

KUB

Annual Disclosures

January 18, 2018



Background of Ethics Policies

- Pre 2000: City Charter, Resolution 1, general state law
- 2000: Conflict of interest added to By-laws
- 2005: Employee Conflict of Interest Policy and required annual disclosure
- 2006: TN State Ethics Commission established
- 2007: Board adopted Ethics Policy
- 2012: By-laws ethics section updated
- 2013: Annual disclosure requirement adopted

Ethics Policy Components

- Aligns with governing statutes and guidelines
- Certifies compliance with ethical standards
 - Political activity
 - Nepotism
 - Gifts and gratuities
 - Personal and financial interests
 - Improper use of position or authority
 - Improper use of KUB time, facilities, and equipment
- Requires disclosure if a conflict exists

Annual Disclosure Form

**KNOXVILLE UTILITIES BOARD
COMMISSIONER CONFLICT OF INTEREST FORM**

COMMISSIONER INFORMATION			
Name		KUB Accts.	
Home Address		Unit #	
City	State	ZIP	
Business Name		KUB Accts.	
Address		Unit #	
City	State	ZIP	

DISCLOSURE STATEMENTS	
<i>Please initial beside each true statement. Provide a detailed explanation on the next page for any untrue statement.</i>	
1	My residence is within Knox County limits.
2	I do not have a nepotism conflict as defined by Article X, Section 1016 of the City of Knoxville Charter. ¹
3	Other than my position as KUB Commissioner, I am not a Public Official as defined by Section 1102 of the City of Knoxville Charter ² nor am I an employee or a retiree of an energy, water or wastewater utility or energy company.
4	I do not have a personal interest or work for a business or entity which has a financial interest in any business relationship with KUB other than the purchase of utility services as defined by Section 2 of the KUB Ethics Policy (see attached policy).
5	I have not directly or indirectly accepted any money, gift, gratuity, or other consideration or favor of any kind from anyone other than KUB for the performance of an act or refraining from performance of act in the regular course of my duties as a KUB Commissioner.
6	I have not disclosed any confidential information obtained in my capacity as a KUB Commissioner other than as authorized or required by law.
7	I have not used or disclosed information obtained in my capacity as KUB Commissioner in a way that resulted in financial gain for myself or any other person or entity.
8	I have not used or authorized the use of KUB time, facilities, equipment, or supplies for private gain or advantage to myself or any other private person or entity.
9	I have not made any private purchase in the name of KUB.
10	I have not used my position as a KUB Commissioner to secure any privilege or exemption for myself or others not authorized by the Charter, general law, resolution, by-law or policy of KUB.
11	I have not accepted or continued any employment that unreasonably inhibits the performance of my affirmative duty of my position as KUB Commissioner or that conflict with any provision of the KUB Charter, any KUB Resolution, Bylaw or policy.

¹ Charter Article X, Section 1016 says: "No officer or employee elected or appointed by the council, the board of education, the civil service merit board, the Knoxville Utilities Board, or any appointing authority or administrative officer shall be related to any of said members of the council, the board of education, the civil service merit board, the Knoxville Utilities Board, or any appointing authority or administrative officer controlling or having a vote or voice in the election or appointment of said officer or employee within the third degree, either by affinity or consanguinity."

² Public Official shall mean any person who is an elected official or an employee of the City of Knoxville or any municipality, county government, or state government except for notary public, a member of the National Guard of the State of Tennessee, or employee of public education.

- Form included in today's agenda packet
- Annual disclosure occurs in January
- Return forms before end of January

New This Year: Training Requirement

- Topics: Board governance, financial oversight, policy making and other duties
- 12 hours within first year for new Commissioners
- 12 hours over the course of each subsequent three year period

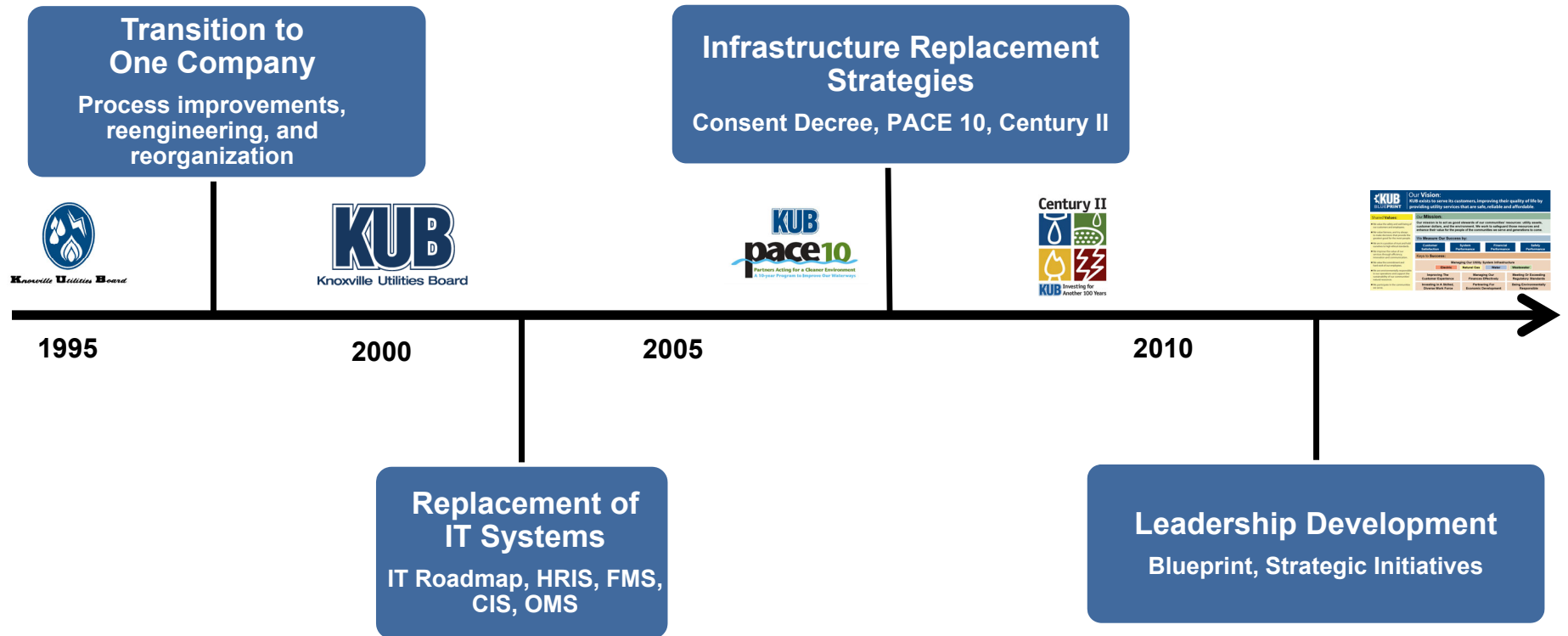
KUB

Corporate Strategy and Initiatives Update

January 18, 2018



Strategies and Initiatives Focus on Continuous Improvement



Strategic Initiatives

- Leadership Development
- Water Plant Resiliency
 - Evaluated plant needs
 - \$104M investment in plant improvements
- Workforce Mix
 - Modified KUB and contractor balance
 - Savings of \$11M projected in the long range plan (LRP)
 - Enhances expertise and job knowledge
- Grid Modernization
 - \$107M for 4-year advanced meter deployment
 - Investment of \$1M annually for distribution automation

Teams and Initiatives Support Strategy

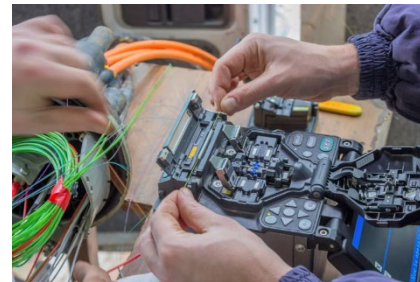
- Support corporate culture by following Blueprint
- Create structure for accountability/ownership
- Maintain focus and pace on priorities and strategies
- Ensure continuous improvement
- Encourage collaboration and alignment
- Critical to leadership development

Corporate Initiatives Since 2014

- Grid Modernization Strategy
- Electric System Downtown Network Strategy
- Customer Communication and Engagement
- Damage Prevention
- Environment and Sustainability
- Grid Modernization Deployment
- Operational Efficiencies
- Regulatory Role
- Water Loss
- Finance/Revenue/Growth
- Electric Reliability
- Grid Modernization Processes
- Customer Stewardship
- Utility Transformation
- Safety Stewardship
- Utility Stewardship

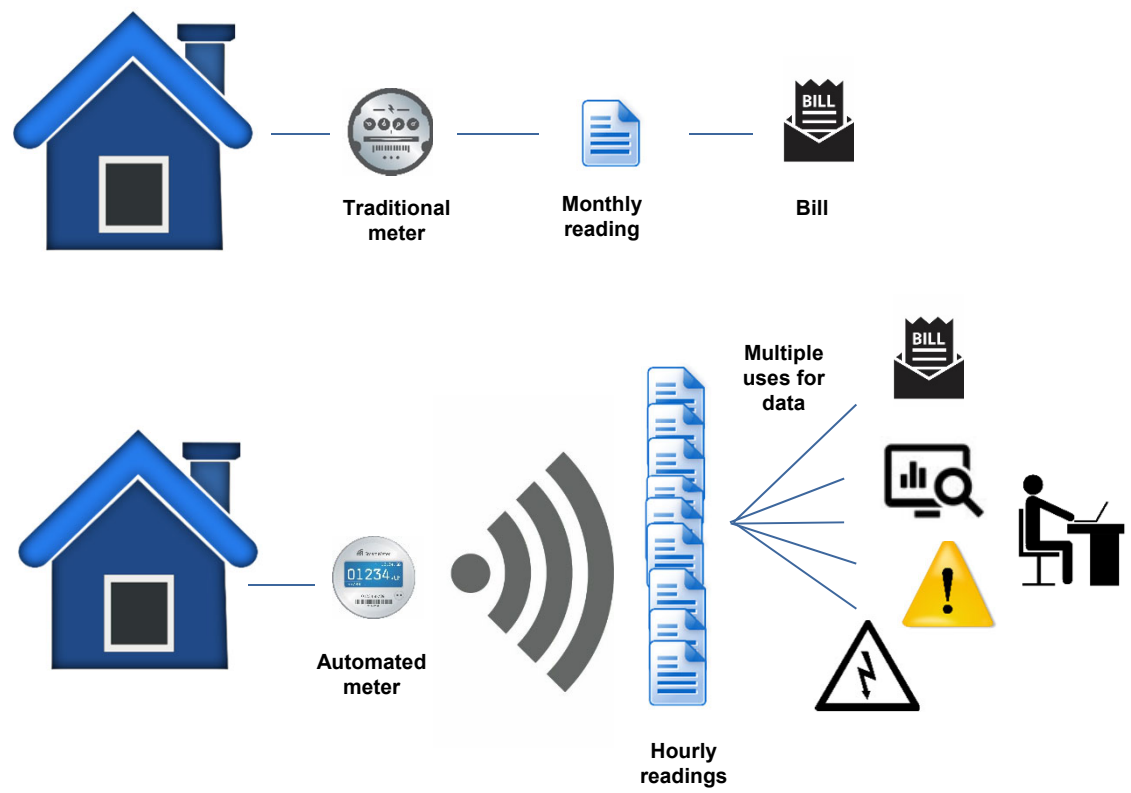
Leveraging New Technologies for Electric Reliability

- Determine opportunities to prevent outages
 - Vegetation management
 - Century II improvements
 - Maintenance programs
- Incorporate new technologies
 - Fiber and modernized meters
 - Fault locating devices
 - Remotely controlled reclosers
 - Intelligent switches
- Create strategies and priorities
- Measure and ensure improvement



Grid Modernization Enables New Processes

- Manage new data
- Examine opportunities
- Update and create new processes
- Enhance training



Using Technology to Improve the Customer Experience

- Evolve KUB's website
- Examine practices impacting customers
- Improve value of customer "touchpoints"
- Simplify processes
- Focus on continuous improvement

The screenshot shows the KUB website homepage. At the top, there is a navigation bar with the KUB logo, the text "Knoxville Utilities Board", and links for "Bills & Payments", "Start/Stop Service", "Outage Center", and "More". There are also buttons for "REPORT OUTAGE", "PAY BILL", and "LOGIN". Below the navigation bar is a large banner image of the Knoxville skyline with a "Log Into My Account" form overlay. The form fields include "USERNAME OR EMAIL" and "PASSWORD", with a "Log In" button and a "Forgot Password" link. Below the banner is a section titled "What can we help you do?" with six icons and labels: "PAY MY BILL", "START/STOP SERVICE", "MANAGE MY ACCOUNT", "STAY SAFE", "GO PAPERLESS", and "SAVE MONEY". Below this are three featured articles: "KUB NAMED A 2017 TOP WORKPLACE" with a photo of workers, "LEVELIZED BILLING PLAN" with a photo of a woman using a smartphone, and "NATURAL GAS REBATE PROGRAM" with a photo of a kitchen and a "KUB Natural Gas" logo.

Transformation of Utilities

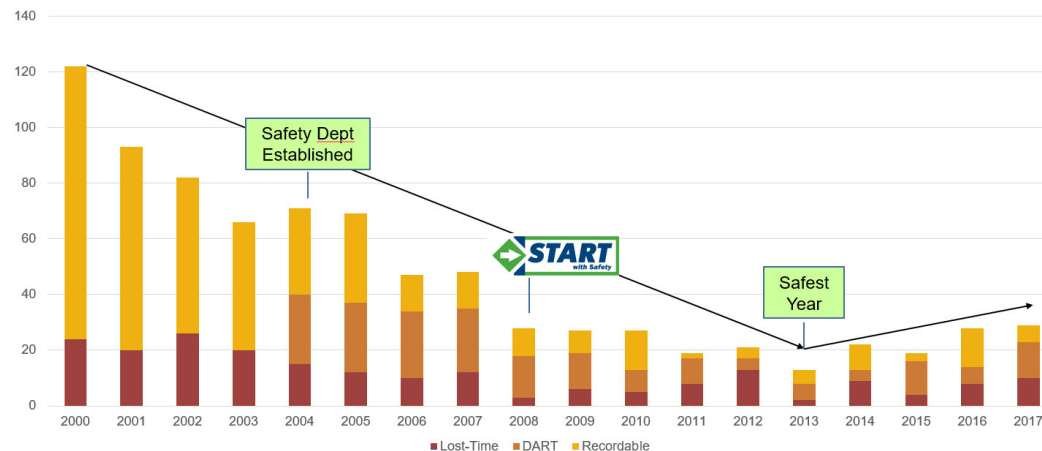
Understanding KUB and Customer Opportunities

- Research technology advancements
- Engage in utility industry dialogue
- Embrace customer options
- Determine opportunities for KUB and customers



Employee Engagement Driving Safety Improvements

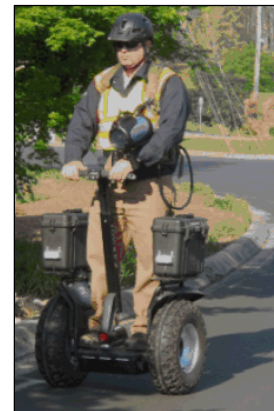
- Examine risks and opportunities
- Create and implement enhanced programs
- Evaluate incidents for improvement opportunities
- Expand employee engagement



Utility Stewardship

Planning and Executing for the Future

- Cross-functional involvement
- Promote collaboration and alignment
- Research new technologies
- Prioritize opportunities
- Oversee key projects and measure results
- Develop each utility's unique strategy



Plan Today for Tomorrow's Needs

- Maintain alignment with Blueprint
- Keep awareness of gaps/opportunities
- Continue to look to the future
- Growing leadership
- Sustain a culture for continuous improvement

KUB

Incident Command System

January 18, 2017



1993 Storm of the Century

- 18” of snow and high winds
- Major impact to electric system
 - 40,000 customers impacted
 - 8 days to restore
- Unprecedented response
 - 85 crews
 - 400 employees
- Customer impact
 - 50,000 calls in 8 days (Avg. 11,000/year)
 - Difficulty with communications
- Learning opportunity



Incident Command System (ICS)

- Part of the National Incident Management System (NIMS)
- Standardized incident response
 - Roles designated
 - Responsibilities defined
- Integrates into existing organizational structures
- Matches resources with complexity
- Consistency among industries



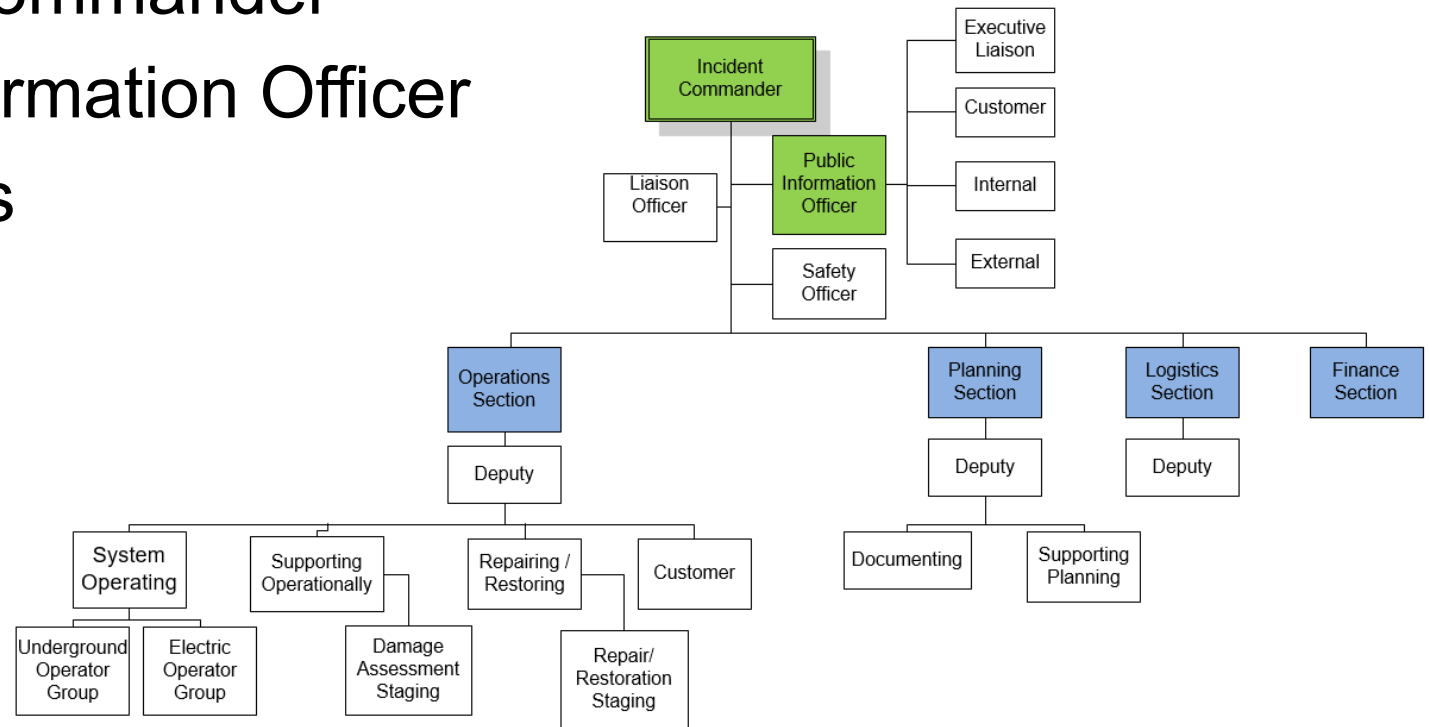
Benefitting From Structured Response

- McClung Warehouse fire 2007
 - Enabled KUB to support KFD command post
- Alcoa Hwy. sinkhole 2017
 - KUB command post on site
- Severe storms
 - Widespread
 - Localized
- Significant water main breaks



Key Roles of ICS Structure

- Incident Commander
- Public Information Officer
- Operations
- Planning
- Logistics
- Finance



Training and Practice Ensures Readiness

- Training
- Mock exercises
- Continuous Improvement
 - Post-event debriefings
 - Documentation



Improved Response Through ICS

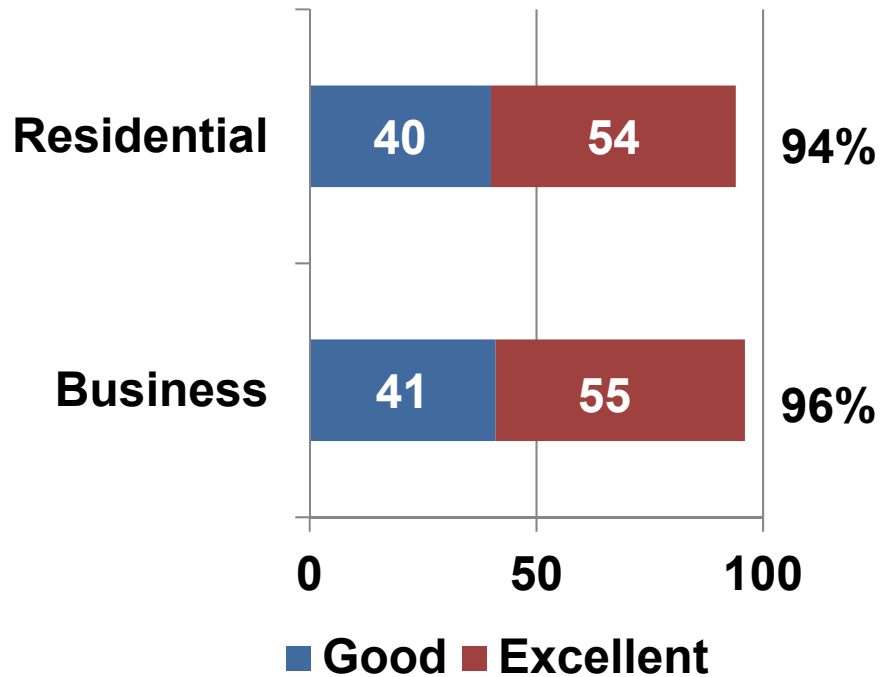
- Organizational focus on incident
- Coordinated use of nontraditional resources
- Timely communication
- Methodical restoration



	March 1993 Blizzard of '93	April 2011 Hail Storm	June 2011 Storm *	July 2015 Storm	May 2017 Storm
Customers out	40,000+	75,000+	127,000+	56,000+	54,000+
Poles replaced	100	142	151	81	40
Transformers replaced	45	91	132	40	19
Customer calls	50,000+	45,000+	220,000+	71,000+	28,000+
Restoration length	8 days	7 days	7 days	3 days	2.5 days
Estimated cost	\$2 million	\$2 million	\$4 million	\$2.5 million	\$1.2 million



* June 2011 event includes two separate storms on June 21 and June 23


ICS Value


“How would you rate the reliability of electricity from KUB?”



 **Carol Nicolls** Thanks to all the wonderful people that worked through the night to get power back up and running in Kodak area!
Like · Reply ·  1 · 9 hrs

 **Rebecca Sardella** THANK YOU to the lineman who have been working so hard to restore our power.
Like · Reply ·  3 · 9 hrs

 Our power came on about 40 minutes ago !!! Thank you to all those working to get it back on !!! When I heard the sound of chainsaws around 8pm, it was a beautiful sound :)
[Carol Roberts](#) 28 minutes ago

 Thank you very much for your reply and for all the work you all are doing to help us!
[Jesse Groller](#) > [Knoxville Utilities Board](#) 41 minutes ago

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Cold Weather Event Update

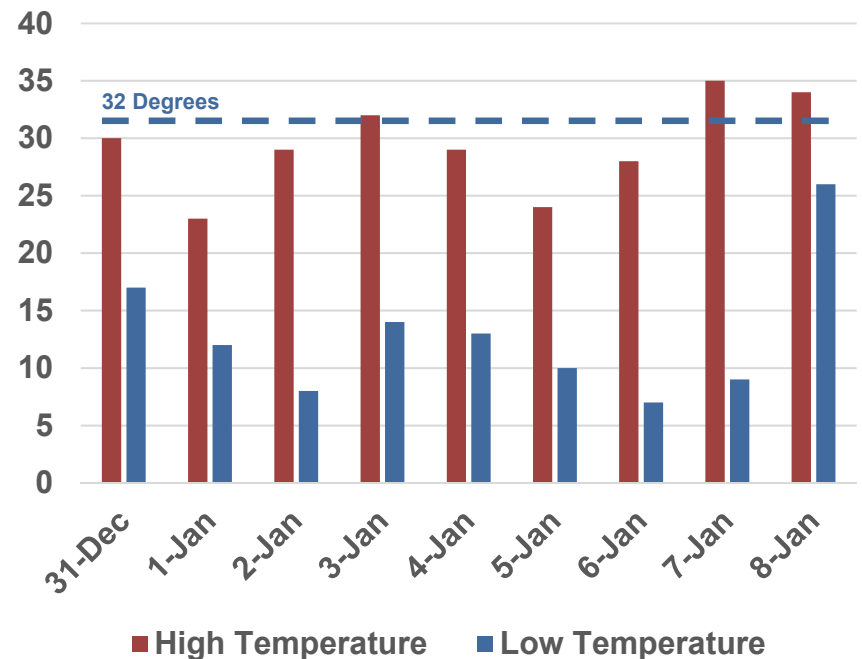
January 18, 2018



2018 Cold Weather Event

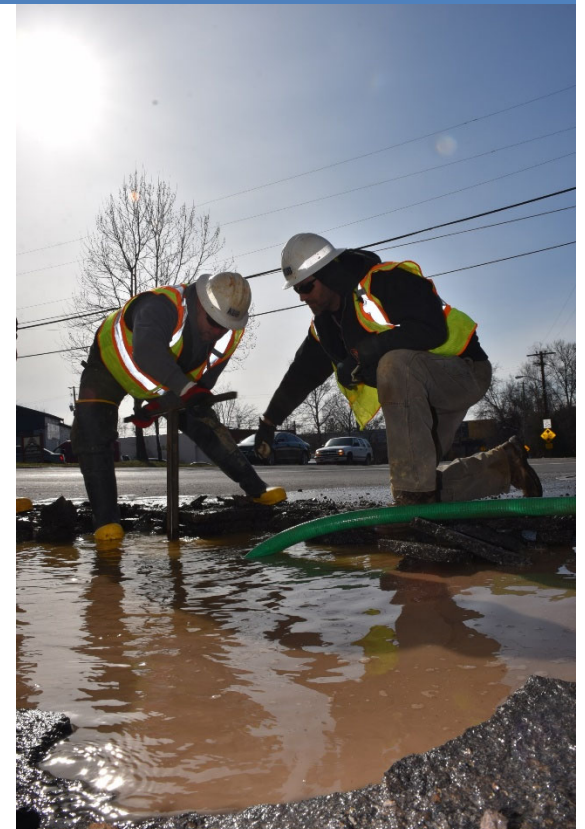
- Dec. 31 – Jan. 10
- Sustained freezing temperatures for 7 days
- During those 7 days
 - Average high: 28
 - Average low: 13

High and Low Temperatures
12/31 – 1/8



Water System Performs Well Despite Numerous Repairs

- Water System experienced 80 main breaks
 - Over 95 repairs made
- No impact to KUB's ability to deliver water
- Outages were localized and short in duration



A nighttime photograph of a construction site on a bridge. A white truck with a large white container on its back is parked on the bridge deck. Five workers wearing hard hats and high-visibility vests are standing near the truck. A concrete barrier in the foreground has a glowing blue sign that reads "GALLAHER VIEW RD". Below the bridge, there are some lights and equipment. The scene is illuminated by artificial lights, creating a dark background with bright highlights.

GALLAHER VIEW RD





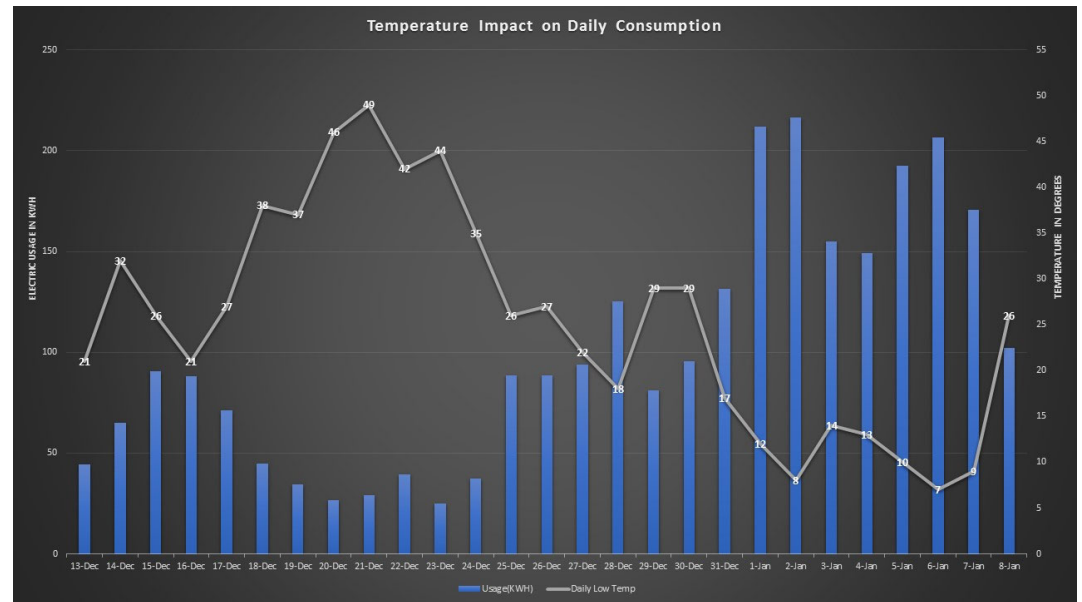


Record-Setting Sales During Cold Weather Event

- Record gas and electric sales
 - 4 top 10 natural gas sales days
 - One electric top 10 sales day
- Gas consumption eclipsed July and August combined
- Interruptible gas option exercised for 3 days
- No performance issues on gas or electric systems

Cold Weather Increases Bills

- Projected increases to customer bills from January 2017
 - Electric: 15% more
 - Gas: 35% more
- Assistance available to help customers manage and pay bills
 - Levelized Billing Plan
 - Energy savings information
 - Financial assistance
 - Project Help



Customers Share Their Appreciation

“I wish to express my appreciation for all the assistance during our water line failure and new water meter installation. Doug Vandergriff was so kind and pleasant — a first-rate employee, and the construction crew was great. Everyone I have dealt with at KUB has always been polite and helpful. Thank you for setting a high standard, company-wide, for excellent customer service.”

—Margaret K.

(January 4, 2018)

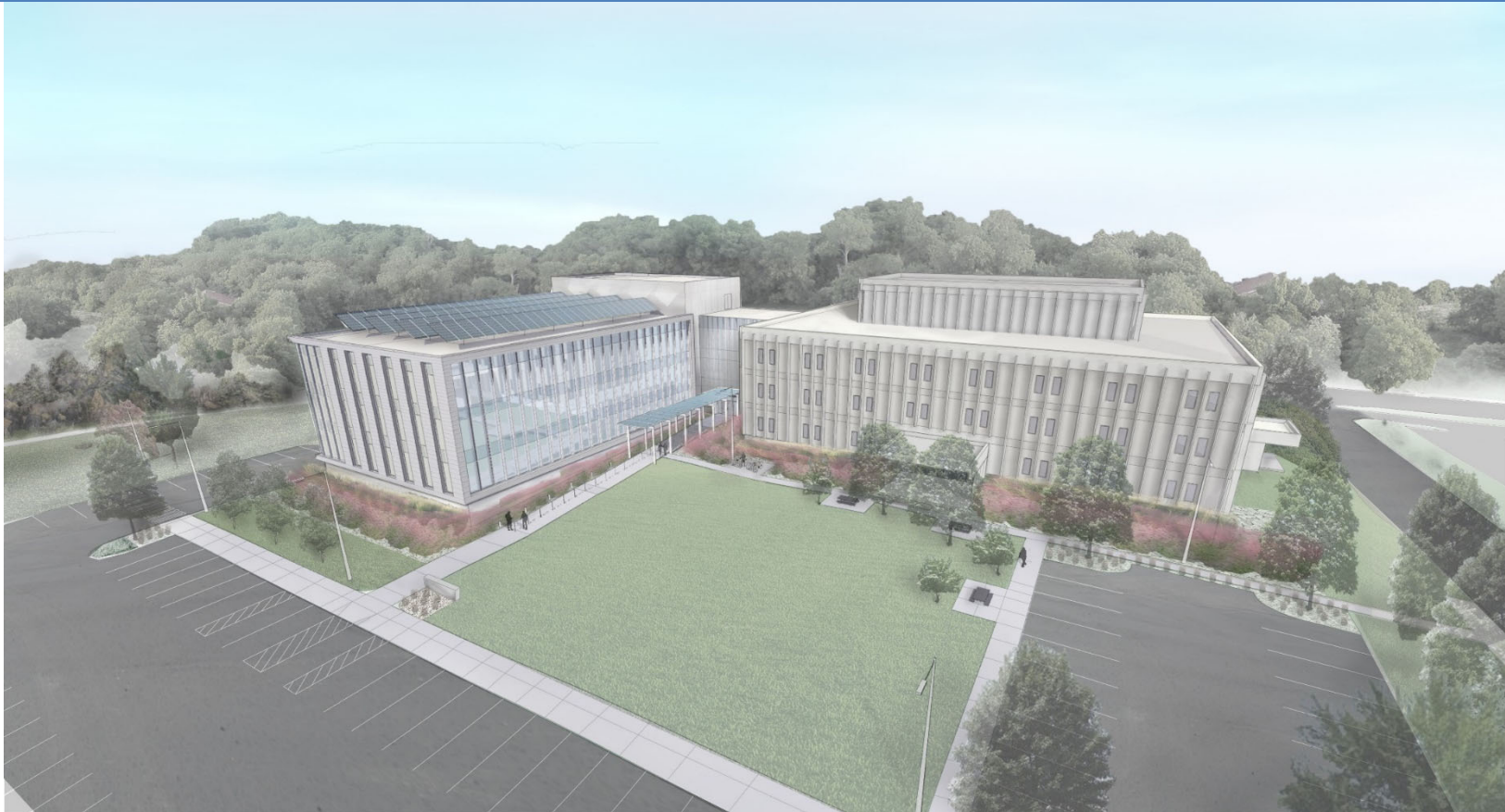
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Engineering Building Update

January 18, 2018



Project Design and Bid Process Complete



\$11.5M Contract Awarded to Blaine Construction

- Competitive bidding process began with pre-qualifying five contractors
- Received four bids (\$11.5M–\$11.7M)
- Blaine Construction submitted lowest bid
 - 3% below budget estimate
 - Subcontractors include Massey Electric and Del Air Mechanical (plumbing and HVAC)
 - 490 days to complete (April 2019)
- Groundbreaking event to be scheduled

Construction Beginning in February



Planning

- February: Complete



Design

- May: Concept Design Complete
- November: Construction Design Complete



Procurement

- June: Advertised Request for Qualifications
- October: Selected Qualified Contractors
- November: Project Bid
- December: Project Award
- January: Notice to Proceed



Construction

- January 2018: Initial Schedule Due
- Groundbreaking Event to be Scheduled



Completion

- Estimated 16-18 Month Project
- April - June 2019: Expected Completion

KUB