

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, December 15, 2016, Noon**

Call to Order

The Knoxville Utilities Board met in regular session in the Larry A. Fleming Board Room at 445 S. Gay Street, on Thursday, December 15, 2016, pursuant to the public notice published in the January 2, 2016, edition of the *News Sentinel*. Chair Thompson called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Jerry Askew, Kathy Hamilton, Celeste Herbert, Sara Pinnell, Nikitia Thompson, Eston Williams, and John Worden

Commissioners Absent: None

Approval of Minutes

The Minutes of the November 17, 2016, Board Meeting were approved as distributed upon a motion by Commissioner Askew and seconded by Commissioner Pinnell.

Old Business

Resolution 1351, Amending the Rate Schedules of the Gas Division, Providing for a Rate Schedule for Compressed Natural Gas Vehicle (CNGV) Fuel, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended

President Roach advised Commissioners the construction of KUB's new Compressed Natural Gas station is complete and in service. The station will open to the public on January 1, 2017. She recognized John Williams, Manager and Assistant to the CFO, to present the new CNG rate for consideration on second and final reading.

President Roach recommended adoption of Resolution 1351 on second and final reading. Her written recommendation is included in Attachment 1.

December 15, 2016

Upon a motion by Commissioner Williams and a second by Commissioner Herbert, Resolution 1351 (*Attachment 1*) was adopted by a roll call vote on second and final reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Thompson, Williams, and Worden. No Commissioner voted "nay".

President's Report

Ten-Year Financial Discussion

President Roach reminded Commissioners that much of the September and October meetings were spent discussing Century II and its funding, looking back at the last 10 years and then looking forward to Century II and how to fund it for the next 10 years. She recognized Mark Walker, Senior Vice President and Chief Financial Officer, to summarize the ten-year plans for each utility system, including planned system investments and proposed funding for the system investments.

KUB Volunteers in Sevier County and Employee Excellence Awards

President Roach recognized Susan Edwards, Senior Vice President and Chief Administrative Officer to provide details of KUB's recent volunteer efforts in Sevier county. Ms. Edwards advised Commissioners that Sevier County experienced devastating fires a few weeks ago. With anything of this magnitude, assistance from surrounding counties is necessary and Ms. Edwards advised the Board that several KUB crews were sent to provide assistance with electric system restoration and that in excess of one hundred KUB employees were using their volunteer time to assist Sevier County in its efforts.

Ms. Edwards provided an overview of the Employee Excellence Awards program and recognized Kendall Stiles, Manager of Customer Support, who presented a Customer Service award to Tim Cox; Jamie Davis, Manager of Underground Construction, who presented a Customer Service award to members of the Beverly Acres Crew; Terry Martin and Robert Langston; Gabriel Bolas, Manager of Overhead Construction, who presented an Innovation award to certain members of the Bundled Roller Design Team; Doug Collins and Rex Wilson; Brooke Sinclair, Manager of Safety, Security and Technical Service, who presented an Innovation award to a certain member of the Bulb Recycling Project; Mike Rose; Bob Colwick, Engineer, who presented an Innovation award to certain members of the Chemical Reduction Team; Craig Livesay and Chris Wyrick; Mark Kenner, Manager of Information Services and Business Processes, who presented a Cost Savings Award to certain members of the Hyperion Software Team; Pam Martin and Melissa Reynolds; Billie Jo McCarley, Manager of Plants, who presented a Cost Savings award to certain members of the Kuwahee Pump Refurbishment Team; Craig Livesay, Tracy Hubbs, Marcus Atkins, and Rick Walker; and Derwin Hagood, Vice President of Plant Operations, who presented the Board Chair Awards to Jake Self and Thomas Marks.

December 15, 2016

New Business

Resolution 1353, A Resolution of the Knoxville Utilities Board Concerning Eston Williams, who is Concluding Service as a Commissioner

Chair Thompson offered Resolution 1353 for the Board's consideration recognizing Eston Williams for his service to the KUB Board of Commissioners. Bill Coley, Board's General Counsel, read Resolution 1353.

President Roach recommended adoption of Resolution 1353 on first and final reading.

Upon motion by Commissioner Worden and second by Commissioner Herbert, Resolution 1353 (*Attachment 2*) was adopted by acclamation and a unanimous voice vote.

Commissioner Williams thanked the Board, President Roach and the Senior Management Team for all they do. But most importantly, he thanked the employees, who he described as KUB's greatest asset.

Remarks Regarding Bill Elmore's Retirement


President Roach observed that this was Bill Elmore's, Executive Vice President and COO, last Board Meeting before retiring on January 6, 2017. On behalf of the Board, Chair Thompson thanked Mr. Elmore for his service to KUB and wished him well in his retirement.

Other Business

Commissioner Askew, Chair of the Board's Nominating Committee announced that the Committee met today to nominate a slate of officers for 2017. The following individuals were nominated: Celeste Herbert, Chair; John Worden, Vice-Chair; and Mark Walker, Secretary. He also announced that the election of officers would be conducted in January 2017, as required by the Charter.

Adjournment

There being nothing further to come before the Board, Chair Thompson declared the meeting adjourned at 1:00 p.m.


Nikitia Thompson, Chair



Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1351, Amending the Rate Schedules of the Gas Division, Providing for a Rate Schedule for Compressed Natural Gas Vehicle (CNGV) Fuel, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended	<u>Page(s)</u> 7713 – 7717
Attachment 2	Resolution 1353, A Resolution of the Knoxville Utilities Board Concerning Eston Williams, who is Concluding Service as a Commissioner	7718 – 7719



Knoxville Utilities Board

December 9, 2016

Knoxville Utilities Board
445 S. Gay Street
Knoxville, Tennessee 37902-1109

Commissioners:

As you will recall, at last month's meeting the Board adopted on first reading Resolution 1351, amending KUB's rate schedules for the Gas Division to include a rate for the sale of compressed natural gas (CNG).

The compressed natural gas vehicle (CNGV) fuel rate will provide for the appropriate cost recovery of station costs, natural gas commodity cost, and state and federal taxes and transaction fees, as applicable. If approved, the CNGV rate will be effective January 1, 2017 in preparation for the opening of KUB's public CNG fueling station.

As the CNGV fuel rate is a new rate offering for KUB, two readings are required. I recommend adoption of Resolution 1351 on second and final reading.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mintha E. Roach".

Mintha E. Roach
President and CEO

RESOLUTION NO. 1351

A Resolution Amending the Rate Schedules of the Gas Division, Providing for a Rate Schedule for Compressed Natural Gas Vehicle (CNGV) Fuel, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended

Whereas, the Knoxville Utilities Board of Commissioners ("Board") previously adopted Resolution No. 1060, as heretofore amended, providing rate schedules for the Gas Division of the Knoxville Utilities Board ("KUB"); and

Whereas, compressed natural gas ("CNG") is recognized as a desirable alternative transportation fuel for powering vehicles through a cleaner burning and primarily domestically produced fuel; and

Whereas, KUB intends to expand the size of its CNG fleet over the next ten years; and

Whereas, KUB's existing CNG fueling station is aging and in need of significant upgrades; and

Whereas, the Board has determined that it is in the best interest of KUB and its customers to provide a CNG fueling station to meet the needs of KUB's expanding CNG fleet and encourage the use of CNG as an alternative transportation fuel for the public; and

Whereas, the Board has previously appropriated expenditures for the construction of a new CNG fueling station with additional capacity available for public use; and

Whereas, in accordance with Section 1107(L) of the Charter of the City of Knoxville, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate schedule change is to be considered.

Now, Therefore, Be it Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:

Section 1. That the Gas Division Rate Schedules as set forth in Section 2 of Resolution No. 1060, as heretofore amended, be amended to include a rate schedule for CNGV, as set forth in Exhibit A to this Resolution, to be effective January 1, 2017.

Section 2. That the rate under this rate schedule shall be calculated monthly.

Section 3. That the rate calculated in accordance with the CNGV rate schedule shall be effective no later than the fifth business day of the applicable month.

Nikitia Thompson/s
Nikitia Thompson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
READING: 11-17-16
APPROVED ON 2nd
READING: 12-15-16
EFFECTIVE DATE: 12-15-16
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**Knoxville Utilities Board
Gas Division**

RATE SCHEDULE CNGV

Compressed Natural Gas Vehicle Fuel

Availability

Service under Rate Schedule CNGV is available to any vehicle served at KUB owned CNG filling stations. This fuel is solely for use by the customer for fueling commercial or personal vehicles and is not intended for re-sale.

Definitions

“CNG” – compressed natural gas being used solely for the fueling of Environmental Protection Agency (EPA) approved commercial or personal vehicles utilizing natural gas as a fuel source.

“CNG WACOG” - for the purpose of this rate schedule the “CNG WACOG” shall mean the projected weighted average cost of gas for the applicable month per therm of natural gas, as determined in accordance with the Purchased Gas Adjustment adopted by the KUB Board, multiplied by the gas gallon equivalent factor of an industry recognized standard, as determined by KUB in its sole discretion.

Rate

Base Rate \$1.3282 per Gas Gallon Equivalent (GGE)

Plus

All applicable state and federal taxes and applicable transaction fees.

Monthly Rate Adjustment

The CNGV rate shall be subject to adjustment on a monthly basis in accordance with the CNG WACOG and any changes in state and federal taxes and applicable transaction fees.

Discount Pricing

In order to incent the public acquisition and use of CNG vehicles and fuel, the President and CEO, or his or her designee, is authorized to enter into agreements with eligible customers providing for discounts to the CNGV rate in accordance with the following criteria:

<u>Monthly CNG Use</u>	<u>GGE Rate Discount</u>
2,500 - 10,000 GGE	\$0.10
10,001 - 20,000 GGE	\$0.15
20,001 - 30,000 GGE	\$0.20
30,001 GGE or more	\$0.25

The terms and conditions of a discount pricing arrangement shall be established in a contract between KUB and the customer.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RESOLUTION 1353

A Resolution of the Knoxville Utilities Board Concerning Eston Williams, Who is Concluding Service as a Commissioner

Whereas, Eston Williams became a member of this Board in March 2008 and has now served faithfully for eight years; and

Whereas, during his tenure, Commissioner Williams has been an advocate for Project Help, an emergency assistance program for people who need temporary help with their utility bills and;

Whereas, he encouraged KUB to consider offering a gift card program to allow individuals to help family members, friends and others in need to pay their utility bills; and

Whereas, Commissioner Williams recognized the need to eliminate the root cause associated with ongoing emergency energy assistance and supported the implementation of Round It Up, a pilot program which allows customers to round up their monthly utility bills to the next whole dollar to provide funding for low-income home weatherization; and

Whereas, since his first year on the Board, Commissioner Williams has been a strong proponent of conservation and environmental stewardship and he supported KUB in the achievement of several award-winning programs such as TVA's EnergyRight Solutions and Renewable Energy awards for strong customer participation, the Sierra Club's Sustainable Energy Leader, and the National Biosolids' Partnership Platinum level award; and

Whereas, Commissioner Williams was an advocate for customers, recognizing the balance between the needs of business and residential customers, the need to invest in the system and the need to manage costs; and

Whereas, Commissioner Williams demonstrated leadership in the support of long-term funding plans for KUB's Century II and PACE 10 infrastructure programs, including the approval of bond issues and rate increases to balance the cost of needed system improvements over both current and future KUB customers; and

Whereas, this funding is allowing for the timely replacement of water and gas mains, overhead and underground electric lines, power poles and equipment at substations and is already benefitting customers through increased system reliability; and

Whereas, during his tenure, KUB's high-quality bond ratings were upgraded by both Moody's Investors Service and Standard & Poor's, including a historically high AAA rating for KUB's water system bonds by Standard & Poor's; and

Whereas, during his tenure, Commissioner Williams has been an advocate for TeenWork, an award-winning 21-year-old program partnership with Austin East Magnet High School which provides school-to-work experience for high school juniors and;

Whereas, during his tenure 245 students have participated in the TeenWork program and there are currently 10 former TeenWorkers employed full time at KUB in a range of jobs; and

Whereas, Commissioner Williams has further distinguished himself and KUB through his involvement with the East Tennessee Quality Growth Forum, CHARACTER COUNTS!, Men of Service and serving as Vice President of the Knoxville Industrial Development Board and the President of 100 Black Men of Greater Knoxville all associations focused on making positive contributions in our communities; and

Whereas, in addition to his active role as a Commissioner during his tenure, he served as Vice Chair of the Board, as well as Chair of the Nominating Committee; and

Now, Therefore, Be It Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:

Section 1. That this Board hereby gratefully acknowledges and commends Eston Williams for his dedicated service to KUB, its employees, customers, and our community.

Section 2. That the Board recognizes Commissioner Williams' effective service and that the Board genuinely regrets that his time on the KUB Board of Commissioners has concluded.

Section 3. That this Resolution shall take effect from and after its passage and that a copy shall be provided to Commissioner Williams.

Nikitia Thompson/s
Nikitia Thompson, Chair

Sara Pinnell/s
Sara Pinnell, Vice Chair

Jerry Askew/s
Jerry Askew, Commissioner

Kathy Hamilton/s
Kathy Hamilton, Commissioner

Celeste Herbert/s
Celeste Herbert, Commissioner

John Worden/s
John Worden, Commissioner

APPROVED ON 1st
& FINAL READING: 12-15-16
EFFECTIVE DATE: 12-15-16
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