MP2019	RPH2014 With Scale MP2019	RPH2014 With Scale MP2021

2019	2020	2021	2022
4.3%	2.9%	23.2%	-14.2%

Schedule of Changes in the Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of CSA
Fiscal Year ending October 1,

Total Pension Liability:	2015	2016	2017
Service cost	$ 92,532	$ 95,366	$ 98,869
Interest on total pension liability	2,165,875	2,159,798	2,210,999
Change in benefit terms	0	0	0
Differences between expected and actual experience	(355,441)	567,883	797,655
Change in assumptions	0	0	27,058
Employee contributions	0	0	0
Benefit payments	(1,940,294)	(2,044,920)	(2,145,295)
Net change in total pension liability	$ (37,328)	$ 778,127	$ 989,286
Total pension liability - beginning	31,818,685	31,781,357	32,559,484
Total pension liability - ending (a)	$ 31,781,357	$ 32,559,484	$ 33,548,770
Plan Fiduciary Net Position:			
Contributions - employer	$ 1,507,800	$ 1,698,192	$ 1,703,144
Contributions - employee	0	0	0
Net investment income	1,565,864	192,571	1,908,220
Benefit payments	(1,940,294)	(2,044,920)	(2,145,295)
Administrative expense	(1,829)	(99)	0
Net change in plan fiduciary net position	$ 1,131,541	$ (154,256)	$ 1,466,069
Plan fiduciary net position - beginning	21,813,834	22,945,375	22,791,119
Plan fiduciary net position - ending (b)	$ 22,945,375	$ 22,791,119	$ 24,257,188
Net Pension Liability - ending (a) - (b)	$ 8,835,982	$ 9,768,365	$ 9,291,582
Plan fiduciary net position as a percentage of total pension liability	72.20%	70.00%	72.30%
Covered payroll	$ 2,061,188	$ 2,104,682	$ 1,940,346
Net pension liability as a percentage of covered payroll	428.68%	464.13%	478.86%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

2018	2019	2020	2021	2022
$ 88,263	$ 68,316	$ 63,605	$ 56,028	$ 66,376
2,270,713	2,304,139	2,351,768	2,348,086	2,416,904
0	0	0	0	0
460,253	645,393	75,248	224,024	(288,243)
48,168	64,119	51,789	1,061,833	57,079
0	0	0	0	0
(2,396,553)	(2,343,308)	(2,450,385)	(2,724,486)	(2,709,933)
$ 470,844	$ 738,659	$ 92,025	$ 965,485	$ (457,817)
33,548,770	34,019,614	34,758,273	34,850,298	35,815,783
$ 34,019,614	$ 34,758,273	$ 34,850,298	$ 35,815,783	$ 35,357,966
$ 1,764,776	$ 1,875,916	$ 1,840,214	$ 1,930,107	$ 2,002,365
0	26,816	0	0	0
2,454,931	1,681,631	1,103,368	2,246,887	5,315,190
(2,396,553)	(2,343,308)	(2,450,385)	(2,724,486)	(2,709,933)
0	0	0	(7,143)	(2,702)
$ 1,823,154	$ 1,241,055	$ 493,197	$ 1,445,365	$ 4,604,920
24,257,188	26,080,342	27,321,397	27,814,594	29,259,959
$ 26,080,342	$ 27,321,397	$ 27,814,594	$ 29,259,959	$ 33,864,879
$ 7,939,272	$ 7,436,876	$ 7,035,704	$ 6,555,824	$ 1,493,087
76.66%	78.60%	79.81%	81.70%	95.78%
$ 1,699,467	$ 1,548,112	$ 1,328,225	$ 1,069,072	$ 1,013,451
467.16%	480.38%	529.71%	613.23%	147.33%

Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of CSA
Fiscal Year ending June 30,

	2015	2016	2017
Actuarially determined contribution	$ 1,558,833	$ 1,567,533	$ 1,663,122
Contributions in relation to the actuarially determined contribution	1,698,192	1,699,430	1,725,980
Contribution deficiency (excess)	$ (139,359)	$ (131,897)	$ (62,858)
Covered payroll	2,093,809	1,981,430	1,759,687
Contribution as a percentage of covered payroll	1.02 81.11%	0.94 85.77%	0.91 98.08%

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presentec retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Methods and assumptions used to determine contribution rates:

Measurement date	October 1, 2019
Discount rate	7.00%
Funding method	Individual Entry Age Normal
Mortality	Pub-2010 General Amount-Weighted table fully-generational with proj MP-2020.
Incidence of Disability	1985 CIDA Table - Class 2.
Turnover	For all employees: Sarason T-3 table.
Salary Scale	3.5% per year.
Cost of living increases	N/A
Date of participation freeze	10/14/1993
Overtime	It is assumed that overtime will continue to be earned at 100% of the level of the most recent 3-year average.
Assumed retirement age	25% at ages 57-61; 50% at ages 62-64; 100% at age 65.
Valuation of Assets:	
GASB 68	Market Value
Funding	Actuarial Value (5-year smoothing)

Note - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the Plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	2018	2019	2020	2021	2022
	$ 1,712,348	$ 1,773,627	$ 1,824,417	$ 1,946,847	$ 1,955,441
	1,870,153	1,854,331	1,901,746	1,961,589	2,100,333
	$ (157,805)	$ (80,704)	$ (77,329)	$ (14,742)	$ (144,892)
	1,585,955	1,435,507	1,151,339	994,237	942,509
	0.93	0.93	0.87	0.93	0.93
	117.92%	129.18%	165.18%	197.30%	222.84%

Schedule of Changes in the Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS*
Fiscal Year ending June 30,

Total Pension Liability:	2015	2016	2017
Service cost	$ 2,222,760	$ 2,274,025	$ 2,363,997
Interest on total pension liability	8,465,079	8,925,860	9,467,115
Change in benefit terms	0	0	0
Differences between expected and actual experience	(254,944)	717,782	1,198,307
Change in assumptions	0	0	0
Employee contributions	0	0	0
Benefit payments	(4,198,654)	(4,482,162)	(5,099,666)
Net change in total pension liability	$ 6,234,241	$ 7,435,505	$ 7,929,753
Total pension liability - beginning	112,744,286	118,978,527	126,414,032
Total pension liability - ending (a)	$ 118,978,527	$ 126,414,032	$ 134,343,785
Plan Fiduciary Net Position:			
Contributions - employer	$ 5,089,188	$ 5,321,904	$ 5,426,173
Contributions - employee	165	186	1,998
Net investment income	15,038,653	3,287,610	2,936,077
Benefit payments	(4,198,654)	(4,482,162)	(5,099,666)
Administrative expense	(29,562)	(34,427)	(51,102)
Net change in plan fiduciary net position	$ 15,899,790	$ 4,093,111	$ 3,213,480
Plan fiduciary net position - beginning	90,319,171	106,218,961	110,312,072
Plan fiduciary net position - ending (b)	$ 106,218,961	$ 110,312,072	$ 113,525,552
Net Pension Liability - ending (a) - (b)	$ 12,759,566	$ 16,101,960	$ 20,818,233
Plan fiduciary net position as a percentage of total pension liability	89.28%	87.26%	84.50%
Covered payroll	$ 28,771,684	$ 30,014,667	$ 30,709,795
Net pension liability as a percentage of covered payroll	44.35%	53.65%	67.79%

Notes to Schedule:

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*This schedule represents the activity for the entire City of Cleveland of which Cleveland Utilities percentage is currently approximately 34%.

2018	2019	2020	2021	2022
$ 2,442,734	$ 2,829,546	$ 2,842,378	$ 3,109,494	$ 3,067,349
10,043,766	10,660,549	11,237,054	11,863,884	12,455,312
0	0	0	0	0
2,524,249	768,592	1,089,026	399,575	(973,078)
3,636,385	0	0	0	12,101,192
0	0	0	0	0
(5,739,270)	(6,078,280)	(6,561,174)	(7,018,107)	(7,328,245)
$ 12,907,864	$ 8,180,407	$ 8,607,284	$ 8,354,846	$ 19,322,530
134,343,785	147,251,649	155,432,056	164,039,340	172,394,186
$ 147,251,649	$ 155,432,056	$ 164,039,340	$ 172,394,186	$ 191,716,716
$ 5,744,012	$ 6,173,411	$ 6,489,131	$ 6,777,880	$ 7,074,310
0	524	0	0	0
12,875,142	10,488,825	10,185,877	7,279,540	39,657,269
(5,739,270)	(6,078,280)	(6,561,174)	(7,018,107)	(7,328,245)
(57,272)	(67,134)	(64,454)	(65,005)	(66,700)
$ 12,822,612	$ 10,517,346	$ 10,049,380	$ 6,974,308	$ 39,336,634
113,525,552	126,348,164	136,865,510	146,914,890	153,889,198
$ 126,348,164	$ 136,865,510	$ 146,914,890	$ 153,889,198	$ 193,225,832
$ 20,903,485	$ 18,566,546	$ 17,124,450	$ 18,504,988	$ (1,509,116)
85.80%	88.05%	89.56%	89.27%	100.79%
$ 32,410,047	$ 34,163,265	$ 35,887,908	$ 37,192,410	$ 38,827,492
64.50%	54.35%	47.72%	49.75%	-3.89%

Schedule of Contributions Based on
Participation in the Public Employee Pension Plan of TCRS*
Fiscal Year ending June 30,

	2014	2015	2016
Actuarially determined contribution	$ 5,089,188	$ 5,321,904	$ 5,424,330
Contributions in relation to the actuarially determined contribution	5,089,188	5,321,904	5,424,330
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 28,771,684	$ 30,014,667	$ 30,620,707
Contribution as a percentage of covered payroll	17.69%	17.73%	17.71%

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.0 percent
Investment rate of return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note - This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*This schedule represents the activity for the entire City of Cleveland of which Cleveland Utilities percentage is currently approximately 32%.

2017	2018	2019	2020	2021	2022
$ 5,744,012	$ 6,173,128	$ 6,489,166	$ 6,777,880	$ 7,074,310	$ 7,557,627
5,744,012	6,173,128	6,489,166	6,777,880	7,074,310	7,557,627
$ -	$ -	$ -	$ -	$ -	$ -
$ 32,410,047	$ 34,163,265	$ 34,740,451	$ 37,192,410	$ 38,827,492	$ 40,713,002
17.72%	18.07%	18.68%	18.22%	18.22%	18.56%

Insurance Coverage
in Effect on June 30, 2022

Insurer	Type of Coverage	Amount of Coverage
Distributors Self-Insurance Fund	Workers' compensation	Statutory
Illinois Union	Pollution Liability	6,000,000
Affiliated FM	Real property	182,000,000
Hartford	Machinery and equipment breakdown	50,000,000
Distributors Insurance Co.	General liability (primary)	1,000,000 (a)
Chubb	General liability (excess)	1,000,000 (a)
Chubb	Auto liability and physical damage	2,000,000
Navigators	Excess Liability - Primary Layer	4,000,000
Westchester	Excess Liability - Excess Layer	10,000,000
Global Aerospace	Drone Liability	5,000,000
Travelers	Commercial Crime	1,000,000
Chubb	Management Liability	3,000,000
Travelers	Excess Director's & Officers Liability	2,000,000
Chubb	Fiduciary Liability	3,000,000
Travelers	Excess Fiduciary Liability	2,000,000
Lloyd's	Cyber and Privacy Protection	2,000,000

(a) The general liability insurance policies with Distributors Insurance Co. and Chubb are limited to $250,000 and $750,000, respectively, per occurrence.

Insurance Coverage
in Effect on June 30, 2021

Insurer	Type of Coverage	Amount of Coverage	
Distributors Self-Insurance Fund	Workers' compensation	Statutory	
Affiliated FM	Real property	157,000,000	
Hartford	Machinery and equipment breakdown	50,000,000	
Global Aerospace	Drone Liability & Physical Damage	5,000,000	
Distributors Insurance Co.	General liability (primary)	1,000,000	(a)
Chubb	General liability (excess)	1,000,000	(a)
Chubb	Auto liability and physical damage	2,000,000	
Chubb	Public official and employees liability	6,000,000	
Travelers Casualty & Surety Co.	Excess Employment Practices Fiduciary Liability	4,000,000	
Travelers Casualty & Surety Co.	Commercial crime	1,000,000	
Crum Navigators & Westchester	Umbrella liability	14,000,000	
Lloyd's	Cyber & Privacy Protection	2,000,000	
DIC/Illinois Union	Pollution	6,000,000	

(a) The general liability insurance policies with Distributors Insurance Co. and Chubb are limited to $250,000 and $750,000, respectively, per occurrence.

Investments in the Other Post-employment Benefit Trust
June 30, 2022

	Cost	Fair Market Value
Mutual Funds:		
American Beacon Small Cap Value Fund	$ 181,468	$ 176,055
Clearbridge International Growth Fund	221,069	195,209
Federated Total Return Bond Fund	187,360	165,957
John Hancock Funds III - International Growth Fund	241,470	197,582
Lord Abbett Short Duration Income Fund	345,996	322,947
MFS Mid Cap Growth Fund	95,976	86,515
Pimco Global Bond Fund	150,618	140,034
T. Rowe Price Emerging Markets Stock Fund	191,689	151,088
The Hartford Small Cap Growth I	238,396	165,539
Thornburg Limited Term Income Fund	376,802	351,514
Vanguard Growth Index Fund	321,885	380,857
Vanguard High Dividend Yield Index Fund	450,521	504,095
Vanguard Mid-Cap Growth Index Fund	83,454	90,175
Victory Sycamore Established Value I	213,468	223,348
	$ 3,300,172	$ 3,150,915

Investments in the Other Post-employment Benefit Trust
June 30, 2021

	Cost	Fair Market Value
Mutual Funds:		
American Beacon Small Cap Value Fund	$ 154,360	$ 194,133
Clearbridge International Growth Fund	166,291	212,312
Federated Total Return Bond Fund	133,888	137,696
John Hancock Funds III - International Growth Fund	166,399	225,258
Lord Abbett Short Duration Income Fund	255,535	255,338
MFS Mid Cap Growth Fund	77,228	100,731
Pimco Global Bond Fund	110,041	112,841
T. Rowe Price Emerging Markets Stock Fund	127,310	162,824
The Hartford Small Cap Growth I	131,967	161,450
Thornburg Limited Term Income Fund	274,335	280,673
Vanguard Growth Index Fund	264,715	434,869
Vanguard High Dividend Yield Index Fund	361,040	427,928
Vanguard Mid-Cap Growth Index Fund	66,450	104,985
Victory Sycamore Established Value I	178,720	217,921
	$ 2,468,279	$ 3,028,959

Season **Summer**

Retail Rates Effective June 2022

Schedule		Base [1]	Revenue Adjustn October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '22 Effective Rate [6] = [3]+[4]+[5]
Residential	Customer Charge #1 (Net)	$22.43		$22.43	-1.60000		$20.83
	Customer Charge #2 (Net)	0.00		0.00	0.00000		0.00
	Customer Charge #3 (Net)	0.00000		0.00000	0.00000		0.00000
	Customer Charge #4 (Net)	0.00000		0.00000	0.00000		0.00000
	Grid Access Charge	2.00000	0.05000	2.05000			2.05000
	All kWh	0.08288	0.00165	0.08453	-0.00297	0.02862	0.11018
Alternate	Block1 kWh	0.00000	0.00000	0.00000	0.00000	0	0.00000
Usage	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Blocks	Block3 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00000		0.00000			0.00000
	Grid Access Charge	2.00000	0.05000	2.05000			2.05000
	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.08968	0.00178	0.09146	0.00323	0.02829	0.12298
Alternate	Block1 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Usage Blocks	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA2	Customer Charge #1	60.82		60.82			60.82
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 0-50	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 51-1,000	14.67000	0.27000	14.94000	0.00000		14.94000
	1st 15,000 kWh	0.08	0.00163	0.08	0.00323	0.02829	0.11
	Additional kWh	0.04	0.00077	0.04	0.00323	0.0279	0.07
GSA3	Customer Charge #1	195.66		195.66			195.66
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
	Block 1 kW	12.63000	0.27000	12.90000	0.00000		12.90000
	Block 2 kW	12.50000	0.27000	12.77000	0.00000		12.77000
	Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.04	0.00083	0.04	0.00323	0.0279	0.07
Alternate	Block 1 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Blocks	Block 2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Outdoor Lighting	Surcharge	0.00000		0.00000			0.00000
	All kWh	0.04796	0.00077	0.04873	0.00323	0.02862	0.08058
Drainage Pumping	Customer	0.00		0.00			0.00
	All kWh	0.00	0.00000	0.00	0.00000	0	0.00
SRS	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
TRS	**Customer Charge #1 (Net)**	0.00000		0.00000	0.00000		0.00000
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	Onpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Offpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
Alternative Season	Summer	Summer	(Non-Summer rates stored in "Winter" season)				
TGSA1	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.00	0.00	0.00			0.00
	All kWh	0.00	0.00	0.00	0.00	0.00000	0.00
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000

Schedule		Base [1]	Revenue Adjustn October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '22 Effective Rate [6] = [3]+[4]+[5]
Alternative Season	**Summer**						
TGSA2	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.00	0.00	0.00			0.00
	kW, 0-50	0.00	0.00	0.00	0.00		0.00
	kW, 51-1,000	0.00	0.00	0.00	0.00		0.00
	Onpeak kW	0.00	0.00	0.00	0.00		0.00
	Offpeak Excess kW	0.00	0.00	0.00	0.00		0.00
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00	0.00000	0.00	0.00000	0.00000	0.00
Alternative Season	Summer						
TGSA3	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.00	0.00	0.00			0.00
	Block 1 kW	0.00	0.00	0.00	0.00		0.00
	Block 2 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Onpeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Offpeak Excess kW	0.00	0	0.00	0		0.00
	All kWh	0.00	0	0.00	0	0	0.00
	Onpeak kWh	0.00	0	0.00	0	0	0.00
	Offpeak kWh	0.00	0.00	0.00	0.00	0.00	0.00
MSA	Customer Charge #1	0.00000		0.00000			0.00000
	Coincident kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Maximum kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Excess kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Onpeak kWh	0.00	0	0.00	0	0	0.00
	Offpeak kWh	0.00	0	0.00	0	0	0.00
TDGSA	Customer Charge	0.00		0.00			0.00
	Admin Charge	0.00		0.00			0.00
	Surcharge	0.00000		0.00000			0.00000
	Summer Season OnPeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season Max kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season OffPeak Excess of Contract kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season OnPeak kWh	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - First 200 HUD	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.00	0.00
TDMSA	Customer Charge	0.00000		0.00000			0.00000
	Admin Charge	0.00000		0.00000			0.00000
	Surcharge	0.00000		0.00000			0.00000
	Summer Season OnPeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season Max kW	0.00	0	0.00	0		0.00
	Summer Season OffPeak Excess of Contract kW	0.00	0	0.00	0		0.00
	Summer Season OnPeak kWh	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - First 200 HUD	0.00	0.00	0.00	0.00	0.00	0.00
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.00	0.00
	Summer Season OffPeak kWh - Additional HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
GSB	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00000		350.00000			350.00000
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0		10.87
	Summer Season Max kW	4.61	0.08	4.69	0.52		5.21
	Summer Season OffPeak Excess of Contract kW	10.61	0.26	10.87	0.00		10.87
	Summer Season OnPeak kWh	0.06	0.00	0.06	0.00	0.03	0.09
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.02712	0.06734
	Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.02712	0.03276
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.02712	0.02935
GSC	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00000		350.00000			350.00000
	Surcharge	0.00000		0.00000			0.00000
	Summer Season OnPeak kW	10.61000	0.26000	10.87000	0.00000		10.87000
	Summer Season Max kW	4.10000	0.08000	4.18000	0.52000		4.70000
	Summer Season OffPeak Excess of Contract kW	10.61000	0.26000	10.87000	0.00000		10.87000
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.02712	0.09225
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.02712	0.06734
	Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.02712	0.03276
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.02712	0.02935

Schedule		Base [1]	Revenue Adjustn October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '22 Effective Rate [6] = [3]+[4]+[5]
GSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0.00		10.87
	Summer Season Max kW	3.99	0.08	4.07	0.52		4.59
	Summer Season OffPeak Excess of Contract kW	10.61000	0.26000	10.87000	0.00000		10.87000
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.02712	0.09225
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.02712	0.06734
	Summer Season OffPeak kWh - Next 200 HUD	0.00331	0.00008	0.00339	0.00111	0.02712	0.03162
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00003	0.00	0.00111	0.02712	0.03
MSB	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season Max kW	1.72000	0.02000	1.74000	0.52000		2.26000
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05535	0.00133	0.05668	0.00111	0.02704	0.08483
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00074	0.03	0.00111	0.02704	0.06
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00005	0.00	0.00111	0.02704	0.03
	Summer Season OffPeak kWh - Additional HUD	0.00	-0.00001	0.00	0.00111	0.02704	0.03
MSC	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season Max kW	1.21	0.02	1.23	0.52		1.75
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05	0.00130	0.06	0.00111	0.02704	0.08
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00071	0.03	0.00111	0.02704	0.06
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00008	0.00	0.00111	0.02704	0.03
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.02704	0.03
MSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24	10.24	0.00		10.24
	Summer Season Max kW	1.10000	0.02000	1.12000	0.52000		1.64000
	Summer Season OffPeak Excess of Contract kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season OnPeak kWh	0.05	0.00125	0.05	0.00111	0.02704	0.08
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00066	0.03	0.00111	0.02704	0.06
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.02704	0.03
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.02704	0.02927
EVC	Customer Charge #1	100.00000		100.00000	0.00000		100.00000
	OnPeak kWh	0.19995	0.00254	0.20249	0.00323	0.02810	0.23382
	OffPeak kWh	0.19995	0.00254	0.20249	0.00323	0.02810	0.23382

Customers as of June 30, 2022	
Residential	27,921
General	4,749
Outdoor Lighting	2195
Total:	34,865

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - ELECTRIC DIVISION
Schedule of Electric Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2022 and 2021

Season **Summer** — **Retail Rates Effective June 2021**

Schedule		Base [1]	Revenue Adjustn October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '21 Effective Rate [6] = [3]+[4]+[5]
Residential	Customer Charge #1 (Net)	$22.43		$22.43	-1.60000		$20.83
	Customer Charge #2 (Net)	0.00		0.00	0.00000		0.00
	Customer Charge #3 (Net)	0.00000		0.00000	0.00000		0.00000
	Customer Charge #4 (Net)	0.00000		0.00000	0.00000		0.00000
	Grid Access Charge	2.00000	0.05000	2.05000			2.05000
	All kWh	0.08288	0.00165	0.08453	-0.00297	0.01827	0.09983
Alternate	Block1 kWh	0.00000	0.00000	0.00000	0.00000	0	0.00000
Usage	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Blocks	Block3 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00000		0.00000			0.00000
	Grid Access Charge	2.00000	0.05000	2.05000			2.05000
	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.08968	0.00178	0.09146	0.00323	0.01806	0.11275
Alternate	Block1 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Usage Blocks	Block2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
GSA2	Customer Charge #1	60.82		60.82			60.82
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
	All kW	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 0-50	0.00000	0.00000	0.00000	0.00000		0.00000
	kW, 51-1,000	14.67000	0.27000	14.94000	0.00000		14.94000
	1st 15,000 kWh	0.08	0.00163	0.08	0.00323	0.01806	0.10
	Additional kWh	0.04	0.00077	0.04	0.00323	0.01781	0.06
GSA3	Customer Charge #1	195.66		195.66			195.66
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.01	0.00	0.01			0.01
	Block 1 kW	12.63000	0.27000	12.90000	0.00000		12.90000
	Block 2 kW	12.50000	0.27000	12.77000	0.00000		12.77000
	Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	All kWh	0.04	0.00083	0.04	0.00323	0.01781	0.06
Alternate	Block 1 kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Blocks	Block 2 kWh	0.00	0.00000	0.00	0.00000	0	0.00
Outdoor Lighting	Surcharge	0.00000		0.00000			0.00000
	All kWh	0.04796	0.00077	0.04873	0.00323	0.01827	0.07023
Drainage Pumping	Customer	0.00		0.00			0.00
	All kWh	0.00	0.00000	0.00	0.00000	0	0.00
SRS	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
TRS	**Customer Charge #1 (Net)**	0.00000		0.00000	0.00000		0.00000
	Grid Access Charge #1	0.00000	0.00000	0.00000			0.00000
	Onpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
	Offpeak kWh	0.00	0.00000	0.00	0.00000	0	0.00
Alternative Season	Summer	Summer	(Non-Summer rates stored in "Winter" season)				
TGSA1	Customer Charge #1	22.41		22.41			22.41
	Customer Charge #2	22.41		22.41			22.41
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	2.00	0.05	2.05			2.05
	All kWh	0.00	0.00	0.00	0.00	0.00000	0.00
	Onpeak kWh	0.16283	0.00354	0.16637	0.00323	0.01806	0.18766
	Offpeak kWh	0.04892	0.00081	0.04973	0.00323	0.01806	0.07102

Schedule		Base [1]	Revenue Adjustn October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '21 Effective Rate [6] = [3]+[4]+[5]
Alternative Season	**Summer**						
TGSA2	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Customer Charge #3	0.00		0.00			0.00
	Customer Charge #4	0.00		0.00			0.00
	Grid Access Charge	0.00	0.00	0.00			0.00
	kW, 0-50	0.00	0.00	0.00	0.00		0.00
	kW, 51-1,000	0.00	0.00	0.00	0.00		0.00
	Onpeak kW	0.00	0.00	0.00	0.00		0.00
	Offpeak Excess kW	0.00	0.00	0.00	0.00		0.00
	All kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Onpeak kWh	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	Offpeak kWh	0.00	0.00000	0.00	0.00000	0.00000	0.00
Alternative Season	Summer						
TGSA3	Customer Charge #1	0.00		0.00			0.00
	Customer Charge #2	0.00		0.00			0.00
	Grid Access Charge	0.00	0.00	0.00			0.00
	Block 1 kW	0.00	0.00	0.00	0.00		0.00
	Block 2 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Block 3 kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Onpeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Offpeak Excess kW	0.00	0	0.00	0		0.00
	All kWh	0.00	0	0.00	0	0	0.00
	Onpeak kWh	0.00	0	0.00	0	0	0.00
	Offpeak kWh	0.00	0.00	0.00	0.00	0.00	0.00
MSA	Customer Charge #1	0.00000		0.00000			0.00000
	Coincident kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Maximum kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Excess kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Onpeak kWh	0.00	0	0.00	0	0	0.00
	Offpeak kWh	0.00	0	0.00	0	0	0.00
TDGSA	Customer Charge	0.00		0.00			0.00
	Admin Charge	0.00		0.00			0.00
	Surcharge	0.00000		0.00000			0.00000
	Summer Season OnPeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season Max kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season OffPeak Excess of Contract kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season OnPeak kWh	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - First 200 HUD	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.00	0.00
TDMSA	Customer Charge	0.00000		0.00000			0.00000
	Admin Charge	0.00000		0.00000			0.00000
	Surcharge	0.00000		0.00000			0.00000
	Summer Season OnPeak kW	0.00000	0.00000	0.00000	0.00000		0.00000
	Summer Season Max kW	0.00	0	0.00	0		0.00
	Summer Season OffPeak Excess of Contract kW	0.00	0	0.00	0		0.00
	Summer Season OnPeak kWh	0.00	0	0.00	0	0	0.00
	Summer Season OffPeak kWh - First 200 HUD	0.00	0.00	0.00	0.00	0.00	0.00
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.00	0.00
	Summer Season OffPeak kWh - Additional HUD	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
GSB	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00000		350.00000			350.00000
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0		10.87
	Summer Season Max kW	4.61	0.08	4.69	0.52		5.21
	Summer Season OffPeak Excess of Contract kW	10.61	0.26	10.87	0.00		10.87
	Summer Season OnPeak kWh	0.06	0.00	0.06	0.00	0.02	0.08
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01652	0.05674
	Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.01652	0.02216
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01652	0.01875
GSC	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00000		350.00000			350.00000
	Surcharge	0.00000		0.00000			0.00000
	Summer Season OnPeak kW	10.61000	0.26000	10.87000	0.00000		10.87000
	Summer Season Max kW	4.10000	0.08000	4.18000	0.52000		4.70000
	Summer Season OffPeak Excess of Contract kW	10.61000	0.26000	10.87000	0.00000		10.87000
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.01652	0.08165
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01652	0.05674
	Summer Season OffPeak kWh - Next 200 HUD	0.00443	0.00010	0.00453	0.00111	0.01652	0.02216
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01652	0.01875

Schedule		Base [1]	Revenue Adjustn October 2018 [2]	Base Plus Revenue Adjustment [3] = [1]+[2]	Hydro Adjustment [4]	FCA [5]	June '21 Effective Rate [6] = [3]+[4]+[5]
GSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.61	0.26	10.87	0.00		10.87
	Summer Season Max kW	3.99	0.08	4.07	0.52		4.59
	Summer Season OffPeak Excess of Contract kW	10.61000	0.26000	10.87000	0.00000		10.87000
	Summer Season OnPeak kWh	0.06253	0.00149	0.06402	0.00111	0.01652	0.08165
	Summer Season OffPeak kWh - First 200 HUD	0.03819	0.00092	0.03911	0.00111	0.01652	0.05674
	Summer Season OffPeak kWh - Next 200 HUD	0.00331	0.00008	0.00339	0.00111	0.01652	0.02102
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00003	0.00	0.00111	0.01652	0.02
MSB	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season Max kW	1.72000	0.02000	1.74000	0.52000		2.26000
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05535	0.00133	0.05668	0.00111	0.01624	0.07403
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00074	0.03	0.00111	0.01624	0.05
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00005	0.00	0.00111	0.01624	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00	-0.00001	0.00	0.00111	0.01624	0.02
MSC	Customer Charge	1,500.00000		1,500.00000			1,500.00000
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season Max kW	1.21	0.02	1.23	0.52		1.75
	Summer Season OffPeak Excess of Contract kW	10.00000	0.24000	10.24000	0.00000		10.24000
	Summer Season OnPeak kWh	0.05	0.00130	0.06	0.00111	0.01624	0.07
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00071	0.03	0.00111	0.01624	0.05
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00008	0.00	0.00111	0.01624	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00	0.00	0.00	0.00	0.01624	0.02
MSD	Customer Charge	1,500.00		1,500.00			1,500.00
	Admin Charge	350.00		350.00			350.00
	Surcharge	0.00		0.00			0.00
	Summer Season OnPeak kW	10.00	0.24	10.24	0.00		10.24
	Summer Season Max kW	1.10000	0.02000	1.12000	0.52000		1.64000
	Summer Season OffPeak Excess of Contract kW	10.00	0.24000	10.24	0.00000		10.24
	Summer Season OnPeak kWh	0.05	0.00125	0.05	0.00111	0.01624	0.07
	Summer Season OffPeak kWh - First 200 HUD	0.03	0.00066	0.03	0.00111	0.01624	0.05
	Summer Season OffPeak kWh - Next 200 HUD	0.00	0.00	0.00	0.00	0.01624	0.02
	Summer Season OffPeak kWh - Additional HUD	0.00109	0.00003	0.00112	0.00111	0.01624	0.01847

Customers as of June 30, 2021	
Residential	27,575
General	4,734
Outdoor Lighting	2112
Total:	34,421

Water and Wastewater Rates
in Effect on June 30, 2022

Water Rates	Inside City	Outside City
RESIDENTIAL (Class 201, 202)		
Customer charge	$9.59	$17.29
First 1,400 cu. ft.	$2.85 /100 cu. ft.	$4.46 /100 cu. ft.
Additional	$2.96 /100 cu. ft.	$4.69 /100 cu. ft.
NON-RESIDENTIAL (Small Commercial) (Class 204, 205)		
Customer charge	$15.69	$20.76
First 15,000 cu. ft.	$2.85 /100 cu. ft.	$4.46 /100 cu. ft.
Next 85,000 cu. ft.	$2.35 /100 cu. ft.	$3.69 /100 cu. ft.
Additional	$1.71 /100 cu. ft.	$2.76 /100 cu. ft.
NON-RESIDENTIAL (Large Commercial) (Class 208, 209)		
Customer charge	$38.58	$46.25
First 15,000 cu. ft.	$2.85 /100 cu. ft.	$4.46 /100 cu. ft.
Next 85,000 cu. ft.	$2.35 /100 cu. ft.	$3.69 /100 cu. ft.
Additional	$1.71 /100 cu. ft.	$2.76 /100 cu. ft.
IRRIGATION ONLY (Class 211, 213)		
Customer charge	$9.59	$17.29
All usage	$2.96 /100 cu. ft.	$4.69 /100 cu. ft.
RESALE (Class 203) & FIRE SPRINKLER SYSTEM (CLASS 210)		
Customer Charge	$38.58	$38.58
All usage	$1.71 /100 cu. ft.	$1.71 /100 cu. ft.

Wastewater Rates	Inside City	Outside City
RESIDENTIAL (Class 301, 302) (April - November)		
Customer charge	$8.75	$12.44
First 1,400 cu. ft.	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
Additional	$0 /100 cu. ft.	$0 /100 cu. ft.
RESIDENTIAL (Class 301, 302) (December - March)		
Customer charge	$8.75	$12.44
All usage	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
NON-RESIDENTIAL (Small Commercial) (Class 304, 305) (Meter Less Than 3")		
Customer charge	$14.22	$17.90
First 100,000 cu. ft.	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
Additional	$3.63 /100 cu. ft.	$5.43 /100 cu. ft.
NON-RESIDENTIAL (Large Commercial) (Class 308, 309) (Meter 3" or Larger)		
Customer charge	$34.68	$38.39
First 100,000 cu. ft.	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
Additional	$3.63 /100 cu. ft.	$5.43 /100 cu. ft.
WASTEWATER SURCHARGE		
CBOD	0.1279/pound/day	0.1279/pound/day
TSS	0.1515/pound/day	0.1515/pound/day
TKN	0.2571/pound/day	0.2571/pound/day

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

MINIMUM BILLS
in Effect on June 30, 2022
(Based on installed meter size)

RESIDENTIAL (Class 201, 202, 301, 302)

			Inside Rates			Outside Rates		
		Minimum		Wastewater			Wastewater	
Size	Code	Usage	Water	Dec-Mar	Apr-Nov	Water	Dec-Mar	Apr-Nov
5/8"	000	200 cu. ft.	$15.29	$17.39	$17.39	$26.21	$25.46	$25.46
3/4"	002	600 cu. ft.	$26.69	$34.67	$34.67	$44.05	$51.50	$51.50
1"	003	800 cu. ft.	$32.39	$43.31	$43.31	$52.97	$64.52	$64.52
1 1/2"	005	2,000 cu. ft.	$67.25	$95.15	$69.23	$107.87	$142.64	$103.58
2"	006	4,000 cu. ft.	$126.45	$181.55	$69.23	$201.67	$272.84	$103.58

IRRIGATION (Class 211, 213)

Size	Code	Minimum Usage	Inside Water	Inside Wastewater	Outside Water	Outside Wastewater
5/8"	000	200 cu. ft.	$15.51	N/A	$26.67	N/A
3/4"	002	600 cu. ft.	$27.35	N/A	$45.43	N/A
1"	003	800 cu. ft.	$33.27	N/A	$54.81	N/A
1 1/2"	005	2,000 cu. ft.	$68.79	N/A	$111.09	N/A
2"	006	4,000 cu. ft.	$127.99	N/A	$204.89	N/A
3"	008	10,000 cu. ft.	$305.59	N/A	$486.29	N/A
4"	009	17,000 cu. ft.	$512.79	N/A	$814.59	N/A
6"	010	44,000 cu. ft.	$1,311.99	N/A	$2,080.89	N/A
8"	011	82,000 cu. ft.	$2,436.79	N/A	$3,863.09	N/A

NONRESIDENTIAL - SMALL COMMERCIAL (Class 204, 205, 304, 305)

		Minimum	Inside Rates		Outside Rates	
Size	Code	Usage	Water	Wastewater	Water	Wastewater
5/8"	000	200 cu. ft.	$21.39	$22.86	$32.30	$30.92
3/4"	002	600 cu. ft.	$32.79	$40.14	$50.14	$56.96
1"	003	800 cu. ft.	$38.49	$48.78	$59.06	$69.98
1 1/2"	005	2,000 cu. ft.	$72.69	$100.62	$112.58	$148.10
2"	006	4,000 cu. ft.	$129.69	$187.02	$201.78	$278.30

NONRESIDENTIAL - LARGE COMMERCIAL (Class 208, 209, 308, 309)

Size	Code	Minimum Usage	Inside Water	Inside Wastewater	Outside Water	Outside Wastewater
3"	008	10,000 cu. ft.	$323.58	$466.68	$492.25	$689.39
4"	009	17,000 cu. ft.	$513.08	$769.08	$789.05	$1,145.09
6"	010	44,000 cu. ft.	$1,147.58	$1,935.48	$1,785.35	$2,902.79
8"	011	82,000 cu. ft.	$2,040.58	$3,577.08	$3,187.55	$5,376.59
10"	012	115,000 cu. ft.	$2,720.08	$4,899.18	$4,265.75	$7,362.89

RESALE/FIRE SPRINKLER SYSTEM

Size	Code	Minimum Usage	Inside Water	Inside Wastewater	Outside Water	Outside Wastewater
3"	008	10,000 cu. ft.	$209.58	N/A	$209.58	N/A
4"	009	17,000 cu. ft.	$329.28	N/A	$329.28	N/A
6"	010	44,000 cu. ft.	$790.98	N/A	$790.98	N/A
8"	011	82,000 cu. ft.	$1,440.78	N/A	$1,440.78	N/A
10"	012	115,000 cu. ft.	$2,005.08	N/A	$2,005.08	N/A

	Water	Wastewater
Number of Customers at June 30, 2022	33,439	20,113

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

Water and Wastewater Rates
in Effect on June 30, 2021

Water Rates	Inside City	Outside City
RESIDENTIAL (Class 201, 202)		
Customer charge	$9.04	$16.29
First 1,400 cu. ft.	$2.69 /100 cu. ft.	$4.20 /100 cu. ft.
Additional	$2.79 /100 cu. ft.	$4.42 /100 cu. ft.
NON-RESIDENTIAL (Small Commercial) (Class 204, 205)		
Customer charge	$14.78	$22.03
First 15,000 cu. ft.	$2.69 /100 cu. ft.	$4.20 /100 cu. ft.
Next 85,000 cu. ft.	$2.21 /100 cu. ft.	$3.48 /100 cu. ft.
Additional	$1.61 /100 cu. ft.	$2.60 /100 cu. ft.
NON-RESIDENTIAL (Large Commercial) (Class 208, 209)		
Customer charge	$36.35	$43.58
First 15,000 cu. ft.	$2.69 /100 cu. ft.	$4.20 /100 cu. ft.
Next 85,000 cu. ft.	$2.21 /100 cu. ft.	$3.48 /100 cu. ft.
Additional	$1.61 /100 cu. ft.	$2.60 /100 cu. ft.
IRRIGATION ONLY (Class 211, 213)		
Customer charge	$9.04	$16.29
All usage	$2.79 /100 cu. ft.	$4.42 /100 cu. ft.
RESALE (Class 203) & FIRE SPRINKLER SYSTEM (CLASS 210)		
Customer Charge	$36.35	$36.35
All usage	$1.61 /100 cu. ft.	$1.61 /100 cu. ft.

Wastewater Rates	Inside City	Outside City
RESIDENTIAL (Class 301, 302) (April - November)		
Customer charge	$8.75	$12.44
First 1,400 cu. ft.	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
Additional	$0 /100 cu. ft.	$0 /100 cu. ft.
RESIDENTIAL (Class 301, 302) (December - March)		
Customer charge	$8.75	$12.44
All usage	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
NON-RESIDENTIAL (Small Commercial) (Class 304, 305) (Meter Less Than 3")		
Customer charge	$14.22	$17.90
First 100,000 cu. ft.	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
Additional	$3.63 /100 cu. ft.	$5.43 /100 cu. ft.
NON-RESIDENTIAL (Large Commercial) (Class 308, 309) (Meter 3" or Larger)		
Customer charge	$34.68	$38.39
First 100,000 cu. ft.	$4.32 /100 cu. ft.	$6.51 /100 cu. ft.
Additional	$3.63 /100 cu. ft.	$5.43 /100 cu. ft.
WASTEWATER SURCHARGE		
CBOD	0.1279/pound/day	0.1279/pound/day
TSS	0.1515/pound/day	0.1515/pound/day
TKN	0.2571/pound/day	0.2571/pound/day

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE - WATER DIVISION
Schedule of Water and Wastewater Rates in Force
(Including the Number of Customers Being Served)
For the Years Ended June 30, 2022 and 2021

MINIMUM BILLS
in Effect on June 30, 2021
(Based on installed meter size)

RESIDENTIAL (Class 201, 202, 301, 302)

			Inside Rates			Outside Rates		
		Minimum		Wastewater			Wastewater	
Size	Code	Usage	Water	Dec-Mar	Apr-Nov	Water	Dec-Mar	Apr-Nov
5/8"	000	200 cu. ft.	$14.42	$17.39	$17.39	$24.69	$25.46	$25.46
3/4"	002	600 cu. ft.	$25.18	$34.67	$34.67	$41.49	$51.50	$51.50
1"	003	800 cu. ft.	$30.56	$43.31	$43.31	$49.89	$64.52	$64.52
1 1/2"	005	2,000 cu. ft.	$63.44	$95.15	$69.23	$101.61	$142.64	$103.58
2"	006	4,000 cu. ft.	$119.24	$181.55	$69.23	$190.01	$272.84	$103.58
IRRIGATION (Class 211, 213)								
5/8"	000	200 cu. ft.	$14.62	N/A		$25.13	N/A	
3/4"	002	600 cu. ft.	$25.78	N/A		$42.81	N/A	
1"	003	800 cu. ft.	$31.36	N/A		$51.65	N/A	
1 1/2"	005	2,000 cu. ft.	$64.84	N/A		$104.69	N/A	
2"	006	4,000 cu. ft.	$120.64	N/A		$193.09	N/A	
3"	008	10,000 cu. ft.	$288.04	N/A		$458.29	N/A	
4"	009	17,000 cu. ft.	$483.34	N/A		$767.69	N/A	
6"	010	44,000 cu. ft.	$1,236.64	N/A		$1,961.09	N/A	
8"	011	82,000 cu. ft.	$2,296.84	N/A		$3,640.69	N/A	

NONRESIDENTIAL - SMALL COMMERCIAL (Class 204, 205, 304, 305)

		Minimum	Inside Rates		Outside Rates	
Size	Code	Usage	Water	Wastewater	Water	Wastewater
5/8"	000	200 cu. ft.	$20.16	$22.86	$30.43	$30.92
3/4"	002	600 cu. ft.	$30.92	$40.14	$47.23	$56.96
1"	003	800 cu. ft.	$36.30	$48.78	$55.63	$69.98
1 1/2"	005	2,000 cu. ft.	$68.58	$100.62	$106.03	$148.10
2"	006	4,000 cu. ft.	$122.38	$187.02	$190.03	$278.30
NONRESIDENTIAL - LARGE COMMERCIAL (Class 208, 209, 308, 309)						
3"	008	10,000 cu. ft.	$305.35	$466.68	$463.58	$689.39
4"	009	17,000 cu. ft.	$484.05	$769.08	$743.18	$1,145.09
6"	010	44,000 cu. ft.	$1,080.75	$1,935.48	$1,682.78	$2,902.79
8"	011	82,000 cu. ft.	$1,920.55	$3,577.08	$3,005.18	$5,376.59
10"	012	115,000 cu. ft.	$2,559.85	$4,899.18	$4,021.58	$7,362.89
RESALE/FIRE SPRINKLER SYSTEM						
3"	008	10,000 cu. ft.	$197.35	N/A	$197.35	N/A
4"	009	17,000 cu. ft.	$310.05	N/A	$310.05	N/A
6"	010	44,000 cu. ft.	$744.75	N/A	$744.75	N/A
8"	011	82,000 cu. ft.	$1,356.55	N/A	$1,356.55	N/A
10"	012	115,000 cu. ft.	$1,887.85	N/A	$1,887.85	N/A

Number of Customers at June 30, 2021:	Water	Wastewater
	33,060	19,893

Rates are subject to rules and regulations of Cleveland Utilities.
Rates will be subject to adjustment as rate adjustments are received from water suppliers.

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Schedule of Changes in Bonds and Notes Payable by Issue
June 30, 2022

Description of Indebtedness	Division	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
BONDS PAYABLE					
Payable through the Electric Division:					
General Obligation, Refunding Series 2016B	Electric	885,283	3.14%	05/27/16	06/01/36
General Obligation, Series 2018B	Electric	2,385,000	3 to 5%	12/07/18	06/01/39
General Obligation, Refunding Series 2019	Electric	2,510,000	2 to 5%	03/26/19	06/30/28
General Obligation, Series 2020	Electric	1,820,000	2 to 5%	11/10/20	12/01/40
General Obligation, Refunding Series 2020	Electric	7,010,000	2 to 5%	11/10/20	12/01/34
Total Bonds Payable Electric Division					
Payable through the Water Division:					
General Obligation, Series 2016B	Water/Wastewater	6,599,357	3.14%	05/27/16	06/01/36
General Obligation, Series 2018B	Water	3,335,000	3 to 5%	12/07/18	06/01/39
General Obligation, Refunding, Series 2019	Water/Wastewater	11,360,000	2 to 5%	03/26/19	06/30/28
General Obligation, Series 2020	Water/Wastewater	3,630,000	2 to 5%	11/10/20	12/01/40
General Obligation, Refunding Series 2020	Water/Wastewater	9,965,000	2 to 5%	11/10/20	12/01/34
General Obligation, Series 2022	Water	2,955,000	3.375 to 5%	05/05/22	06/01/42
Total Bonds Payable Water Division					
Total Bonds Payable					
NOTES PAYABLE					
Payable through Electric Division:					
Volunteer Electric Cooperative	Electric	223,947	0.00%	10/31/18	08/01/28
Volunteer Electric Cooperative	Electric	1,850,053	0.00%	06/30/21	08/01/30
Volunteer Electric Cooperative	Electric	4,523	0.00%	11/30/13	08/01/23
Volunteer Electric Cooperative	Electric	53,706	0.00%	11/30/13	08/01/23
Volunteer Electric Cooperative	Electric	19,734	0.00%	02/01/16	08/01/25
Total Notes Payable Electric Division					
Payable through Water Division:					
State Revolving Loans - CWO 13-319	Wastewater	1,374,972	1.15%	12/05/13	02/20/37
State Revolving Loans - CWO 13-320	Wastewater	8,174,000	1.15%	12/05/13	06/20/39
State Revolving Loans - DG2 14-151	Water	2,000,000	1.50%	10/21/14	06/01/36
State Revolving Loans - CG4 15-349	Water	2,325,000	1.38%	02/26/15	06/01/36
State Revolving Loans - DWF 16-172	Water	3,725,000	1.10%	06/09/16	06/20/38
State Revolving Loans - CG3 17-379	Water	104,897	0.88%	01/09/17	06/20/37
State Revolving Loans - DW6 17-192	Water	800,000	1.60%	06/22/17	06/20/39
State Revolving Loans - DWF 17-193	Water	195,000	1.60%	06/22/17	06/20/39
State Revolving Loans - DWF 18-205	Water	430,000	1.31%	01/25/18	06/20/39
State Revolving Loans - CW618-415	Wastewater	900,000	1.56%	06/19/18	06/01/40
State Revolving Loans - SRF 18-416	Wastewater	730,000	1.56%	02/08/19	06/01/42
State Revolving Loans - SRF 18-417	Wastewater	10,000,000	1.58%	03/13/18	06/01/42
State Revolving Loans - SRF CW7 19-431 (1)	Wastewater	1,593,900	1.37%	07/10/19	06/01/42
State Revolving Loans - SRF 18-417-01 (2)	Wastewater	10,000,000	0.73%	05/06/22	06/01/42
Total Notes Payable Water Division					
Total Notes Payable					

Notes to Schedule
(1) $1,506,690, of loan proceeds have not been drawn down at June 30, 2022.
(2) $8,511,714, of loan proceeds have not been drawn down at June 30, 2022.

Outstanding 7/1/2021	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2022
$ 710,271	$ -	$ 46,721	$ -	$ 663,550
2,230,000	-	85,000	-	2,145,000
1,650,000	-	385,000	-	1,265,000
1,820,000	-	60,000	-	1,760,000
6,455,000	-	485,000	-	5,970,000
$ 12,865,271	$ -	$ 1,061,721	$ -	$ 11,803,550
$ 5,294,729	$ -	$ 348,279	$ -	$ 4,946,450
3,110,000	-	120,000	-	2,990,000
7,930,000	-	1,915,000	-	6,015,000
3,630,000	-	115,000	-	3,515,000
9,470,000	-	810,000	-	8,660,000
-	2,955,000	-	-	2,955,000
$ 29,434,729	$ 2,955,000	$ 3,308,279	$ -	$ 29,081,450
$ 42,300,000	$ 2,955,000	$ 4,370,000	$ -	$ 40,885,000
$ 179,157	$ -	$ 22,395	$ -	$ 156,762
1,850,053	-	185,005	-	1,665,048
1,357	-	452	-	905
16,112	-	5,371	-	10,741
9,867	-	1,973	-	7,894
$ 2,056,546	$ -	$ 215,196	$ -	$ 1,841,350
$ 1,103,296	$ -	$ 64,644	$ -	$ 1,038,652
7,247,914	-	376,068	-	6,871,846
1,500,558	-	93,948	-	1,406,610
1,802,448	-	108,900	-	1,693,548
2,395,939	-	133,800	-	2,262,139
83,701	-	5,004	-	78,697
720,990	-	35,520	-	685,470
175,328	-	8,652	-	166,676
385,424	-	19,524	-	365,900
839,059	-	38,865	-	800,194
491,390	-	15,795	-	475,595
7,913,979	2,086,021	35,456	-	9,964,544
87,210	-	-	-	87,210
-	1,488,286	-	-	1,488,286
$ 24,747,236	$ 3,574,307	$ 936,176	$ -	$ 27,385,367
$ 26,803,782	$ 3,574,307	$ 1,151,372	$ -	$ 29,226,717

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Schedule of Changes in Leases Payable by Issue
June 30, 2022

Description of Indebtedness	Division	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
LEASES PAYABLE					
Payable through the Electric Division:					
Pitney Bowes Mail Machine	Electric	9,459	3.00%	02/08/19	02/07/24
Konica Copier	Electric	2,883	3.00%	04/01/21	07/31/24
Konica Copier	Electric	2,883	3.00%	04/01/21	07/31/24
Konica Copier	Electric	4,895	3.00%	10/01/20	08/31/23
Konica Copier	Electric	5,220	3.00%	10/01/20	09/30/23
Konica Copier	Electric	6,519	3.00%	05/01/20	08/31/23
Konica Copier	Electric	6,519	3.00%	05/01/20	08/31/23
Konica Copier	Electric	6,519	3.00%	05/01/20	08/31/23
Konica Copier	Electric	3,243	3.00%	04/01/21	07/31/24
Konica Copier	Electric	3,243	3.00%	04/01/21	07/31/24
Konica Copier	Electric	3,243	3.00%	04/01/21	07/31/24
Konica Copier	Electric	3,243	3.00%	04/01/21	07/31/24
Konica Copier	Electric	3,243	3.00%	04/01/21	07/31/24
Konica Copier	Electric	3,243	3.00%	04/01/21	07/31/24

	Outstanding 7/1/2021		Issued During Period		Paid and/or Matured During Period		Terminated During Period		Outstanding 6/30/2022
$	5,221	$	-	$	1,909	$	-	$	3,312
	2,745		-		839		-		1,906
	2,745		-		839		-		1,906
	3,814		-		1,663		-		2,151
	4,100		-		1,722		-		2,378
	4,471		-		1,950		-		2,521
	4,471		-		1,950		-		2,521
	4,471		-		1,950		-		2,521
	3,089		-		944		-		2,145
	3,089		-		944		-		2,145
	3,089		-		944		-		2,145
	3,089		-		944		-		2,145
	3,089		-		944		-		2,145
	3,089		-		944		-		2,145
$	50,572	$	-	$	18,486	$	-	$	32,086

Electric, Water and Sewer Revenue and Tax Bonds

Fiscal Year	2016B Refunding Series		2018B Series		2019 Refunding Series		2020 Series	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 410,000	$ 176,154	$ 215,000	$ 209,950	$ 1,965,000	$ 285,400	$ 185,000	$ 172,300
2024	430,000	163,280	220,000	203,500	1,405,000	230,625	195,000	162,800
2025	445,000	149,778	230,000	196,900	1,255,000	164,125	205,000	152,800
2026	345,000	135,805	235,000	190,000	980,000	108,250	215,000	142,300
2027	350,000	124,972	245,000	178,250	905,000	61,125	225,000	131,300
2028	355,000	113,982	260,000	166,000	770,000	19,250	240,000	119,675
2029	375,000	102,835	270,000	153,000			255,000	107,300
2030	380,000	91,060	285,000	139,500			265,000	94,300
2031	405,000	79,128	300,000	125,250			275,000	80,800
2032	410,000	66,411	310,000	113,250			290,000	68,126
2033	415,000	53,537	325,000	100,850			295,000	57,901
2034	420,000	40,506	340,000	87,850			305,000	50,425
2035	430,000	27,318	350,000	74,250			310,000	44,275
2036	440,000	13,816	365,000	62,000			320,000	37,975
2037			380,000	47,400			325,000	31,524
2038			395,000	32,200			330,000	24,975
2039			410,000	16,400			340,000	18,274
2040							345,000	11,210
2041							355,000	3,772
2042								
Total	$5,610,000	$1,338,582	$5,135,000	$2,096,550	$ 7,280,000	$ 868,775	$5,275,000	$1,512,032

2021 Refunding Series		2022 Series		Total	
Principal	Interest	Principal	Interest	Principal	Interest
$ 1,325,000	$ 649,525	$ 85,000	$ 134,571	$ 4,185,000	$ 1,627,900
1,355,000	582,525	100,000	121,256	3,705,000	1,463,986
1,375,000	514,275	100,000	116,256	3,610,000	1,294,134
1,400,000	444,900	105,000	111,256	3,280,000	1,132,511
1,450,000	373,650	115,000	106,006	3,290,000	975,303
1,480,000	300,400	120,000	100,256	3,225,000	819,563
1,505,000	225,775	125,000	94,256	2,530,000	683,166
1,185,000	158,525	130,000	88,006	2,245,000	571,391
1,200,000	98,900	135,000	81,506	2,315,000	465,584
780,000	53,300	145,000	74,756	1,935,000	375,843
620,000	28,400	150,000	67,506	1,805,000	308,194
630,000	12,800	160,000	60,006	1,855,000	251,587
325,000	3,250	165,000	53,607	1,580,000	202,700
		170,000	48,039	1,295,000	161,830
		175,000	42,300	880,000	121,224
		180,000	36,175	905,000	93,350
		190,000	29,875	940,000	64,549
		195,000	23,225	540,000	34,435
		200,000	16,400	555,000	20,172
		210,000	8,400	210,000	8,400
$ 14,630,000	$ 3,446,225	$ 2,955,000	$ 1,413,658	$ 40,885,000	$ 10,675,822

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Schedule of Note Principal and Interest Requirements by Fiscal Year
June 30, 2022

Fiscal Year	State of Tennessee Revolving Loan Fund 13-319		State of Tennessee Revolving Loan Fund 13-320		State of Tennessee Revolving Loan Fund DG2	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 65,388	$ 11,604	$ 380,412	$ 77,028	$ 95,364	$ 20,448
2024	66,144	10,848	384,816	72,624	96,804	19,008
2025	66,912	10,080	389,268	68,172	98,268	17,544
2026	67,680	9,312	393,756	63,684	99,756	16,056
2027	68,472	8,520	398,316	59,124	101,256	14,556
2028	69,264	7,728	402,912	54,528	102,792	13,020
2029	70,056	6,936	407,580	49,860	104,340	11,472
2030	70,872	6,120	412,296	45,144	105,912	9,900
2031	71,688	5,304	417,060	40,380	107,520	8,292
2032	72,516	4,476	421,872	35,568	109,140	6,672
2033	73,356	3,636	426,756	30,684	110,784	5,028
2034	74,208	2,784	431,688	25,752	112,464	3,348
2035	75,060	1,932	436,680	20,760	114,156	1,656
2036	75,936	1,056	441,720	15,720	48,054	180
2037	51,100	223	446,832	10,608		
2038			451,992	5,448		
2039			227,890	766		
2040						
2041						
2042						
	$ 1,038,652	$ 90,559	$ 6,871,846	$ 675,850	$ 1,406,610	$ 147,180

State of Tennessee Revolving Loan Fund CG4 15-349		State of Tennessee Revolving Loan Fund DWF 16-172		State of Tennessee Revolving Loan Fund CG3 17-379	
Principal	Interest	Principal	Interest	Principal	Interest
$ 110,412	$ 22,680	$ 135,300	$ 24,420	$ 5,052	$ 672
111,948	21,144	136,812	22,908	5,100	624
113,508	19,584	138,336	21,384	5,136	588
115,080	18,012	139,872	19,848	5,184	540
116,676	16,416	141,432	18,288	5,232	492
118,296	14,796	143,016	16,704	5,280	444
119,940	13,152	144,612	15,108	5,328	396
121,608	11,484	146,220	13,500	5,376	348
123,300	9,792	147,852	11,868	5,424	300
125,016	8,076	149,508	10,212	5,472	252
126,744	6,348	151,176	8,544	5,520	204
128,508	4,584	152,856	6,864	5,568	156
130,296	2,796	154,560	5,160	5,616	108
132,216	957	156,288	3,432	5,664	60
		158,028	1,692	3,745	14
		66,271	184		
$ 1,693,548	$ 169,821	$ 2,262,139	$ 200,116	$ 78,697	$ 5,198

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Schedule of Note Principal and Interest Requirements by Fiscal Year
June 30, 2022

Fiscal Year	State of Tennessee Revolving Loan Fund DW6 17-192		State of Tennessee Revolving Loan Fund DWF 17-193		State of Tennessee Revolving Loan Fund DWF 18-205	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 35,976	$ 10,704	$ 8,796	$ 2,604	$ 19,776	$ 4,680
2024	36,552	10,128	8,940	2,460	20,040	4,416
2025	37,140	9,540	9,084	2,316	20,304	4,152
2026	37,740	8,940	9,228	2,172	20,568	3,888
2027	38,352	8,328	9,372	2,028	20,844	3,612
2028	38,964	7,716	9,528	1,872	21,120	3,336
2029	39,600	7,080	9,684	1,716	21,396	3,060
2030	40,236	6,444	9,840	1,560	21,684	2,772
2031	40,884	5,796	9,996	1,404	21,960	2,496
2032	41,544	5,136	10,164	1,236	22,260	2,196
2033	42,216	4,464	10,320	1,080	22,548	1,908
2034	42,888	3,792	10,488	912	22,848	1,608
2035	43,584	3,096	10,656	744	23,148	1,308
2036	44,292	2,388	10,836	564	23,448	1008
2037	45,000	1,680	11,004	396	23,760	696
2038	45,732	948	11,184	216	24,072	384
2039	34,770	229	7,556	43	16,124	79
2040						
2041						
2042						
	$ 685,470	$ 96,409	$ 166,676	$ 23,323	$ 365,900	$ 41,599

State of Tennessee Revolving Loan Fund CW6 18-415		State of Tennessee Revolving Loan Fund SRF 18-416		State of Tennessee Revolving Loan Fund SRF 18-417	
Principal	Interest	Principal	Interest	Principal	Interest
$ 39,228	$ 12,204	$ 21,348	$ 7,272	$ 429,132	$ 154,344
39,840	11,592	21,684	6,936	435,960	147,516
40,476	10,956	22,032	6,588	442,896	140,580
41,112	10,320	22,380	6,240	449,952	133,524
41,748	9,684	22,728	5,892	457,116	126,360
42,408	9,024	23,076	5,544	464,388	119,088
43,080	8,352	23,448	5,172	471,780	111,696
43,752	7,680	23,820	4,800	479,280	104,196
44,436	6,996	24,192	4,428	486,912	96,564
45,132	6,300	24,564	4,056	494,664	88,812
45,840	5,592	24,960	3,660	502,536	80,940
46,560	4,872	25,344	3,276	510,528	72,948
47,304	4,128	25,740	2,880	518,664	64,812
48,036	3,396	26,148	2,472	526,908	56,568
48,792	2,640	26,556	2,064	535,296	48,180
49,560	1,872	26,976	1,644	543,816	39,660
50,340	1,092	27,396	1,224	552,468	31,008
42,550	303	27,828	792	561,264	22,212
	0	28,272	348	570,192	13,284
		7,103	19	530,792	4,204
$ 800,194	$ 117,003	$ 475,595	$ 75,307	$ 9,964,544	$ 1,656,496

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Schedule of Note Principal and Interest Requirements by Fiscal Year
June 30, 2022

Fiscal Year	State of Tennessee Revolving Loan Fund SRF 19-431 (1)		State of Tennessee Revolving Loan Fund SRF 18-417-01 (2)	
	Principal	Interest	Principal	Interest
2023	$ 69,756	$ 21,396	$ 466,092	$ 71,448
2024	70,716	20,436	469,512	68,028
2025	71,688	19,464	472,944	64,596
2026	72,684	18,468	476,412	61,128
2027	73,680	17,472	479,904	57,636
2028	74,700	16,452	483,420	54,120
2029	75,720	15,432	486,960	50,580
2030	76,764	14,388	490,524	47,016
2031	77,820	13,332	494,112	43,428
2032	78,900	12,252	497,736	39,804
2033	79,992	11,160	501,384	36,156
2034	81,096	10,056	505,056	32,484
2035	82,212	8,940	508,752	28,788
2036	83,340	7,812	512,484	25,056
2037	84,492	6,660	516,240	21,300
2038	85,656	5,496	520,020	17,520
2039	86,832	4,320	523,824	13,716
2040	88,032	3,120	527,664	9,876
2041	89,244	1,908	531,528	6,012
2042	90,576	669	535,432	2,117
	$ 1,593,900	$ 229,233	$ 10,000,000	$ 750,809

(1) $1,506,690, of loan proceed have not been drawn down at June 30, 2022.
(2) $8,511,714, of loan proceeds have not been drawn down at June 30, 2022.

Continued

Volunteer Energy Notes Payable						
Urbane Rd	Anatole	Michigan Ave	Pleasant Grove	Freewill Rd	Total	
Principal	Principal	Principal	Principal	Principal	Principal	Interest
$ 22,395	$ 185,005	$ 452	$ 5,371	$ 1,973	$ 2,097,228	$ 441,504
22,395	185,005	452	5,371	1,973	2,120,064	418,668
22,395	185,005			1,973	2,137,365	395,544
22,395	185,005			1,973	2,160,777	372,132
22,395	185,005				2,182,528	348,408
22,395	185,005				2,206,564	324,372
22,395	185,005				2,230,924	300,012
	185,006				2,233,190	275,352
	185,006				2,258,162	250,380
					2,098,488	225,048
					2,124,132	199,404
					2,150,100	173,436
					2,176,428	147,108
					2,135,370	120,669
					1,950,845	96,153
					1,825,279	73,372
					1,527,200	52,477
					1,247,338	36,303
					1,219,236	21,552
					1,163,903	7,009
$ 156,765	$ 1,665,047	$ 904	$ 10,742	$ 7,892	$ 39,245,121	$ 4,278,903

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Schedule of Lease Principal and Interest Requirements by Fiscal Year
June 30, 2022

Fiscal Year	Pitney Bowes Mail Machine		Konica Copier		Konica Copier		Konica Copier	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,967	$ 72	$ 864	$ 45	$ 864	$ 45	$ 1,714	$ 41
2024	1,345	15	891	19	891	19	437	2
2025			151	1	151			
	$ 3,312	$ 87	$ 1,906	$ 65	$ 1,906	$ 64	$ 2,151	$ 43

Continued

Konica Copier Principal	Konica Copier Interest	Konica Copier Principal	Konica Copier Interest	Konica Copier Principal	Konica Copier Interest	Konica Copier Principal	Konica Copier Interest
$ 1,775	$ 47	$ 2,009	$ 48	$ 2,009	$ 48	$ 2,009	$ 48
603	4	512	3	512	3	512	3
$ 2,378	$ 51	$ 2,521	$ 51	$ 2,521	$ 51	$ 2,521	$ 51

THE BOARD OF PUBLIC UTILITIES OF
THE CITY OF CLEVELAND, TENNESSEE
Schedule of Lease Principal and Interest Requirements by Fiscal Year
June 30, 2022

Fiscal Year	Konica Copier		Konica Copier		Konica Copier		Konica Copier	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 973	$ 51	$ 973	$ 51	$ 973	$ 51	$ 973	$ 51
2024	1,002	21	1,002	21	1,002	21	1,002	21
2025	170	1	170	1	170	1	170	1
	$ 2,145	$ 73	$ 2,145	$ 73	$ 2,145	$ 73	$ 2,145	$ 73

Konica Copier Principal	Konica Copier Interest	Konica Copier Principal	Konica Copier Interest	Total Principal	Total Interest
$ 973	$ 51	$ 973	$ 51	$ 19,049	$ 702
1,002	21	1,002	21	11,715	196
170	1	170	1	1,322	5
$ 2,145	$ 73	$ 2,145	$ 73	$ 32,086	$ 903

Schedule of Officers
June 30, 2022

Name	Position
Aubrey Ector	Chairman
Joe Cate	Vice-Chairman
Eddie Cartwright	Board Member
David May, Jr.	Board Member, Councilman City of Cleveland
Debbie Melton	Board Member
Tim Henderson	President/CEO
Marshall Stinnett	VP/CFO
Jimmy Isom	VP/Electric Division
Craig Mullinax	VP/Water Division
Walt Vineyard	Executive VP/IT and Customer Connection
John Corum	VP/Admin Services

	Fiscal Year First Reported	Department	Original Audit Finding Number	Original Amount of Shortage	Beginning/ Carry-Forward Balance	Current Year Shortage	Current Year Reductions	End of Year Balance
1	2020	Information Technology	2020-001	$4,270	$4,270	$0	$0	$4,270

Explanation of Cash Shortages

1 Cleveland Utilities conducted an investigation in conjunction with the Cleveland Police Department and the District Attorney General and determined that a former information technology employee misappropriated utilities computer equipment with a value estimated at $4,270.00. The former employee denies all charges and the case has yet to go to court.

Disposition: As of June 30, 2022, the reported shortage is subject to the court findings.

FEDERAL ASSISTANCE: Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA	Beginning (Accrued) Unearned Grant Revenue	Cash Receipts	Expenses	Ending (Accrued) Unearned Grant Revenue
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Passed Through Tennessee Department of Environment and Conservation:					
Clean Water State Revolving Fund Cluster					
Grants for Clean Water State Revolving Fund					
- Loan SRF 18-417	66.458	$ 0	$ 2,086,021	$ 2,086,021	$ 0
- Loan SRF 18-417-01	66.458	0	1,488,286	1,488,286	0
Total Grants for Clean Water	66.458	$ 0	$ 3,574,307	$ 3,574,307	$ 0
Total Clean Water State Revolving Fund Cluster		$ 0	$ 3,574,307	$ 3,574,307	$ 0
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed Through Tennessee Emergency Management Agency:					
Disaster Grant -Public Assistance	97.036	$ 0	$ 480,740	$ 480,740	$ 0
Total Disaster Grant - Public Assistance	97.036	$ 0	$ 480,740	$ 480,740	$ 0
Total Federal Grant Assistance		$ 0	$ 4,055,047	$ 4,055,047	$ 0

Notes to the Schedule of Federal Financial Assistance Activity

Note 1 - Basis of Presentation - The accompanying schedule includes federal and state grant activity of the Board of Public Utilities of the City of Cleveland, Tennessee. The information is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Board.

Note 2 - Summary of Significant Accounting Policies - Expenses reported on the Schedule are reported on the full accrual basis of accounting. Cash receipts are reported as received. Credit balances in beginning or ending numbers represent receivables from the grantor.

Note 3 - Other - The Board did not elect to use the 10-percent de minimis indirect cost rate.

Note 4 - Cleveland Utilities is part of the primary government of the City of Cleveland. Neither of the federal grants reported were selected for single audit testing for the year ended June 30, 2022.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Public Utilities of the
City of Cleveland, Tennessee
Cleveland, Tennessee 37311

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each of the major fund (enterprise funds) and the aggregate remaining fund (fiduciary fund) information of the Board of Public Utilities of the City of Cleveland, Tennessee, (the Board), funds of the City of Cleveland, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wedgewood Accounting, PLLC

WEDGEWOOD ACCOUNTING, PLLC
Certified Public Accountants

November 18, 2022

There were no prior year findings.