



December 27, 2016

Dear Valued NU Customers,

In September 2016, I had communicated that we began a second engagement with Magellan Advisors that involves a “deep dive” into all facets of a Fiber Optic Broadband Phase One implementation plan, to include a comprehensive business case.

Following the Feasibility Study in early summer, and based on magnitude and scope of a full fiber deployment for Cocke County, Newport Utilities determined that a multi-phase implementation would be the most prudent approach.

The results of the Phase One Implementation Plan are now complete and have been reviewed thoroughly by NU Management. On Tuesday, December 27<sup>th</sup>, the NU Board unanimously approved the Phase One Business Plan and gave NU Management the green light to proceed with the next steps.

From a regulatory standpoint, there are a few more steps required before a final approval can be given. The governing bodies involved in some of the critical next steps are the State of Tennessee Comptroller’s office, TVA, and Newport City Council.

By the end of March 2017, our goal is to announce to NU Customers, that we have received final approvals with the objective of beginning construction by the end of 2<sup>nd</sup> quarter 2017.

I understand that everyone is most interested and anxious to learn what areas will be included in the Phase One plan. As much as I would like to be forthcoming with those details at this time, we need to keep those details confidential until we receive our final approval.

However, I can share with you that in the Phase One plan, we will be passing a total of 8,168 customers, both residential and business. The number of residential customers included in this first phase represents 47% of total households in Cocke County which is fantastic for this initial phase.

As we are working aggressively to complete the steps to get to final approval for the Phase One plan, we will also be doing the high level engineering study on the remaining areas of the County. The output of this effort will include a recommendation for how Newport Utilities can build out all of NU’s Service Area. Our goal is to be able to provide our Customer’s a Road Map and Timeline for phases beyond the first phase build. We hope to have this information available by the end of March 2017.

We started this journey only 12 months ago. I understand it may seem like we might have gotten to this point quicker. As the General Manager of Newport Utilities, my first obligation is to ensure we do not put our electric, water, or sewer rate paying Customers at risk. The due diligence to ensure a sound business plan was absolutely necessary and I am confident that we achieved that objective.

In closing, we are optimistic that by the end of March 2017 we will be able to announce to you that the “Gig” is coming to Cocke County! We appreciate your support as we continue down the path of this exciting journey.

Best regards,

Glenn Ray  
General Manager

