

KUB

Revised Investment Policy

June 21, 2018



Resolution 1381

Cash Investment Policy

- Provides objectives, parameters, and controls for investment of public funds
- Incorporates limitations and requirements of state law
- Reviewed annually by Investment Advisory Committee
- Last revised by Board in 2013

Changes Are Housekeeping Items

- Board's Audit and Finance Committee recommends adoption
- Changes include the following:
 - Current list of permissible investments
 - Updated list of collateral sources
 - Clarification of terminology

Resolution 1381

- Adopts revised Investment Policy reflecting changes
- Authorizes President and CEO to implement Policy

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Declare Surplus Real Property

June 21, 2018



Resolution 1382

Description of Property

- 6.72 acres north of KUB's East Knox Substation on Thorngrove Pike
- Adjacent to Midway Business Park
- Property not needed for KUB's electric system or any other utility system

6.72 Acre
Parcel

KUB

Midway Business
Park

[↑ Show](#)



Resolution 1382

- Declares 6.72 acres surplus real property
- Authorizes President and CEO to sell the property
 - Best interest of KUB and Electric Division
 - Consistent with Procurement Procedures and state law
- Directs proceeds of sale to Electric Division

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Organizational Risk Assessment

June 21, 2018





Our Vision:

KUB exists to serve its customers, improving their quality of life by providing utility services that are safe, reliable and affordable.

Shared Values:

- We value the safety and well-being of our customers and employees.
- We value fairness, and try always to make decisions that provide the greatest good for the most people.
- We are in a position of trust and hold ourselves to high ethical standards.
- We improve the value of our services through efficiency, innovation and communication.
- We value the commitment and hard work of our employees.
- We are environmentally responsible in our operations and support the sustainability of our communities' natural resources.
- We participate in the communities we serve.

Our Mission:

Our mission is to act as good stewards of our communities' resources: utility assets, customer dollars, and the environment. We work to safeguard those resources and enhance their value for the people of the communities we serve and generations to come.

We Measure Our Success by:

Customer Satisfaction	System Performance	Financial Performance	Safety Performance
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Keys to Success:

Managing Our Utility System Infrastructure		
Electric	Natural Gas	Water
Wastewater		
Improving The Customer Experience	Managing Our Finances Effectively	Meeting Or Exceeding Regulatory Standards
Investing in A Skilled, Diverse Work Force	Partnering For Economic Development	Being Environmentally Responsible

Risk Assessments Required by KUB Board By-Laws

- Responsibility of Audit & Finance Committee per Board By-Law VIII(A)(3)
- Requires President and CEO to:
 - Periodically evaluate organizational risks
 - Develop and implement audit plans related to organizational risks

Risk Structure Created July 2000

- Transitioned from internal structure to independent external structure
- Made KUB management responsible for risk audits via the Organizational Risk Management Program

Assessing Organizational Risk

- Comprehensive risk assessment performed every 3 years by an independent third party
 - Interviews with Executive Staff and Managers
 - Consultant provides industry trend information
- About 30 risk areas identified, categorized, and ranked based on probability and impact
- KUB formally evaluates each risk over a 3-year period

Typical Risk Categories

- Information technology
- Revenue assurance
- Operations
- Regulatory compliance
- Procurement and contract management
- Energy acquisition
- Accounting
- Human resources
- Customer interaction

Results Reported to Board Audit & Finance Committee

- Mid-year update in March
- Final report in September
- Executive Session required for confidential and protected information
 - Under terms of the Terrorism Prevention and Response Act of 2002 (TCA 10-7-504a)
 - Allows disclosure and discussion of sensitive topics

Findings: Common Themes

- Majority are in compliance with procedures
- Opportunities for improvement
 - More consistency between practice and documented procedures
 - Need for improved documentation

Current Status

- 9 of the 19 risk reviews for FY18 completed and reported to the Audit Committee in March 2018
- Triennial comprehensive risk review completed by Lattimore, Black, Morgan, and Cain
- Remaining reviews underway and will be reported in September

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Welcoming the TeenWork Class of 2018

June 21, 2018



TeenWork is a Win-Win for KUB and the Community

- Partnership between KUB and Austin East Magnet High
- Provides workforce readiness training
- Highlights KUB career opportunities
- Helps KUB build a pipeline of future talent
- KUB supports the community



Key Components

- 13 week program curriculum
- Community service project
- Summer job application and selection process
- Individual mentors to support TeenWorkers
- Engaged management team
- Continued engagement with graduates
- Collaboration with other community efforts

Curriculum Improvements This Year

- New classroom topics
- Field trips
- KUB and community instructors
- Career Fair improvements



Mentors are a Key Element of the Program

- Managers involved in selection
- Mentors engaged early
 - Orientation/training in the Fall
 - Participation in classroom sessions
 - Summer project planning
- Primary summer support for TeenWork students



Manager Roundtable Supports Engagement

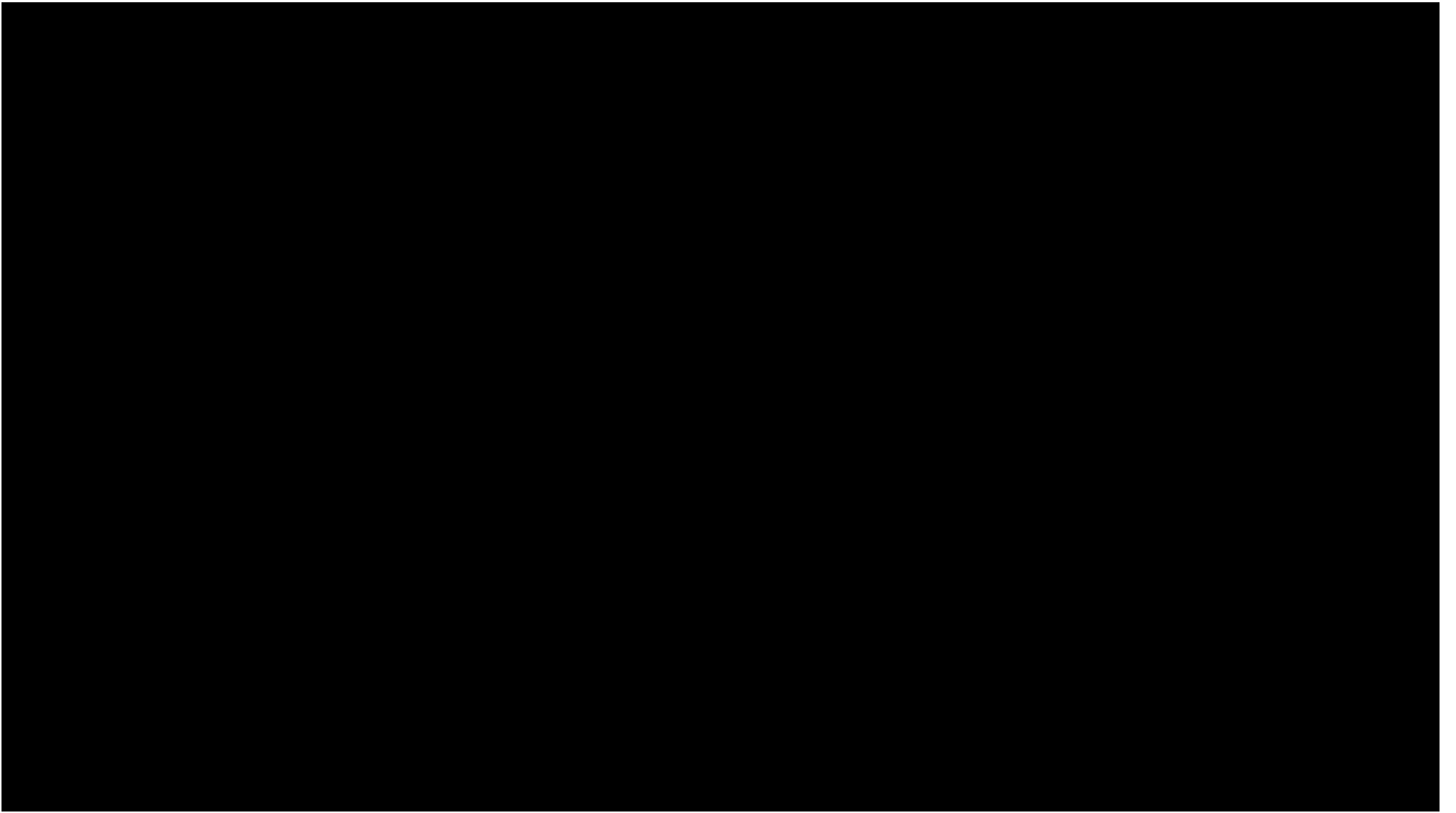
- Suggestion from 2017 class
- Allowed students to meet KUB leadership
- Provided exposure to other KUB departments
- Managers benefit from interaction with TeenWorkers



Beyond Summer Employment

- Improved alumni outreach
- Recruit top performers for summer/winter breaks
- Leverage Project Grad to track alumni beyond high school





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KUB's State Certified Laboratory

June 21, 2018



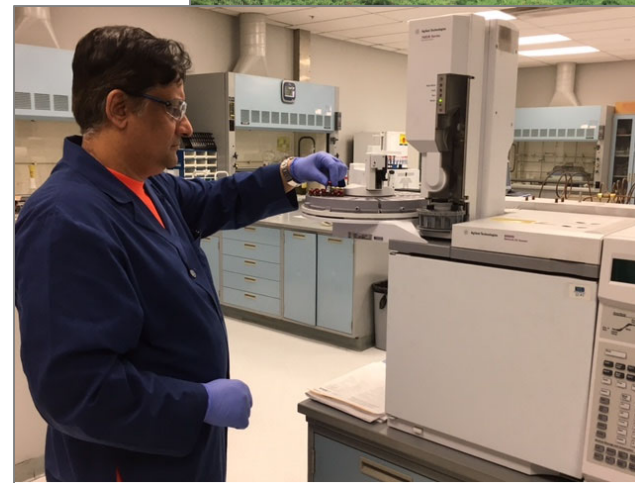
2017 Water Quality Report Just Released

- KUB drinking water meets or exceeds all state and federal health standards
- Ongoing monitoring by KUB's lab plays a key role



Role of the KUB Laboratory

- Ensure water quality
- Support regulatory compliance
- Meet all KUB regulatory reporting requirements
- Assist plant operations with treatment monitoring
- Investigate concerns
- Serve our customers



Requirements for State Certification

- Compliance with *EPA Manual for the Certification of Laboratories*
- Proven quality assurance practices
- Adherence to EPA approved and standardized methods
- Technically trained and qualified staff
- Annual performance assessments
- Established records management practices
- Comprehensive onsite audit every 3 years



Program Benefits of a State Certified Lab

- Immediate compliance assessment
- Ability to conduct more frequent water quality testing
- Support for operational needs
- In-house technical expertise
- High quality data focused on KUB needs



An In-house Lab Ensures Timely, Quality, Cost-effective Services

- Lower cost per analysis
 - Routine commercial lab costs: 3x higher
 - Higher cost for expedited results (less than 1 week)
 - Overnight commercial lab costs: 10x higher
- No cost for courier services or overnight shipping
- No chance of samples being lost or compromised during delivery
- 24/7 availability for emergency lab results

KUB Laboratory Capabilities

- 45 EPA-approved testing procedures
 - Chemicals
 - Biological contaminants
 - Physical characteristics
- Routine testing for over 150 substances
- Advanced instrumentation capable of low levels of detection (parts per billion)
- Capability to identify unknown contaminants
- 8 analysts with science degrees
- Over 100,000 water quality tests annually



Supporting KUB Operations and Customers

- MBW Water Plant
 - Improved coagulant
 - New chlorine dioxide system
 - Alternative disinfection
- Wastewater Treatment Plants
 - Consent Decree projects - Biologically Enhanced High Rate Clarification
 - Alternative disinfection
- Water main repairs and new construction
- Response to abnormal operating conditions



Looking Ahead for Our Customers

- Participation in Unregulated Contaminant Monitoring
- Calculated approach to treatment changes
 - Research
 - Pilot testing
 - Monitoring
- Awareness and interest in customer concerns



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Century II At Work: UT Medical Center Electrical Upgrades

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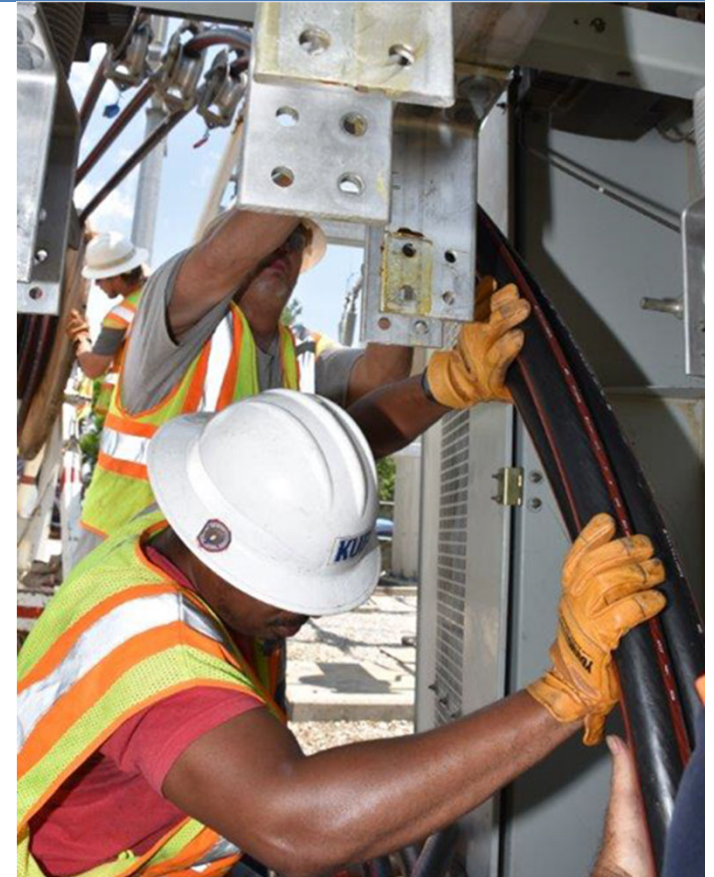
Continuing Investment in Reliability

- Multiple substations support reliability
- Recent investments include
 - Cherokee Trail substation
 - New University Hospital transformer
 - Transmission line rebuild
 - Fiber communication
 - Distribution automation
 - New 13kV breakers



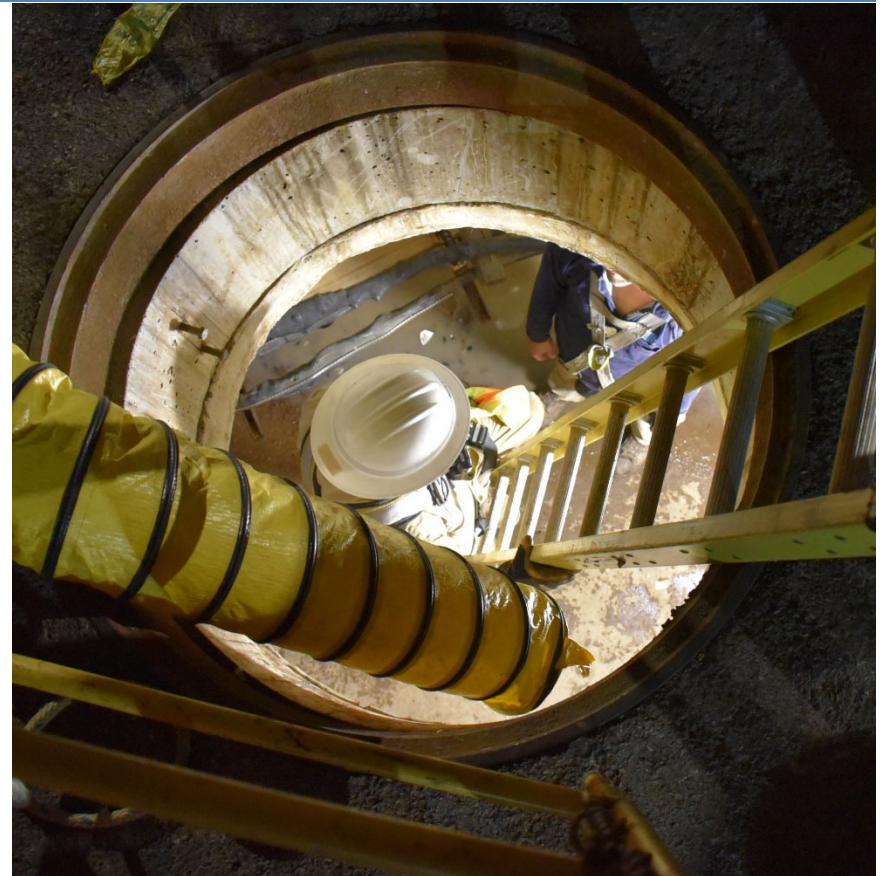
Now Replacing Underground Electric Cable

- Crews working around the clock until complete
- Replacing 15,000 feet
- Proactive, collaborative approach with customer
- Planning over a year
- No outage required



Crews Progressing On Schedule

- Replacement began June 18
- Completing tomorrow
- Extensive testing process
 - Energizing cable
 - Inspecting with thermography
 - Monitoring through July 8
- Switching to new primary power source July 9



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