

**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, August 16, 2018, 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, August 16, 2018, pursuant to the public notice published in the January 6, 2018, edition of the *News Sentinel*. Chair Herbert called the meeting to order at 12:00 p.m.

**Roll Call**

Commissioners Present: Jerry Askew, Kathy Hamilton, Celeste Herbert, Sara Pinnell, Adrienne Simpson-Brown, Tyvi Small, and John Worden

Commissioners Absent: None

**Approval of Minutes**

The Minutes of the June 21, 2018, Board Meeting were approved as distributed upon a motion by Commissioner Small and seconded by Commissioner Hamilton.

The Minutes of the August 13, 2018, Board Meeting were approved as distributed upon a motion by Commissioner Askew and seconded by Commissioner Pinnell.

The Minutes of the August 14, 2018, Board Meeting were approved as distributed upon a motion by Commissioner Worden and seconded by Commissioner Small.

**Old Business**

None

**New Business**

**Resolution 1383, A Resolution Providing for a Purchased Power Adjustment for the Intended Purpose of Recovering the Cost of Wholesale Power Purchased for Resale to KUB's Customers, and Replacing the Existing Purchased Power Adjustment as Set Forth in Resolution 1065, as Amended**

August 16, 2018

President Roach recognized Mike Bolin, Vice President of Utility Advancement, to summarize the proposed Purchased Power Adjustment (PPA). Mr. Bolin discussed the background and purpose of the PPA and advised the Board of the need to adopt a revised PPA to appropriately flow-through changes in TVA's hydro preference mechanism.

President Roach recommended adoption of Resolution 1383 on first reading. Her written recommendation is included in Attachment 1.

Upon a motion by Commissioner Askew and a second by Commissioner Pinnell, Resolution 1383 (*Attachment 1*) was adopted by a roll call vote on first reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Simpson-Brown, Small, and Worden. No Commissioner voted "nay"

**Resolution 1384, A Resolution Authorizing the Condemnation and the Taking of Permanent Utility Easements and Temporary Construction Easements on two Certain Properties located near Third Creek Road, Knoxville, Knox County, Tennessee**

President Roach recognized Paul Randolph, Vice President of Gas and Electric Systems Engineering, to provide details of the proposed request for condemnation authority.

President Roach recommended adoption of Resolution 1384 on first and final reading. Her written recommendation is included in Attachment 2.

Upon a motion by Commissioner Small and a second by Commissioner Hamilton, Resolution 1384 (*Attachment 2*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Simpson-Brown, Small, and Worden. No Commissioner voted "nay".

**President's Report**

**Advanced Distribution Management System Update and Association of Metropolitan Water Agencies (AMWA) – Platinum Award for Utility Excellence**

President Roach reminded Commissioners that during April's Board Meeting information was provided regarding projects being deployed to modernize KUB's electrical distribution system and improve reliability. She recognized John Gresham, Vice President of Operations, to provide an update on the implementation of the new Advanced Distribution Management System. Mr. Gresham also announced that KUB will be receiving the Platinum Award for Utility Excellence from the Association of Metropolitan Water Agencies.

August 16, 2018

### **Tennessee Municipal Electric Power Association (TMEPA) Community Service Award**

President Roach recognized Brian Solsbee, Executive Director of the Tennessee Municipal Electric Power Association, who presented Chair Herbert with TMEPA's Community Service Award.

### **Governor's Environmental Stewardship Award**

Chair Herbert advised the Board that she recently attended the Governor's Environmental Stewardship Awards luncheon and accepted an award on behalf of KUB and its partners for efforts related to low-income weatherization assistance.

### **New Business**

#### **Resolution 1385 – A Resolution Appointing Gabriel J. Bolas II as President and Chief Executive Officer of Knoxville Utilities Board**

Chair Herbert summarized the CEO search process. She reminded the Board that at the April 19 Board Meeting President Roach announced her plans to retire this year. The Board immediately developed a public and transparent process for the selection of the next President and CEO. The Board values KUB's employees and sought input from them on attributes they would like to see in the next President and CEO. The Board then met in a publicly noticed session on June 20, 2018 to discuss elements of the process. The Board spent more than six hours interviewing candidates in public sessions to determine the most qualified candidate to fill this important role for our community. She thanked each of the candidates who applied and participated in the interviews for their service and commitment.

Chair Herbert thanked the Commissioners for their commitment to the process and recommended adoption of Resolution 1385 on first and final reading.

Upon a motion by Commissioner Hamilton and a second by Commissioner Pinnell, Resolution 1385 (*Attachment 3*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Simpson-Brown, Small, and Worden. No Commissioner voted "nay".

August 16, 2018

**Other Business**

Commissioner Pinnell announced that the Nominating Committee met today to begin this year's process for nominating candidates for the Commissioner term that begins January 1, 2019 and that Board members are eligible to serve two terms. She also said the application has been available on KUB's website, and the deadline for applications is 5:00 p.m. on Thursday, September 13. Knoxville's City Charter requires that five or more candidates will be nominated at the October meeting for transmittal to the Mayor for final selection.

**Public Comment**

Chet Hunt – 1548 Botsford Drive – Knoxville, TN 37922

Laura Humphrey – 328 Taliwa Drive – Knoxville, TN 37920

Sandy Yarnell – 1505 Charles Drive – Knoxville, TN 37918

**Adjournment**

There being nothing further to come before the Board, Chair Herbert declared the meeting adjourned at 1:20 p.m.



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Celeste Herbert, Chair



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Mark Walker, Board Secretary

### Attachments

		<u>Page(s)</u>
Attachment 1	Recommendation Letter and Resolution 1383, A Resolution Providing for a Purchased Power Adjustment for the Intended Purpose of Recovering the Cost of Wholesale Power Purchased for Resale to KUB's Customers, and Replacing the Existing Purchased Power Adjustment as Set Forth in Resolution 1065, as Amended	9234-9247
Attachment 2	Recommendation Letter and Resolution 1384, A Resolution Authorizing the Condemnation and the Taking of Permanent Utility Easements and Temporary Construction Easements on two Certain Properties located near Third Creek Road, Knoxville, Knox County, Tennessee	9248-9250
Attachment 3	Resolution 1385, A Resolution Appointing Gabriel J. Bolas II as President and Chief Executive Officer of Knoxville Utilities Board	9251



Knoxville Utilities Board

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August 10, 2018

Knoxville Utilities Board  
445 South Gay Street  
Knoxville, Tennessee 37902

Commissioners:

As you may recall, the Board previously adopted a Purchased Power Adjustment (PPA) to automatically flow-through changes in TVA's wholesale base rates and fuel cost valuations to KUB's electric customers. The PPA also includes an annual true-up mechanism to ensure KUB does not under recover or over recover its purchased power costs from its customers.

In addition to base rate changes and fuel cost calculations, TVA may also make changes to various programs it maintains, including the hydro preference allocation. TVA's hydro preference mechanism is designed to allocate the lower power cost benefit of TVA's hydro generation, which represents approximately 10 percent of TVA's generation portfolio, to residential customers in the Valley.

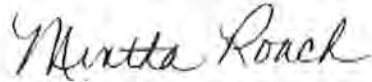
The mechanism works by TVA providing hydro credits on KUB's monthly power bill for sales to residential customers, and debits (or charges) on the power bill for sales to non-residential customers, which are then flowed through to KUB's customers through retail rates. TVA's goal is for credits and debits to balance across the Valley. The current hydro credit and debit values, which were established by TVA in 2011, are no longer in balance, as the total credits provided to residential customers across the Valley exceed the total debits or charges received by TVA. To correct the imbalance, TVA is planning to increase the value of the debits (or charges) for non-residential customers effective October 2018.

A revision to KUB's PPA is required for KUB to be able to appropriately flow-through TVA's rebalancing of hydro credits and debits to KUB's residential and non-residential customers. Absent Board action, the planned rebalancing by TVA will cause KUB's residential electric rates to increase approximately 0.2 percent under the existing PPA.

A briefing paper providing background and greater information on the revised PPA is attached for your information.

Resolution 1383 provides for the adoption of a revised PPA on first reading. Since the PPA impacts KUB's electric rates, two readings are required. Second reading will occur at the September 20 Board meeting. I recommend the approval of Resolution 1383 on first reading.

Respectfully submitted,

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

Mintha E. Roach  
President and CEO

Attachment

## RESOLUTION NO. 1383

### **A Resolution Providing for a Purchased Power Adjustment for the Intended Purpose of Recovering the Cost of Wholesale Power Purchased for Resale to KUB's Customers, and Replacing the Existing Purchased Power Adjustment as Set Forth in Resolution 1065, as Amended**

**Whereas**, the Knoxville Utilities Board ("KUB") purchases electric power on the wholesale market for resale to its retail customers; and

**Whereas**, KUB presently purchases its entire power supply requirements from the Tennessee Valley Authority ("TVA"); and

**Whereas**, hydro generation represents approximately 10 percent of TVA's total sources of electric power generation; and

**Whereas**, TVA has assigned the benefit of hydro generation to residential customers in the Tennessee Valley region; and

**Whereas**, hydro generation credits are included in rates for residential electric customers and off-setting hydro generation debits are included in rates for non-residential electric customers; and

**Whereas**, TVA has recommended a rebalance of the hydro credit and debit amounts across the Valley which may affect the hydro adjustment amounts currently included in residential and non-residential rates; and

**Whereas**, the Knoxville Utilities Board of Commissioners ("Board") previously adopted Resolution 1065, as amended, establishing a Purchased Power Adjustment for recovering the cost of wholesale power purchased for resale to KUB's customers; and

**Whereas**, it is recommended the Board revise the Purchased Power Adjustment to allocate changes in the hydro credits and debits to the appropriate rates for cost recovery; and

**Whereas**, additional changes are recommended to the Purchased Power Adjustment for language updates; and

**Whereas**, it is in the best interest of KUB and its customers for KUB to adopt the Purchased Power Adjustment set forth in this Resolution

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



## Section 1

That the Purchased Power Adjustment previously established in Resolution 1065, as amended, shall be deleted in its entirety and replaced with the Purchased Power Adjustment as set forth below.

## Section 2

That the Rate Schedules of the Electric Division of the Knoxville Utilities Board (KUB) shall be adjusted as follows:

### PURCHASED POWER ADJUSTMENT

#### I. Provision for Adjustment

The electricity rates per kWh, per kW or per customer account billed as set forth in the Rate Schedules of the Electric Division (Division) shall be increased or decreased by amounts hereinafter described, which amounts are called the "Purchased Power Adjustment" or the PPA.

#### II. Intent and Application to Various Purchases

(a) This Purchased Power Adjustment is intended to assure that KUB recovers on an equitable basis the total cost of electricity purchased for delivery to its electricity sales customers. The PPA is further intended to assure that no excess or deficiency in cost recovery from KUB's electric customers occurs.

(b) The PPA anticipates various costs of purchased power for the general distribution system including, but not limited to:

1. the cost of energy purchased
2. the cost of power demanded
3. the amount of hydro preference adjustment

#### III. Definitions

The following definitions shall apply to the terms as used in this Section. Any term used in this Section that is not otherwise defined in this Section shall have the meaning customarily ascribed to that term in the electric industry.

(a) Adjustment period – the twelve-month period beginning with the Effective Date of the Purchased Power Adjustment

(b) Base Rates of Purchased Power are:

1. Standard Service Base Rates – as set forth in Appendix A to this resolution
    - i. Demand kW Base Rate – the components designed to recover the cost of demand through Demand kW Sales
    - ii. Demand kWh Base Rate – the components designed to recover the cost of demand through Demand kWh Sales
    - iii. Energy kWh Base Rate – the components designed to recover the cost of energy purchased through Energy kWh Sales
    - iv. Residential Customer Hydro Credit – the component designed to allocate the customer based hydro credit to each eligible residential customer account billed
    - v. Hydro Energy Credit – the components designed to allocate the wholesale hydro energy credit to applicable Energy Sales
    - vi. Hydro Energy Debit – the components designed to allocate the wholesale hydro energy debit to applicable Energy Sales
  2. Manufacturing and General Power Service Cost Components – the wholesale base rates as set forth in the current wholesale rate schedules from Supplier plus an historical average for distribution losses
- (c) Base Retail Electric Rates – the retail rates per kWh or kW of electricity use or power demanded, or per customer account billed, exclusive of PPA components
- (d) Billing Determinants – average Standard Service units billed to KUB by its Supplier during the Computation Period, adjusted for known and measurable changes
1. Demand Billing Determinants – average Standard Service kW
  2. Energy Billing Determinants – average Standard Service kWh
  3. Residential Customer Hydro Credit – the sum of eligible residential customer accounts billed during KUB's most recently completed fiscal year
  4. Hydro Energy Credit – average kWh used to calculate the hydro adjustment *credited* to KUB

5. Hydro Energy Debit – average kWh used to calculate the Hydro adjustment *debited* to KUB
- (e) Change in Purchased Power Cost = Projected Purchased Power Cost less Power Cost Recovery (As follows):
1. Change in Demand Cost = Projected Demand Cost less Demand Cost Recovery
    - i. Change in Demand Cost kW = Change in Demand Cost x (Demand kW Power Cost Recovery/Demand Cost Recovery)
    - ii. Change in Demand Cost kWh = Change in Demand Cost x (Demand kWh Power Cost Recovery/Demand Cost Recovery)
  2. Change in Energy Cost = Projected Energy Cost less Energy Cost Recovery
  3. Change in Residential Customer Hydro Credit Cost = Projected Residential Customer Hydro Credit Cost less Residential Customer Hydro Credit Cost Recovery
  4. Change in Hydro Energy Credit Cost = Projected Hydro Energy Credit Cost less Hydro Energy Credit Cost Recovery
  5. Change in Hydro Energy Debit Cost = Projected Hydro Energy Debit Cost less Hydro Energy Debit Cost Recovery
- (f) Computation Period – the thirty-six (36) month period utilized to compute historical volumes purchased from Supplier and billed to customers. Such period shall be the thirty-six (36) month period ending on the last day of the fiscal year which is not more than ninety-three (93) days prior to the proposed Effective Date, as hereinafter defined, which month shall be determined by KUB based upon the availability of the needed information
- (g) Computation Period Sales – historic volumes billed to customers adjusted for known and measurable changes
1. Demand kW Sales – the sum of the average power demanded (kW) metered to Standard Service customers
  2. Demand kWh Sales – the sum of the average volumes of electricity having a demand component (kWh) metered to Standard Service customers
  3. Energy kWh Sales – the sum of the average volumes of electricity (kWh) metered to Standard Service customers

4. Residential Customer Hydro Credit Sales – the sum of eligible residential customer accounts billed in the most recent KUB fiscal year
  5. Hydro Energy Credit Sales – the sum of the average volumes to which the wholesale hydro energy credit applies, expressed in kWh, metered to eligible residential customers
  6. Hydro Energy Debit Sales – the sum of the average volumes to which the wholesale hydro energy debit applies, expressed in kWh, metered to Standard Service customers
- (h) Manufacturing and General Power Service – power and energy sold and billed to KUB under any classification other than Standard Service
- (i) Power Cost Recovery – the Projected Purchased Power Cost recovery during the Adjustment Period using the Base Rates. The Power Cost Recovery shall be calculated as follows:
1. Demand Cost Recovery – the sum of the Demand kW Power Cost Recovery and the Demand kWh Power Cost Recovery as described below:
    - i. Demand kW Power Cost Recovery = Demand kW Base Rates (\$) x Demand kW Sales (kW)
    - ii. Demand kWh Power Cost Recovery = Demand kWh Base Rates (\$) x Demand kWh Sales (kWh)
  2. Energy Cost Recovery = Energy kWh Base Rates (\$) x the sum of Energy kWh Sales (kWh)
  3. Residential Customer Hydro Credit Cost Recovery = Residential Customer Hydro Credit (\$) x Residential Customer Hydro Credit Sales (#)
  4. Hydro Energy Credit Cost Recovery = Hydro Energy Credit (\$) x Hydro Energy Credit Sales (kWh)
  5. Hydro Energy Debit Cost Recovery = Hydro Energy Debit (\$) x Hydro Energy Debit Sales (kWh)
- (j) Projected Purchased Power Cost – the Purchased Power Costs projected to be incurred by the Division during the Adjustment Period. The Purchased

Power Costs shall be based on the best information available to KUB and shall have categories as follows:

1. Projected Demand Cost = all projected Purchased Power Demand Costs including, but not limited to, Demand Billing Determinants x the appropriate Supplier Rates
2. Projected Energy Cost = all projected Purchased Power Energy Costs including, but not limited to, Energy Billing Determinants x the appropriate Supplier Rates
3. Projected Residential Customer Hydro Credit Cost = Residential Customer Hydro Credit Billing Determinants x the appropriate Supplier Rates
4. Projected Hydro Energy Credit Cost = Hydro Energy Credit Billing Determinants x the appropriate Supplier Rates
5. Projected Hydro Debit Cost = Hydro Energy Debit Billing Determinants x the appropriate Supplier Rates

(k) Purchased Power Costs – the total cost paid or to be paid to Supplier in connection with the purchase of electricity for the Division. Purchased Power Costs are segregated into categories as follows:

1. Purchased Power Demand Costs – all Purchased Power Costs related to and varying with power demanded (i.e. kW)
2. Purchased Power Energy Costs – Purchased Power Costs, including both fuel and non-fuel components of electricity, and excluding calculation of Hydro Energy Debits and Hydro Energy Credits, related to and varying with energy consumption (i.e. kWh)
3. Purchased Power Residential Customer Hydro Credit Costs – all Purchased Power costs calculated as a credit based on number of eligible residential accounts billed
4. Purchased Power Hydro Energy Credit Costs – all Standard Service Purchased Power costs calculated as a credit based on eligible Hydro Energy Credit volumes (i.e. kWh)
5. Purchased Power Hydro Energy Debit Costs – all Standard Service Purchased Power costs calculated as a debit based on eligible Hydro Energy Debit volumes (i.e. kWh)

All other costs not directly attributable to one of the categories described above shall default to Purchased Power Energy Costs.

All costs not attributable to Manufacturing and General Power Service shall default to Standard Service.

(l) Standard Service – power and energy taken by KUB from Supplier for resale to customers and billed to KUB by Supplier at Standard Service wholesale rates

(m) Supplier – any entity that sells electricity to the Division

(n) Supplier Rates – the Supplier's rates which are known or if not known which are reasonably anticipated to be in effect on the first day of the Adjustment Period

IV. Seasonal periods shall be determined as defined in the retail rate schedules of KUB's Electric Division.

V. Computation of the Purchased Power Adjustment Components

All change in costs which can be directly attributed to specific customer classes shall be recovered from those customer classes; where change in costs cannot be directly attributed to specific customer classes those costs shall be divided over all Standard Service demand or energy sales as applicable.

Where change in costs cannot otherwise be directly attributed, the change in costs shall be divided over applicable Energy kWh Sales.

The components of the Purchased Power Adjustment shall be computed and rounded to the nearest hundredth of a cent per kWh, with five thousandths of a cent to be increased to the next higher hundredth of a cent, for adjustments affecting kWh; and computed and rounded to the nearest cent per kW, with five tenths of a cent to be increased to the next higher cent, for adjustments affecting kW, as follows:

(a) Demand kW Component =  $\frac{\text{Change in Demand Cost kW}}{\text{Demand kW Sales}}$

(b) Demand kWh Component =  $\frac{\text{Change in Demand Cost kWh}}{\text{Demand kWh Sales}}$

(c) Energy Component =  $\frac{\text{Change in Energy Cost}}{\text{Energy kWh Sales}}$

(d) Residential Customer Hydro Credit Component =  $\frac{\text{Change in Residential Customer Hydro Credit Cost}}{\text{Hydro Energy Credit Sales}}$

- (e) Hydro Energy Credit Component = Change in Hydro Energy Credit Cost/Hydro Energy Credit Sales
- (f) Hydro Energy Debit Component = Change in Hydro Energy Debit Cost/Hydro Energy Debit Sales
- (g) Manufacturing and General Power Service Energy Component - Any energy rate per kilowatt hour (kWh) set forth in the current wholesale rate schedules for any rate schedule of the Electric Division duly adopted by the Board for Manufacturing and General Power Service subsequent to this resolution shall be increased or decreased, as applicable, by an amount equivalent to the increase or decrease for the wholesale energy rate for each respective rate schedule, plus an amount to provide for any change in distribution loss charges due to an increase or decrease in the respective wholesale energy rate
- (h) Manufacturing and General Power Service Demand Component - Any demand rate per kilowatt (kW) set forth in the current wholesale rate schedules for any rate schedule of the Electric Division duly adopted by the Board for Manufacturing and General Power Service subsequent to this resolution shall be increased or decreased, as applicable, by an amount equivalent to the increase or decrease in the wholesale demand rate for each respective rate schedule, plus an amount to provide for any change in distribution loss charges due to an increase or decrease in the respective demand rate

VI. Application and Effective Date of the Purchased Power Adjustment

- (a) The Purchased Power Adjustment shall consist of the following:
  1. Standard Service Demand kW Purchased Power Adjustment – the Demand kW Component
  2. Standard Service Demand kWh Purchased Power Adjustment – the Demand kWh Component
  3. Standard Service Energy Purchased Power Adjustment – the Energy Component
  4. Residential Hydro Credit Purchased Power Adjustment – the Residential Customer Hydro Credit Component and the Hydro Energy Credit Component
  5. Hydro Energy Debit Purchased Power Adjustment – the Hydro Energy Debit Component

6. Manufacturing and General Power Service Purchased Power Adjustment – the sum of the Manufacturing and General Power Service Demand Component and the Manufacturing and General Power Service Energy Component

(b) Each Purchased Power Adjustment shall apply to billing periods beginning on or after the Effective Date of such adjustment.

1. The Standard Service Demand kW Purchased Power Adjustment shall be added to or deducted from, as appropriate, the Base Retail Electric Rates for Rate Schedule GSA, and for any other rate schedule designated for Standard Service of the Electric Division, duly adopted by the Board subsequent to this resolution.
2. The Standard Service Demand kWh Purchased Power Adjustment shall be added to or deducted from, as appropriate, the Base Retail Electric Rates for Rate Schedules RS, GSA, LS, and for any other rate schedule designated for Standard Service of the Electric Division, duly adopted by the Board subsequent to this resolution.
3. The Standard Service Energy Purchased Power Adjustment shall be added to or deducted from, as appropriate, the Base Retail Electric Rates for Rate Schedules RS, GSA, LS, and for any other rate schedule designated for Standard Service of the Electric Division, duly adopted by the Board subsequent to this resolution.
4. The Residential Hydro Credit Purchased Power Adjustment shall be added to or deducted from, as appropriate, the Base Retail Electric Rates for Rate Schedule RS.
5. The Hydro Energy Debit Purchased Power Adjustment shall be added to or deducted from, as appropriate, the Base Retail Electric Rates for any rate schedule, other than Rate Schedule RS, designated for Standard Service of the Electric Division.
6. The Manufacturing and General Power Service Purchased Power Adjustment shall be added to or deducted from, as appropriate, the Base Retail Electric Rates for rate schedules other than those designated for power and energy sold under Standard Service.

(c) The Purchased Power Adjustment shall be computed as of and shall take effect on the first day of each calendar month (the "Effective Date").



- (d) Each computation of the Purchased Power Adjustment shall be promptly filed with the Chief Financial Officer and shall be accompanied with appropriate documentation supporting the calculation of the Purchased Power Adjustment.

VII. Purchased Power Accounting

- (a) To appropriately match revenues with the cost of purchased power as contemplated under this PPA, KUB shall originally record Purchased Power Costs as debit entries in the "Unrecovered Purchased Power" account. Monthly KUB shall debit the appropriate subaccount(s) of "Other Power Supply Expenses" with an amount equal to the product obtained by multiplying the appropriate power cost components (the sum of the Base Rates of Purchased Power and the current applicable Purchased Power Adjustment) by the appropriate sales billed to customers. The corresponding monthly credit entry shall be made to the "Unrecovered Purchased Power Cost" account.
- (b) The "Unrecovered Purchased Power Cost" account shall be subclassified into appropriate subaccounts, but at a minimum separate subaccounts shall be maintained for demand, energy, residential customer hydro credit, hydro energy credit, and hydro energy debit categories of the Purchased Power Costs.
- (c) If it cannot be determined which subaccount should be debited, the energy subaccount will be debited.

VIII. Adjustment for Over or Under Recovery of Standard Service Purchased Power Cost

- (a) To permit amortization of the accumulated balance in the "Unrecovered Purchased Power Cost" account, KUB shall include on August 1 of each year the June 30 balance of the "Unrecovered Purchased Power Cost" account for such year in the calculation of the Standard Service Purchased Power Adjustment. This balance shall be included in each monthly calculation of the Standard Service Purchased Power Adjustment commencing on August 1 and thereafter until the following August 1 at which time it shall be superseded by the then current June 30 balance.
- (b) The "Unrecovered Purchased Power Cost" balance shall be segregated into demand, energy, hydro energy credit, and hydro energy debit categories, and shall be added to or deducted from, as appropriate, the applicable Demand Costs, Energy Costs, Hydro Energy Credits, and Hydro Energy Debits included in the Standard Service Purchased Power Adjustment.

IX. Annual Reporting

Annually KUB shall retain an independent consultant to audit the transactions in the "Unrecovered Purchased Power Cost" account and the related Standard Service Purchased Power Adjustment calculations to verify that the procedures and intent of this Standard Service Purchased Power Adjustment are being followed. The independent consultant shall report his or her findings to The Board's Audit and Finance Committee.

**Section 3.**

**REPLACEMENT OF CONFLICTING RESOLUTIONS**

That the provisions of this Resolution shall supersede and replace any provisions of Resolution No. 1065, as amended, which are in conflict herewith; provided, however, such replacement shall not affect any right accrued or service rendered prior to the effective date of this Resolution.

**Section 4.**

**EFFECTIVE DATE**

That this Resolution shall take effect October 1, 2018.

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Celeste Herbert, Board Chair

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J. William Coley, Board Secretary

APPROVED ON 1<sup>st</sup>  
READING: 8-16-18  
APPROVED ON 2<sup>nd</sup>  
READING: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_  
MINUTE BOOK 40 PAGE 9236-9247

**RESOLUTION 1383  
APPENDIX A**

**BASE RATES OF PURCHASED POWER  
STANDARD SERVICE**

	Summer	Winter	Transition
<b>Residential Credit Eligible kWh</b>			
demand kWh base	0.01975	0.01935	0.01935
energy kWh base	0.05462	0.05462	0.05462
hydro energy credit	-0.00297	-0.00297	-0.00297
<b>Residential Customer Hydro Credit</b>	As Stated in Current Effective Wholesale Contract		
<b>Residential Debit Eligible kWh</b>			
demand kWh base	0.01975	0.01935	0.01935
energy kWh base	0.04886	0.04886	0.04886
hydro energy debit	0.00279	0.00279	0.00279
<b>GSA1 kWh</b>			
demand kWh base	0.02383	0.02342	0.02342
energy kWh base	0.05533	0.05533	0.05533
hydro energy debit	0.00279	0.00279	0.00279
<b>GSA2</b>			
<b>1st 15,000 kWh</b>			
demand kWh base	0.01990	0.01949	0.01949
energy kWh base	0.05926	0.05926	0.05926
hydro energy debit	0.00279	0.00279	0.00279
<b>additional kWh</b>			
demand kWh base	0	0	0
energy kWh base	0.05033	0.05033	0.05033
hydro energy debit	0.00279	0.00279	0.00279
<b>&gt;50kW</b>			
demand kW base	9.04	8.25	8.25
energy kWh base	0	0	0
<b>GSA3</b>			
<b>kWh</b>			
demand kWh base	0	0	0
energy kWh base	0.05033	0.05033	0.05033
hydro energy debit	0.00279	0.00279	0.00279
<b>0-1000 kW</b>			
demand kW base	9.41	8.65	8.65
energy kWh base	0	0	0
<b>&gt;1000 kW</b>			
demand kW base	11.57	10.81	10.81
energy kWh base	0	0	0
<b>LS kWh</b>			
demand kWh base	0.00375	0.00375	0.00375
energy kWh base	0.04013	0.04013	0.04013
hydro energy debit	0.00279	0.00279	0.00279



Knoxville Utilities Board

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August 10, 2018

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

Commissioners:

Resolution 1384 requests condemnation authority for two parcels with a single property owner near Third Creek Road. The authority is needed to access existing wastewater lines for maintenance and rehabilitation.

KUB's Consent Decree established that the wastewater system be inspected on a 12-year cycle. Inspection of this particular line has been hindered by the lack of sufficient easements to provide equipment access to these two undeveloped properties. Discussion with the property owner of the two properties has been ongoing since late 2017 with the property owner to purchase the necessary easements. However, to avoid further delays in meeting regulatory requirements, KUB must move forward with condemnation. Further information about the parcels is included for your review.

I recommend adoption of Resolution 1384.

Respectfully submitted,

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

Mintha E. Roach  
President and CEO

## RESOLUTION NO. 1384

### **A Resolution Authorizing the Condemnation and the Taking of Permanent Utility Easements and Temporary Construction Easements on two Certain Properties located near Third Creek Road, Knoxville, Knox County, Tennessee**

**Whereas**, supplying the public need and demand for wastewater service makes it necessary and desirable for KUB to improve the wastewater system and all related equipment (the "Facilities") on a portion of two certain properties located in the Third Creek Road area of Knoxville, Knox County, Tennessee, and being more particularly described on Knox County Tax Maps; CLT Map 093 G B Parcel 4 and 093 G B Parcel 8; and

**Whereas**, KUB is making improvements to the Facilities in the Third Creek Road area to serve the needs of the community; and

**Whereas**, permanent utility easements and temporary construction easements across the aforesaid properties must be obtained for the construction and location of the Facilities; and

**Whereas**, in the opinion of this Board, the easements for the properties described in this Resolution best meet the needs and requirements of the public for the location of the Facilities; and

**Whereas**, time is of the essence in constructing the Facilities and it is advantageous for KUB officials to be authorized to condemn and acquire the necessary easements in the event that they cannot be acquired by negotiations at prices that KUB considers reasonably representative of the value of such property interests.

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

**Section 1.** That this Board finds and declares:

- (a) That public convenience and necessity require the installation of the Facilities in the Easements for the property described herein, so as to provide adequate utility service to the public, including the present and prospective customers of KUB's wastewater system.
- (b) That the cost of the Easements, as mentioned in the preceding paragraph, be and the same shall be paid from appropriations heretofore made by this Board for the operation and construction program of the Wastewater Division.

- (c) That for the purpose of placing, constructing, repairing, maintaining, rehabilitating, improving and replacing the Facilities on the property described herein, there shall be condemned such permanent utility, temporary construction and access easements across the aforementioned properties, as may be determined to be necessary by the President and CEO or her designee.

**Section 2.** That the President and Chief Executive Officer and the General Counsel for KUB, are hereby authorized and directed to take all action and do all things necessary or desirable for the acquisition of said properties described in Section 1 of this Resolution, by condemnation or otherwise, including, without limitation, the institution of a suit in the name of KUB against any and all persons having any interest in the affected property, for the condemnation thereof, and the determination of the amount of any deposit to be made in connection with any such suit.

**Section 3.** That this Resolution shall take effect upon its passage.

Celeste Herbert/s  
Celeste Herbert, Chair

Bill Coley/s  
Bill Coley, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 8-16-18  
EFFECTIVE DATE: 8-16-18  
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## RESOLUTION 1385

### **A Resolution Appointing Gabriel J. Bolas II as President and Chief Executive Officer of Knoxville Utilities Board**

**Whereas**, the upcoming retirement of Mintha E. Roach, President and Chief Executive Officer of Knoxville Utilities Board (KUB) requires that the Board of Commissioners of KUB (Board) fulfill its obligations to appoint a President of the KUB System pursuant to the requirements of the Knoxville City Charter, Article XI, Section 1110; and

**Whereas**, Gabriel J. Bolas II has the executive ability and experience sufficient to perform the duties and responsibilities of President and Chief Executive Officer; and

**Whereas**, it is in the best interest of KUB and its ratepayers and therefore the desire of the Board that Gabriel J. Bolas II be appointed President and Chief Executive Officer of KUB.

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

**Section 1.** Gabriel J. Bolas II is hereby appointed President and Chief Executive Officer of the Knoxville Utilities Board and is authorized to perform the duties and responsibilities of President and Chief Executive Officer as provided in the Knoxville City Charter and KUB By-Laws.

**Section 2.** That the authority granted pursuant to this Resolution shall take effect immediately upon its passage.

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Celeste Herbert/s  
Celeste Herbert, Chair

\_\_\_\_\_  
Bill Coley/s  
Bill Coley, Board Secretary

APPROVED ON 1<sup>st</sup>  
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MINUTE BOOK 40 PAGE 9251

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