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

<table>
<thead>
<tr>
<th>Service</th>
<th>Established by</th>
<th>Approved by</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric &amp; Gas</td>
<td>State Law</td>
<td>KUB Board &amp; City Council</td>
<td>June</td>
</tr>
<tr>
<td>Water &amp; Wastewater</td>
<td>City Charter</td>
<td>KUB Board</td>
<td>February</td>
</tr>
</tbody>
</table>
## FY 2020 PILOTs Down $0.6M or 2%

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>$16,067,210</td>
<td>$16,459,902</td>
<td>($392,692)</td>
</tr>
<tr>
<td>Gas</td>
<td>6,828,101</td>
<td>7,150,052</td>
<td>(321,951)</td>
</tr>
<tr>
<td>Water</td>
<td>3,378,895</td>
<td>3,511,656</td>
<td>(132,761)</td>
</tr>
<tr>
<td>Wastewater</td>
<td>4,650,629</td>
<td>4,429,170</td>
<td>221,459</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$30,924,835</strong></td>
<td><strong>$31,550,780</strong></td>
<td><strong>($625,945)</strong></td>
</tr>
</tbody>
</table>
## Payments by Jurisdiction

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

![Chart showing growth of KUB PILOTs compared to inflation]

- City
- Knox Co.
- Other Counties
- Inflation
Requests City Council set electric and gas tax equivalent payments for FY 2020 and provide for their distribution

Total payments = $22,895,311
Request for Condemnation Authority

December 19, 2019

Resolution 1408

KUB

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
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
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 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
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
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
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

KUB
Employee Recognition
Recognizing Employee Excellence
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

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

For more information, contact:
Your Represented Utility
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