

Payments In Lieu of Taxes

December 19, 2019



Resolution 1407

FY 2020 Payments In Lieu of Taxes (PILOTs)

- FY 2020 payments = \$30,924,835
- Decrease of \$0.6M or 2%
- Reflect decrease in Knox County property equalization rate
- \$3.2M under budget

PILOTs Governance

	Established by	Approved by	Paid
Electric & Gas	State Law	KUB Board & City Council	June
Water & Wastewater	City Charter	KUB Board	February

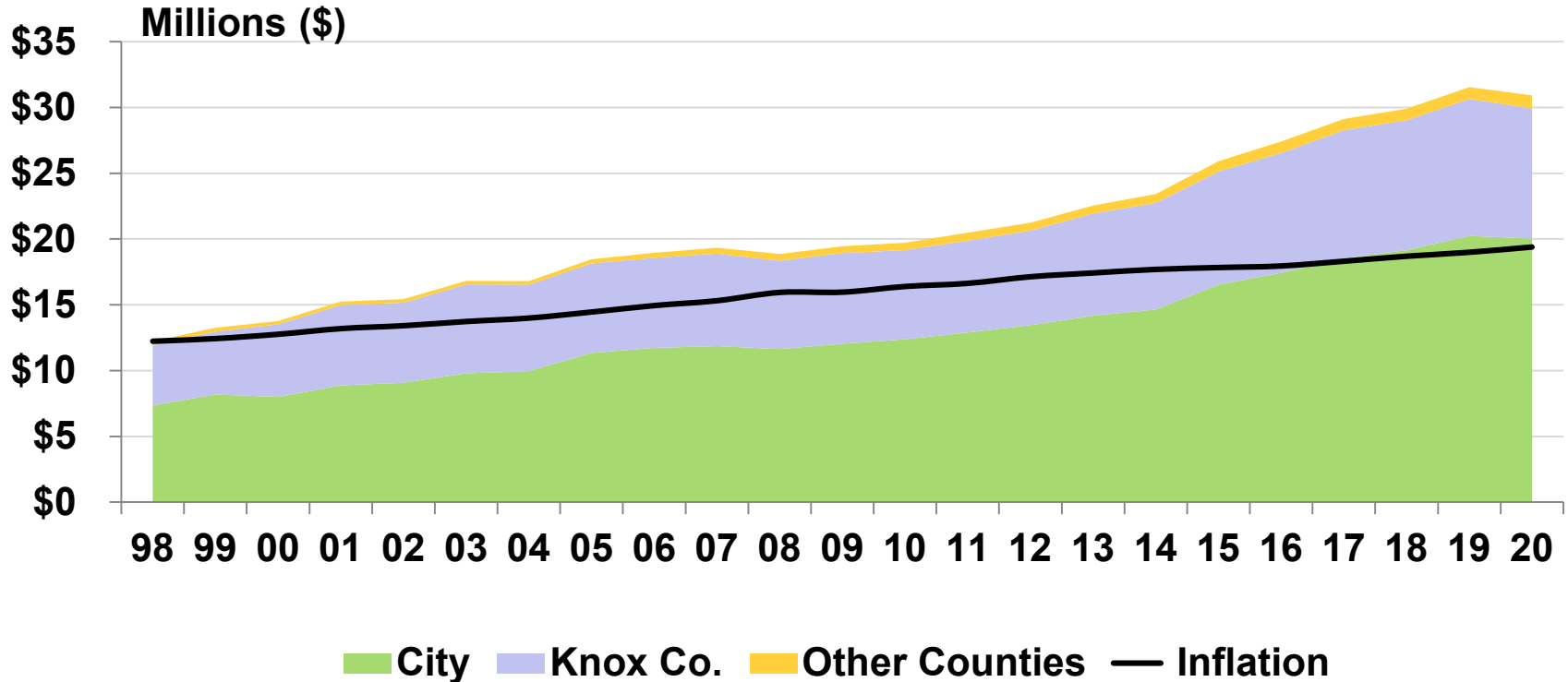
FY 2020 PILOTs Down \$0.6M or 2%

	FY 2020	FY 2019	Change
Electric	\$16,067,210	\$16,459,902	\$(392,692)
Gas	6,828,101	7,150,052	(321,951)
Water	3,378,895	3,511,656	(132,761)
Wastewater	4,650,629	4,429,170	221,459
Total	\$30,924,835	\$31,550,780	(\$625,945)

Payments by Jurisdiction

	FY 2020	FY 2019	\$ Change	% Change
City of Knoxville	\$20,036,911	\$20,238,463	\$(201,552)	(1.0%)
Knox County	9,900,845	10,401,877	(501,032)	(4.8%)
Union County	367,676	384,659	(16,983)	(4.4%)
Sevier County	344,574	323,267	21,307	6.6%
Grainger County	160,383	137,481	22,902	16.7%
Jefferson County	89,904	39,024	50,880	130.4%
Blount County	13,539	13,627	(88)	(0.6%)
Anderson County	9,533	10,779	(1,246)	(11.6%)
Loudon County	1,470	1,603	(133)	(8.3%)
Total	\$30,924,835	\$31,550,780	\$(625,945)	(2.0%)

KUB PILOTs Have Grown Faster Than Inflation



Resolution 1407

(Electric and Gas PILOTs)

- Requests City Council set electric and gas tax equivalent payments for FY 2020 and provide for their distribution
- Total payments = \$22,895,311

KUB

Request for Condemnation Authority

December 19, 2019



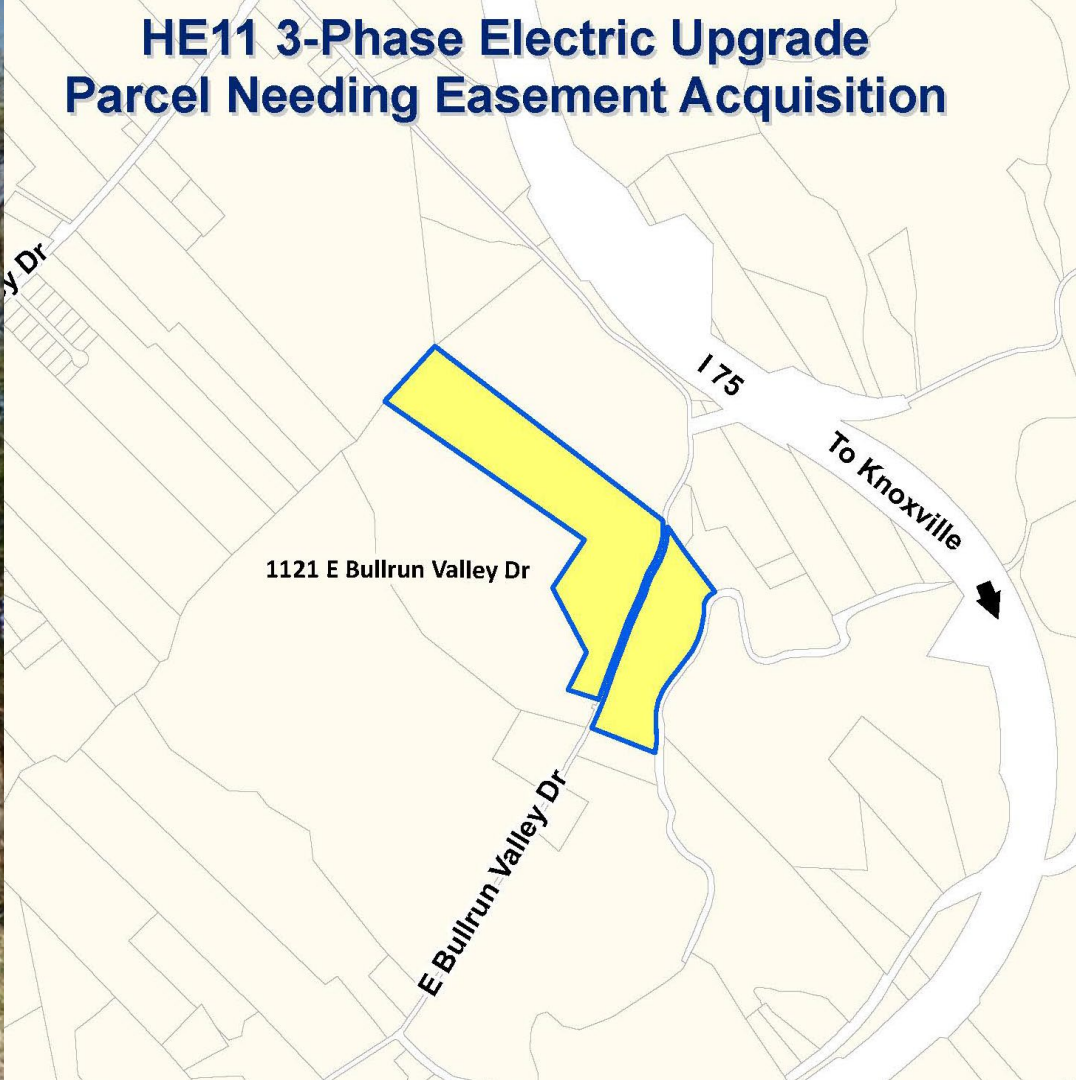
Resolution 1408

Heiskell Area Electric System Upgrades

- Improves electric reliability in Heiskell community
- Creates a loop configuration for an alternate route to feed customers
- Final 1,200-foot section at 1121 East Bullrun Valley Drive needed to finish the 7-mile project
- 30' wide permanent easement required for equipment and tree trimming/removal



HE11 3-Phase Electric Upgrade Parcel Needing Easement Acquisition



Easement Acquisition Process

- 7 of 8 completed
- Existing route unchanged
- Upsizes single phase to three phase circuitry which requires additional poles, anchoring, and vegetation clearing

Resolution 1408

- Authorizes the condemnation and the taking of utility easements on one parcel
- Allows for continued negotiations with property owners
- Directs that costs be paid by Electric Division
- Enables construction to proceed and complete project

KUB

2019 Employee Excellence Awards

December 19, 2019



Fort Loudon Recycling Fire Response

Doug Miller, Underground Construction



Fort Loudon Recycling Fire Response

- Fire began May 1, 2019
 - 65 Firefighters at peak
 - Burned over two days
 - 7.6M gallons of water used
- Safety Concerns
 - Area homes evacuated
 - Gas service on property
 - Electric services in area
 - Stored propane tanks
 - Air quality



Photo courtesy of Knox News.

KUB Among First to Respond

- System Operations
 - Coordinated response
 - Directed electric switching
- Overhead Construction
 - Manually isolated power to area
 - Restored power when safe
- Water Plant Operations
 - Increased flow
 - Monitored pressure



KUB Resources Supported KFD

- **Underground Construction**
 - Maintained hydrant flows
 - Opened water valves
 - Monitored water pressure
 - Disconnected gas service
- **Water Systems Engineering**
 - Maximized flow and pressure
 - Directed UGC valve crews



Employees Recognized

- **Lewis Rorex**,
Underground Construction
- **Danny Maxwell**, Water
Systems Engineering
- **Doug Miller**, Manager,
Underground Construction
- **Philip Dyer**, Underground
Construction



Election Day 2018 Storm Restoration

Steven Proffitt, Overhead Construction

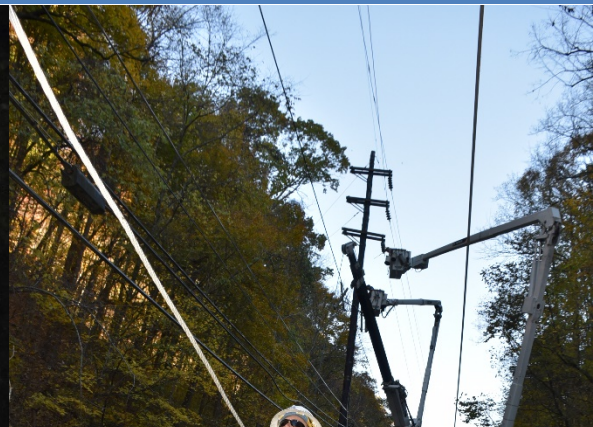


Election Day 2018 Storm Event

- Planned for potential weather
- Storm entered area at 4 a.m.
- Straight line winds over 50 mph
- Falling trees broke 35 poles
- Outages to over 33,000 customers
- Nine voting locations lost power
- 75 crews engaged in restoration



33,000 Customers Restored In 30 Hours



Zero Accidents or Injuries



Employees Recognized

- **Meredith Nulton**, System Operations
- **Kevin Roberts**, System Maintenance
- **Roy Wilson**, Overhead Construction
- **Steve Proffitt**, Manager, OHC
- **Louis Smith**, OHC
- **Gary Boling**, OHC
- **Scott Mowery**, System Operations
- **Gary Morrissey**, OHC



Water System Reporting and Management

Billie Jo McCarley, Director of Engineering

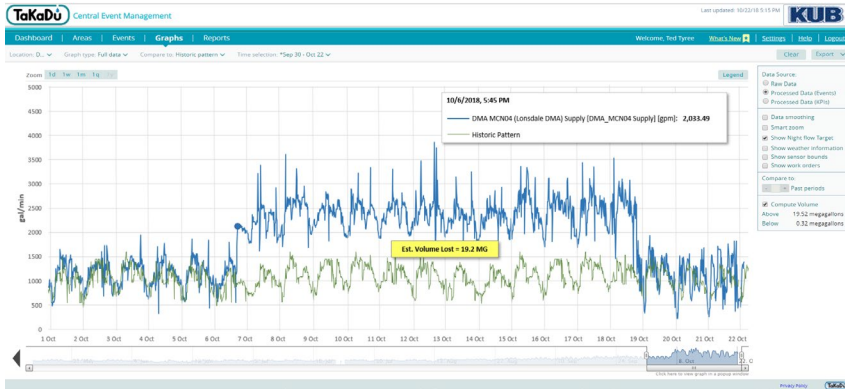


Water Systems Engineering is Leading the Way

- Nationally recognized for innovations in water systems event management
- KUB is forging the way
 - Utilities collect countless sets of data
 - TaKaDu transforms data into actionable information
- KUB employee recognition
 - Keynote speaker at national water conferences
 - Valued as expert in AWWA water research projects

Data Analytics Finds Hidden Leaks

- Large leaks identified that may never surface
- Leverage technology to locate and repair leaks



Employees Recognized

- **Billie Jo McCarley**,
Director, Engineering
- **Ted Tyree**, Water
Systems Engineering
- **Drew Keller**, Water
Systems Engineering
- **Danny Maxwell**, Water
Systems Engineering



North Knoxville Wastewater Improvements

Shane Bragg, Water Systems Engineering



Wastewater Project Near I275/Railroad



Costly Construction Near Railroad

- CCTV Camera footage showed pipe blockage
- Further inspection limited due to potential pipe collapse
- Design called for inherently dangerous deep excavation to repair unknown blockage
- Permitted and bid excavation protection cost of \$1.4M



Preconstruction Investigation

- Once awarded, WSE took initiative to inspect and clean main
 - Heavy cleaning and flushing cleared the blockage
 - Dangerous pipe replacement deemed unnecessary
 - “Engineered out” inherent safety risk
 - Able to use trenchless CIPP construction
- Proactive thinking saved KUB \$1.4M

Employees Recognized

- **Tommy Lawhorn**, Water Systems Engineering
- **Shane Ogan**, Water Systems Engineering
- **Steve Watson**, Water Systems Engineering
- **Shane Bragg**, Acting Manager, Water/Wastewater Systems Engineering



Smith County Natural Gas Line Rupture

Mike Bolin, VP of Utility Advancement



Board Chair Award

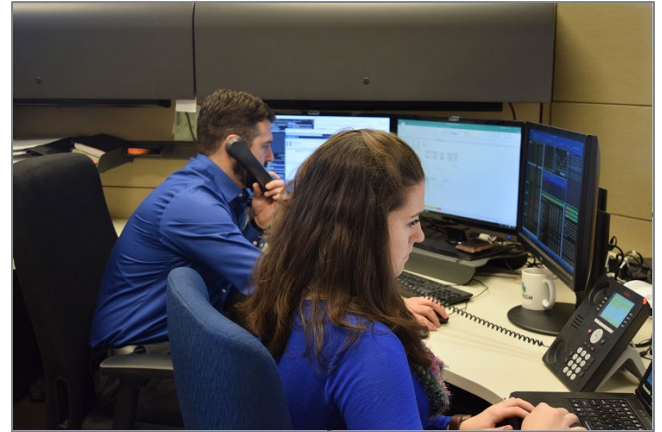
ETNG Pipeline Event – December 2018

Incident Site



KUB Actions During Event

- Managed gas supply
- Incident Command Structure activated
- Curtailed interruptible customers
- Contingency planning
- Requested voluntary customer reductions
- Coordinated with pipeline and others



Communications with Customers



News Release

December 20, 2018
For Immediate Release

For more information, contact:
Your Represented Utility

Area Natural Gas Utilities Working Together
Update on Smith County Natural Gas Pipeline Incident

10NEWS

KUB asks customers to reduce natural gas use



Earlier this week, a pipeline ruptured in middle Tennessee, cutting supply from one of several pipelines that serve East Tennessee.

10NEWS

KUB says customers shouldn't worry about a natural gas shortage



A natural gas pipeline issue in Middle Tennessee is cutting off all natural gas from a section of pipeline that serves many utility companies in East Tennessee. Local utilities are working together to keep supplies flowing.

Employees Recognized

- **Mike Bolin**, VP, Utility Advancement
- **Mike Bowden**, Gas Systems Engineering (GSE)
- **Stephanie Midgett**, Communications
- **Morgan Baum**, Rates & Analytical Services (RAS)
- **Wayne Britnall**, RAS
- **David Kyle**, System Maintenance
- **Rodney Eades**, Customer Support & Key Accounts
- **Tim Kelly**, GSE



KUB