

**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, November 17, 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, November 17, 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 October 20, 2016, Board Meeting were approved as distributed upon a motion by Commissioner Williams and seconded by Commissioner Herbert.

**Old Business**

None

**New 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 reminded Commissioners that KUB's new Compressed Natural Gas (CNG) station is under construction and scheduled to be complete by the end of the year. She recognized John Williams, Manager and Assistant to the CFO, to provide an update on the project and present a new CNG rate for the Board's consideration on first reading.

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

November 17, 2016

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

**Resolution 1352, Authorizing the Transfer of Property of the Wastewater Division Located at 4719 Old Broadway to the City of Knoxville**

President Roach advised Commissioners that KUB was contacted by Legacy Parks about the possibility of obtaining a portion of KUB property on Old Broadway for use as a greenway and trailhead parking. The proposed use of the property would not have an adverse impact on KUB's wastewater storage facility, which is located adjacent to the property, or future system needs. Ms. Roach recognized Julie Childers, Vice President of Water/Wastewater Engineering, to provide the details of the proposed property transfer to the City.

President Roach recommended adoption of Resolution 1352 on first and final reading. Her written recommendation is included in Attachment 2.

Upon a motion by Commissioner Williams and a second by Commissioner Worden, Resolution 1352 (*Attachment 2*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Thompson, Williams, and Worden. No Commissioner voted "nay".

**President's Report**

**Winter Update**

President Roach reminded Commissioners that we provide an update each fall on KUB's compliance with natural gas purchasing requirements. She recognized Sherri Ottinger, Manager of Rates and Analytical Services, for this year's update.

**Round It Up Update**

President Roach recognized Chris Hood, Manager of Accounting, to provide an update on KUB's Round It Up program.


**Other Business**

None

November 17, 2016

**Adjournment**

There being nothing further to come before the Board, Chair Thompson declared the meeting adjourned at 12:47 p.m.

  
Nikitia Thompson, Chair



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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	<b><u>Page(s)</u></b> 7701 – 7705
Attachment 2	Recommendation Letter and Resolution 1352, Authorizing the Transfer of Property of the Wastewater Division Located at 4719 Old Broadway to the City of Knoxville	7706 – 7708



Knoxville Utilities Board

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November 11, 2016

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

Commissioners:

As you may recall, a new compressed natural gas (CNG) fueling station is being constructed adjacent to KUB's Hoskins Operations Center located on Middlebrook Pike. This station, which will replace the existing aging CNG station located on the Hoskins campus, will not only meet the needs of KUB's expanding CNG fleet, but will also be open to the public as a means of encouraging the use of CNG as a cleaner alternative fuel source. The new CNG station, which is on time and on budget, is scheduled to be open to the public in January 2017.

In order to provide for sale to the public, the rate schedules of the Gas Division need to be amended to include a rate for the sale of CNG fuel. 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.

Resolution 1351 amends the rate schedules of the Gas Division to include a CNGV Rate Schedule. I recommend adoption of Resolution 1351 on first reading. If approved on first reading, second reading will occur at the December Board meeting.

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.

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Nikitia Thompson, Chair

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Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
READING: 11-17-16  
APPROVED ON 2<sup>nd</sup>  
READING: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_  
MINUTE BOOK 37 PAGE 7702-7705



Knoxville Utilities Board

**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.



Knoxville Utilities Board

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November 11, 2016

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

Commissioners:

KUB's Wastewater Division owns approximately 8.2 acres of land at 4719 Old Broadway. This site is the location of our Upper First Creek Wastewater Storage Facility, built in 2005. The southern portion of this property is a wooded area of about 2.8 acres, which KUB does not need for its operations. It is crossed by First Creek and a tributary, and by several utility easements, which would remain active. Much of the 2.8 acres is within the floodway, and nearly all of it falls within the 100-year flood zone.

KUB has been approached by Legacy Parks with a request to transfer the 2.8 acres to the City of Knoxville, for public use as parking spaces for a trailhead and for a greenway that is planned to ultimately connect to Adair Park.

State law and the bond resolutions of the Wastewater Division authorize the disposition of any real property of the wastewater system which the Board has determined to be no longer useful and necessary for the operation of the system. After consultation with Staff, I have determined that the 2.8 acres sought for public purpose is not useful or necessary for the continued operation of the wastewater system and is not needed by any other KUB system, with the exception that KUB will retain easements for the utility lines that cross the property.

Through Resolution 1352, which is attached for your information, the Board will approve the transfer of a portion of KUB's Upper First Creek Wastewater Storage Facility property to the City of Knoxville. I recommend adoption of Resolution 1352.

Respectfully submitted,

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

Mintha E. Roach  
President and CEO

## RESOLUTION NO. 1352

### **A Resolution Authorizing the Transfer of Property of the Wastewater Division Located at 4719 Old Broadway to the City of Knoxville**

**Whereas**, the Wastewater Division of the Knoxville Utilities Board (“KUB”) holds title to certain real estate, located at 4719 Old Broadway, Knoxville, Tennessee, and being all of CLT Map 058-N, Group D, Parcels 47.01 and 47.05, recorded in the Knox County Register of Deed’s Office at Instrument Nos. 200412280051239 and 200412280051240, consisting of approximately 8.18 acres of land and appurtenances (the “Property”), where KUB’s Upper First Creek wastewater storage facility is located; and

**Whereas**, the City of Knoxville (“City”) seeks to acquire from KUB a portion of the Property, approximately 2.8 acres in size and outside the footprint of the Upper First Creek wastewater storage facility for use as part of the City’s greenway network, a public purpose (the “Surplus Property”); and

**Whereas**, KUB, pursuant to Article XI, sections 1106(D) and (T) of the Charter of the City of Knoxville and Section VII of the KUB Procurement Procedures, has the authority, subject to the applicable provisions of any bonds or contracts, to transfer title of real property or any right or interest in such property in connection with the operation of its wastewater system; and

**Whereas**, pursuant to T.C.A. § 12-9-110, public advertising and competitive bidding is not required for the transfer of the Surplus Property where it will be used for a public purpose; and

**Whereas**, the Surplus Property is not useful and necessary for the continued operation of the KUB wastewater system substantially as it now exists, and has no potential use by any other KUB system, with the exception that KUB will retain easements for its utility lines and facilities across the Surplus Property; and

**Whereas**, pursuant to Section VII of the KUB Procurement Procedures, the President and CEO has determined that the Surplus Property is not needed by the wastewater system or any other KUB system; and

**Whereas**, the bond resolutions for the KUB Wastewater Division authorize the disposal of property of the wastewater system which the KUB Board of Commissioners (the “Board”) determines to be no longer necessary and useful in the operation thereof.

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

**Section 1.** That the Surplus Property is not useful and necessary to the continued safe, efficient and economic operation of the KUB wastewater system, nor is it needed for the operation of any other KUB system, and the revenues of the KUB wastewater system will not be reduced by its transfer.

**Section 2.** That it is in the best interest of KUB and the Wastewater Division to transfer the Surplus Property to the City of Knoxville.

**Section 3.** That the terms and conditions of the transfer, namely that the Surplus Property be used for a public purpose, and that KUB retain Utility Easements for its lines and other facilities across the Surplus Property are fair, reasonable and appropriate.

**Section 4.** That the President and Chief Executive Officer or her authorized designee be, and hereby is, authorized and directed to transfer the Surplus Property to the City in a manner consistent with KUB's Procurement Procedures and the City Charter, to execute a deed for the transfer of the Surplus Property and to do all things that the President and CEO or her designee deems reasonable and necessary to effectuate such transfer.

**Section 5.** That this Resolution shall take effect upon its passage.

Nikitia Thompson/s  
Nikitia Thompson, Chair

Mark Walker/s  
Mark Walker, Board Secretary

APPROVE ON 1<sup>st</sup>  
& FINAL READING: 11-17-16  
EFFECTIVE DATE: 11-17-16  
MINUTE BOOK: 37 PAGE 7707-7708