



Knoxville Utilities Board

**Board Meeting Agenda  
Thursday, January 21, 2021  
Noon**

**Call to Order**

**Roll Call**

**Approval of Minutes**

**Official Action**

Oath of Office for Claudia Caballero

Election of 2021 Officers

Resolution 1428 – A Resolution Amending Section 3 of Resolution No. 1060 by Replacing the Existing Rate Schedule E “Sales for Resale” of the Water Division – Second and Final Reading

**President’s Report**

**Public Comments**

**Adjournment**



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January 15, 2021

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

Commissioners:

The January 21 Board meeting agenda includes three official action items, including the oath of office for new Commissioner Claudia Caballero, election of Board officers for 2021, and second reading of the resolution to adjust the wholesale water rate of the Water Division. An overview of the resolution is provided below.

**Resolution 1428 (Second Reading)**

At its December 2020 meeting, the Board approved an adjustment in the rate for “Sales for Resale” for the Water Division. This rate is charged to other local water utilities bordering KUB’s water distribution system who purchase excess water supply from KUB on an interruptible basis.

For several years, KUB has supplied water for resale on a recurring basis to the Town of Dandridge and Shady Grove Utility District, both located in Jefferson County. The annual revenue received by the Water Division for these sales is about \$1.3 million.

Both Dandridge and Shady Grove purchase a portion of their water supply from another water provider. KUB’s rate for sales for resale is about 15% higher than the rate charged by the alternative supplier. As a result, Dandridge recently notified KUB they intended to reduce the level of water purchased from KUB to their minimum contractual requirements because of the rate differential. The decrease in sales to Dandridge would result in a reduction of about \$450,000 in annual water revenue for KUB.

Although Shady Grove has not indicated its intention to reduce its level of water purchased from KUB, Shady Grove also purchases a large amount of water on a recurring basis from the alternative supplier. In the event Shady Grove followed the same course as Dandridge, this would result in an additional \$700,000 reduction in annual water revenue for KUB for a total decrease of about \$1,150,000 in annual water revenue, which is the equivalent of a 2% water rate increase for KUB’s water customers.

Staff has recommended to the Board that KUB reduce its rate for sales for resale to a level approximately equivalent to the rate currently charged by the alternative supplier to Dandridge and Shady Grove. We discussed this recommended course of action with the respective managers of Dandridge and Shady Grove and both have executed a written commitment to maintain water purchases from KUB at historic levels or higher, contingent upon the rate reduction. The revised rate would be available for any customer eligible to purchase water under the rate schedule.

While the proposed rate change will lower annual water revenue about \$170,000, that is much less than the revenue reduction from Dandridge and potentially Shady Grove reducing their purchases to minimum levels. Prior to recommendation to the full Board, the proposed change was discussed with the Board's Audit and Finance Committee at the Committee's October meeting.

Resolution 1428 adjusts the "Sales for Resale" rate schedule of the Water Division lowering the rate charged from its current level of \$1.70 per CCF to \$1.48 per CCF. If approved on second reading, the new rate will be effective February 1, 2021.

I recommend the adoption of Resolution 1428 on second and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bolas". The signature is written in a cursive, flowing style.

Gabriel J. Bolas II  
President and CEO

## RESOLUTION NO. 1428

### **A Resolution Amending Section 3 of Resolution No. 1060 by Replacing the Existing Rate Schedule E “Sales for Resale” of the Water Division**

**Whereas**, by the provisions of the Charter of the City of Knoxville, Tennessee (the "City"), the management and operation of the City's water distribution and treatment system has been placed under the jurisdiction of the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB"); and

**Whereas**, in accordance with Section 1107(F) of the Charter of the City, the Board is required to set rates for water service sufficient to pay all obligations of the Water Division; and

**Whereas**, the Board previously adopted Resolution No. 1060, as heretofore amended, which included rate schedules of the Water Division; and

**Whereas**, the rate schedules of the Water Division include, among other rates for water service, a schedule for “Sales for Resale”; and

**Whereas**, KUB supplies water on a recurring basis to the Town of Dandridge and Shady Grove Utility District under the rate schedule “Sales for Resale”; and

**Whereas**, sales of available excess water supply provide additional revenue to the Water Division to the benefit of all other KUB water customers; and

**Whereas**, the existing “Sales for Resale” rate is not competitive with other supply options for the Town of Dandridge and Shady Grove Utility District and volumes sold are expected to decrease; and

**Whereas**, management of the Town of Dandridge and Shady Grove Utility District will each execute a written commitment to maintain water purchases from KUB at historic levels or higher; and

**Whereas**, it is staff's recommendation the “Sales for Resale” rate be lowered to be more competitive with other supply options for Dandridge, Shady Grove, and other eligible customers; and

**Whereas**, staff previously discussed this recommendation with the Board's Audit and Finance Committee at the Committee's October 2020 meeting; and

**Whereas**, the Board has determined that it is in the best interest of all KUB water customers to amend the Water Division's “Sales for Resale” rate to be more competitive; and

**Whereas**, in accordance with Section 1107(L) of the Charter of the City, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate 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 existing rate schedule "Schedule E – Sales for Resale" of the Water Division as set forth in Section 3 of Resolution No. 1060, as heretofore amended, is hereby deleted and replaced with the rate schedule set forth in Exhibit A.

**Section 2.** This Resolution shall take effect at the beginning of the month immediately following adoption of the Resolution on second and final reading.

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Kathy Hamilton, Chair

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Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
READING: \_\_\_\_\_ 12-17-20 \_\_\_\_\_  
APPROVED ON 2<sup>nd</sup>  
READING: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_  
MINUTE BOOK \_\_\_\_\_ PAGE \_\_\_\_\_

**Knoxville Utilities Board  
Water Division**

**SCHEDULE E – SALES FOR RESALE**

Availability

For water purchased on an interruptible basis for resale by a customer that does not use KUB as its sole supplier of water. This service shall be available only on an interruptible basis and only to the extent, in KUB's sole opinion, that such service can be supplied through existing facilities without adversely affecting water service to any other customer of KUB. Nothing contained herein shall prevent KUB from providing water for resale under the Water General Service – Nonresidential Rate Schedule.

Commodity Charge

\$1.48 per 100 Cubic Feet

Any unauthorized usage under this tariff shall be billed at the Outside City rates set forth in the Water General Service – Nonresidential Rate Schedule.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, December 17, 2020  
Noon**

**Call to Order**

The Knoxville Utilities Board met in regular session in the Mintha Roach Corporate Services Building at 4505 Middlebrook Pike, on Thursday, December 17, 2020, pursuant to the public notice published in the January 4, 2020, edition of the *News Sentinel*. Chair Kathy Hamilton 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 November 19, 2020 Board Meeting were approved as distributed upon a motion by Commissioner Small and seconded by Commissioner Askew.

**Old Business**

None

**New Business**

**Resolution 1427, A Resolution Requesting the City Council of the City of Knoxville to Pass a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2020 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions**

President Gabriel Bolas recognized Chris Hood, Controller, who reviewed the proposed tax equivalent payments and distribution of payments for the electric and gas systems for fiscal year 2021. He advised that state law requires that City Council adopt a resolution setting the amount of the electric and gas payments and providing for their distribution. Mr. Hood noted that the proposed electric and gas payments were the maximum amounts permitted by state law. Mr. Hood also reviewed the water and wastewater systems in lieu of tax payments for fiscal year 2021.

December 17, 2020

President Bolas recommended adoption of Resolution 1427 on first and final reading. His written recommendation is included in Attachment 1.

Upon a motion by Commissioner Herbert and a second by Commissioner Pinnell, Resolution 1427 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".

**Resolution 1428, A Resolution Amending Section 3 of Resolution No. 1060 by Replacing the Existing Rate Schedule E "Sales for Resale" of the Water Division**

President Bolas advised Commissioners that KUB sells water to certain neighboring water utilities on a recurring basis under the "Sale for Resale" rate schedule. KUB is proposing to make an adjustment to the sale rate and recognized Mark Walker, Senior Vice President and Chief Financial Officer, to review the proposed rate change.

President Bolas recommended adoption of Resolution 1428 on first reading. His written recommendation is included in Attachment 2.

Upon a motion by Commissioner Askew and a second by Commissioner Small, Resolution 1428 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 1429, A Resolution Extending the Period of Authorization to December 31, 2021, for the Execution of a Natural Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation, for a Term of up to Thirty-One (31) Years**

President Bolas reminded Commissioners that last fall the Board approved entering a long-term gas supply contract that provided significant savings to KUB customers. Before the transaction was complete the pandemic hit causing turmoil in the financial markets. KUB's Board authorization for the contract has now expired. He recognized Mike Bolin, Vice President of Utility Advancement, to discuss the details of extending the contract authorization.

President Bolas recommended adoption of Resolution 1429 on first and final reading. His written recommendation is included in Attachment 3.

Upon a motion by Commissioner Small and a second by Commissioner Pinnell, Resolution 1429 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".

December 17, 2020

## **President's Report**

### **Customer Mobile Application**

President Bolas advised Commissioners that KUB is deploying a new Customer Mobile application this month that will build on our focus of providing KUB customers a positive engagement experience. He recognized Mark Kenner, Director of Information Services and Security, to provide details of the new application.

### **2020 Employee Excellence Awards**

Deanna Unger, Manager of Human Resources, provided an overview of the Employee Excellence Awards program. An award was presented to certain members of the Raccoon Valley Natural Gas Expansion Project; whose team members include employees of Gas System Engineering; Dallas Coplin, Tim Kelly, Wes Marine, Isaac Mobley, and Preston Teague, New Service; Brad Hall, Bill Thrower, and Bill Warren, Procurement; Doyle Dukes, and Underground Construction; Robert Dockery, Randy England, Corey Fitzpatrick, Jason Hellard, Cody Hicks, Jaren Miller, Chad Mink, Lee Monday, Boyd Pratt, and Brandon Spoon. The following employees were recognized for Sustainability Initiatives, Communications; Jay Miller, Utility Advancement; Mike Bolin, Electric Systems Engineering; Zack Cole, Environmental Stewardship; Liz Hannah and Chasity Hobby, and New Service; Bill Warren. An award was presented to certain members of the Meter Modernization project; whose team members include Eric Greene, Jeremy Loveday, Carroll Ferguson, Wendy Slifka, Mike Allison, and Jessica Barton. The Board Chair Award was presented to all KUB employees regarding their response to the COVID-19 pandemic.

## **New Business**

### **Resolution 1430, A Resolution of the Knoxville Utilities Board Honoring Sara Hedstrom Pinnell, who is Concluding Service as a Commissioner**

Chair Hamilton offered Resolution 1430 for the Board's consideration recognizing Sara Pinnell for her service to the KUB Board of Commissioners. Bill Coley, Board's General Counsel, read Resolution 1430.

President Bolas recommended adoption of Resolution 1430 on first and final reading.

December 17, 2020

Upon motion by Commissioner Herbert and second by Commissioner Simpson-Brown, Resolution 1430 (*Attachment 4*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Askew, Hamilton, Herbert, Simpson-Brown, Small, and Worden. No Commissioner voted “nay”.

Commissioner Pinnell thanked the Board and expressed her gratitude for all KUB employees and said she was humbled to be a part of the Board for the last seven years.

### **Other Business**

Commissioner Herbert, Chair of the Board’s Nominating Committee announced that the Committee met today to nominate a slate of officers for 2021. The following individuals were nominated: Jerry Askew, Chair; John Worden, Vice-Chair; and Mark Walker, Secretary. She also announced that the election of officers would be conducted in January 2021, as required by the Charter.

### **Public Comment**

None

### **Adjournment**

There being nothing further to come before the Board, Chair Hamilton declared the Board meeting adjourned at 1:18 p.m.

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Kathy Hamilton, Chair

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Mark Walker, Board Secretary

**Attachments**

Attachment 1	Recommendation Letter and Resolution 1427 – A Resolution Requesting the City Council of the City of Knoxville to Pass a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2020 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions	10334 – 10341
Attachment 2	Resolution 1428 – A Resolution Amending Section 3 of Resolution No. 1060 by Replacing the Existing Rate Schedule E “Sales for Resale” of the Water Division	10342 – 10344
Attachment 3	Resolution 1429 – A Resolution Extending the Period of Authorization to December 31, 2021, for the Execution of a Natural Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation, for a Term of up to Thirty-One (31) Years	10345 – 10346
Attachment 4	Resolution 1430 – A Resolution of the Knoxville Utilities Board Honoring Sara Hedstrom Pinnell, who is Concluding Service as a Commissioner	10347 – 10348



December 11, 2020

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

Commissioners:

The December 17 Board meeting agenda includes three official action items, including fiscal year 2021 tax equivalents for the electric and natural gas systems, an adjustment to the wholesale water rate of the Water Division, and the extension of an authorization date for a long-term natural gas supply contract with Tennergy Corporation.

An overview of each resolution is provided below.

**Resolution 1427**

State law requires City Council, as the municipality's governing body, to pass a resolution setting the in lieu of tax payments (tax equivalents) for KUB's electric and gas systems each fiscal year and providing for their distribution to the appropriate taxing jurisdictions.

Tax equivalents for the electric system for fiscal year 2021 are \$16,891,189. Tax equivalents for the gas system for fiscal year 2021 are \$7,166,619. Both electric and gas tax equivalent payments are the maximum amounts provided for under state law. Electric and gas tax equivalent payments will be made to the respective taxing jurisdictions on the last business day of June. A summary of all tax equivalent payments for fiscal year 2021 is enclosed for your information.

Resolution 1427 requests the City Council of Knoxville to set the in lieu of tax payments for KUB's electric and gas systems and to establish the allocation of payments to the various taxing jurisdictions for the fiscal year ending June 30, 2021.

**Resolution 1428 (First Reading)**

The rate schedules of the Water Division include a rate for "Sales for Resale," under which KUB may sell excess water supply on an interruptible basis to other local water utilities bordering the KUB water distribution system.

KUB currently supplies water for resale on a recurring basis to the Town of Dandridge and Shady Grove Utility District, both located in Jefferson County. The annual revenue received by the Water Division for these sales is about \$1.3 million.

Both Dandridge and Shady Grove purchase a portion of their water supply from another water provider. KUB's rate for sales for resale is about 15% higher than the rate charged by the alternative supplier. As a result, Dandridge recently notified KUB they intended to reduce the level of water purchased from KUB to their minimum requirements because of the rate differential. This would result in a reduction of about \$450,000 in annual water revenue for KUB.

Although Shady Grove has not yet indicated its intention to reduce its level of water purchased from KUB, Shady Grove also purchases a large amount of water on a recurring basis from the alternative supplier. In the event Shady Grove followed the same course as Dandridge, this would result in an additional \$700,000 reduction in annual water revenue for KUB for a total decrease of about \$1,150,000 in annual water revenue, which is the equivalent of a 2% water rate increase for KUB's water customers.

As a result, it is staff's recommendation for KUB to reduce its rate for sales for resale to a level approximately equivalent to the rate currently charged by the alternative supplier to Dandridge and Shady Grove. We have discussed this potential course of action with the respective managers of Dandridge and Shady Grove and both indicated they would execute a written commitment to maintain water purchases from KUB at historic levels or higher. The revised rate would be available for any customer eligible to purchase water under the rate schedule.

While the proposed rate change will lower annual water revenue about \$170,000, that is much less than the revenue reduction from Dandridge and potentially Shady Grove reducing their purchases to minimum levels. The proposed change was discussed with the Board's Audit and Finance Committee at the Committee's October meeting.

Resolution 1428 adjusts the "Sales for Resale" rate schedule of the Water Division lowering the rate charged from its current level of \$1.70 per CCF to \$1.48 per CCF. Since this is a rate change, two readings are required. If approved on first reading at the December meeting, we anticipate second reading will occur in January 2021.

### **Resolution 1429**

At its November 2019 meeting, the Board adopted Resolution 1405 authorizing the execution of a long-term natural gas supply contract with Tennergy Corporation for a term of up to 31 years. As you may recall, the purpose of entering into this long-term contract was to secure a significant discount to the market price of natural gas. Under the terms of the resolution, the contract with Tennergy had to be executed by June 30, 2020.

Due to volatility in the financial markets resulting from the Pandemic, the underlying financial transactions involving Tennergy and other parties did not occur. As a result, the supply contract between Tennergy and KUB was not executed by the June 30 expiration date.

At its June 2020 meeting, the Board adopted Resolution 1416 extending the authorization period to execute the contract with Tennergy to December 31, 2020.

Unfortunately, due to the same reasons noted above, the supply contract with Tennergy will not be executed by December 31.

Resolution 1429 extends the authorization period to execute the contract with Tennergy to December 31, 2021.

Drafts of Resolutions 1427, 1428, and 1429 are enclosed for your review. I recommend the adoption of Resolution 1428 on the first of two readings, and Resolutions 1427 and 1429 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bolas". The signature is written in a cursive, flowing style.

Gabriel J. Bolas II  
President and CEO

## RESOLUTION NO. 1427

### **A Resolution Requesting the City Council of the City of Knoxville to Adopt a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2020 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions**

**Whereas**, in accordance with Section 1101 of the Charter of the City of Knoxville, the purchase, sale, and distribution of electric and gas services by the City of Knoxville are under the jurisdiction, control, and management of the Knoxville Utilities Board (“KUB”); and

**Whereas**, the state of Tennessee adopted electric and gas tax equivalent statutes in 1987 (TCA Sections 7-52-301 et seq. and Sections 7-39-401 et seq.) in order to gain uniformity with respect to payments in lieu of taxes on the property and operations of all electric and gas systems owned and operated by incorporated cities or towns, by counties, and by metropolitan governments in the state of Tennessee; and

**Whereas**, the statutes provide that every municipality may cause an amount to be paid from its electric and/or gas system revenues for tax equivalents which, in the judgment of the municipality’s governing body (i.e. City Council of Knoxville), after consultation with the supervisory body (i.e. KUB), represents the fair share cost of government to be borne by the electric system and/or gas system; and

**Whereas**, the statutes include formulas which establish the maximum annual tax equivalent payment for electric and gas systems; and

**Whereas**, the statutes provide the basis for the allocation and distribution of tax equivalent payments to the various taxing jurisdictions, except to the extent any such payments were allocated and distributed under established arrangements in existence immediately prior to the adoption of the statutes; and

**Whereas**, KUB had an established arrangement for the allocation and distribution of electric and gas system tax equivalent payments, as defined by the statutes, in existence immediately prior to the adoption of said statutes; and

**Whereas**, KUB has prepared a proposed resolution for passage by the City Council of Knoxville, a copy of which resolution is attached hereto and made a part hereof (hereinafter referred to as the “Proposed Resolution”).

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

**Section 1.** That the KUB Board of Commissioners (the “Board”), after due consideration, finds that it is in the best interest of KUB and the City of Knoxville to make electric and gas tax equivalent payments for the fiscal year beginning July 1, 2020, totaling \$16,891,189 for the electric system and \$7,166,619 for the gas system (hereinafter referred to as “Tax Equivalents”), with the aforesaid Tax Equivalents being the maximum amounts permitted by law.

**Section 2.** That this Board, after due consideration, finds that the following allocation and distribution of the aforesaid Tax Equivalents to the following taxing jurisdictions is required under the applicable statutes:

	<u>Electric Tax Equivalents</u>	<u>Gas Tax Equivalents</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$ 8,594,084	\$3,998,446	\$12,592,530
Knox County	7,304,219	3,163,560	10,467,779
Union County	381,883		381,883
Sevier County	318,398		318,398
Grainger County	174,002		174,002
Jefferson County	95,058		95,058
Blount County	15,107		15,107
Anderson County	8,438	3,077	11,515
Loudon County	<u>                    </u>	<u>1,536</u>	<u>1,536</u>
Total	\$16,891,189	\$7,166,619	\$24,057,808

**Section 3.** That this Board hereby formally requests City Council to pass the Proposed Resolution, and this Board does hereby adopt, ratify, approve, consent and agree to each and every recital and provision contained in the Proposed Resolution.

**Section 4.** That this Board finds that the statutory obligation for consultation with the supervisory body (KUB) will be fulfilled by the delivery of this resolution to City Council.

**Section 5.** That upon City Council’s passage of the Proposed Resolution, the President and Chief Executive Officer, or the Chief Financial Officer, is hereby authorized and directed to distribute the Tax Equivalents to the respective taxing jurisdictions in accordance with the Proposed Resolution; provided, however, that the amount of such Tax Equivalents to be paid to any taxing jurisdiction specified in the Proposed Resolution shall be appropriately reduced by the aggregate amount of any qualified state, county, city and other local taxes or charges imposed for such fiscal year by or for the benefit of such taxing jurisdiction, said reduction being required by the statutes.

**Section 6.** That the President and Chief Executive Officer is authorized to deliver copies of this Resolution to the Mayor and City Council as formal evidence of this Board’s action in connection therewith.

**Section 7.** BE IT FURTHER RESOLVED that this Resolution shall take effect from and after its passage.

Kathy Hamilton/s  
Kathy Hamilton, Chair

Mark Walker/s  
Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 12-17-20  
EFFECTIVE DATE: 12-17-20  
MINUTE BOOK 43 PAGE 10337-10341

## RESOLUTION

### **A Resolution of the Council of the City of Knoxville Setting the In Lieu of Tax Payments for the Electric and Gas Systems of the Knoxville Utilities Board for the Fiscal Year Beginning July 1, 2020 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions**

**Whereas**, under the state of Tennessee electric and gas tax equivalent statutes (TCA Section 7-52-301 et seq. and Section 7-39-401 et seq.), the Council of the City of Knoxville, after consultation with the Knoxville Utilities Board (hereinafter referred to as “KUB”), may cause to be paid from KUB’s Electric and Gas Divisions an amount for payments in lieu of taxes (hereinafter referred to as “Tax Equivalents”) on KUB’s electric and gas systems and operations which, in the judgment of City Council, shall represent the fair cost of government properly to be borne thereby; and

**Whereas**, the amount of Tax Equivalents that may be set by City Council is to be in lieu of all state, county, city and other local taxes or charges imposed on KUB’s Electric and Gas Divisions for the fiscal year by the various taxing jurisdictions in which the properties of the electric and gas systems are situated, said amount being subject to a maximum limitation that may be paid for a fiscal year; and

**Whereas**, the Tax Equivalents are to be distributed to the respective taxing jurisdictions in accordance with a mandatory distribution formula or under established arrangements with taxing jurisdictions in effect immediately prior to the adoption of the statutes, both as provided for in the statutes; and

**Whereas**, KUB had established arrangements in place with taxing jurisdictions for the allocation and distribution of in lieu of tax payments on KUB’s electric and gas systems immediately prior to the adoption of the statutes; and

**Whereas**, KUB, by its passage of Resolution No. 1427 on December 17, 2020, and the delivery of same to City Council, has requested City Council pass a resolution setting the Tax Equivalents for the fiscal year beginning July 1, 2020, and providing for the allocation and distribution of the Tax Equivalents to the affected taxing jurisdictions (hereinafter referred to as “Proposed Resolution”); and

**Whereas**, City Council, having consulted with KUB regarding the setting of the Tax Equivalents and the allocation and distribution thereof to the affected taxing jurisdictions, hereby finds that KUB’s Proposed Resolution is in the best interests of the City of Knoxville and KUB.

**NOW THEREFORE BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE:**

**Section 1.** That pursuant to T.C.A. Sections 7-52-301 et seq. and Sections 7-39-401 et seq., the Council of the City of Knoxville hereby sets the Tax Equivalents for KUB's electric and gas systems for the fiscal year beginning July 1, 2020, at a total of \$24,057,808, representing \$16,891,189 in electric Tax Equivalents and \$7,166,619 in gas Tax Equivalents, said amounts being the maximum amount of Tax Equivalents that may be paid from KUB's Electric and Gas Divisions under law.

**Section 2.** That the aforesaid Tax Equivalents be distributed in accordance with law to the following taxing jurisdictions in the amounts specified below:

	<u>Electric Tax Equivalents</u>	<u>Gas Tax Equivalents</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$ 8,594,084	\$3,998,446	\$12,592,530
Knox County	7,304,219	3,163,560	10,467,779
Union County	381,883		381,883
Sevier County	318,398		318,398
Grainger County	174,002		174,002
Jefferson County	95,058		95,058
Blount County	15,107		15,107
Anderson County	8,438	3,077	11,515
Loudon County	<u>                    </u>	<u>1,536</u>	<u>1,536</u>
 Total	 \$16,891,189	 \$7,166,619	 \$24,057,808

**Section 3.** That the statutory obligation for City Council to consult with the supervisory body (KUB) was satisfied by the delivery of KUB Resolution No. 1427 to City Council.

**Section 4.** That KUB be and hereby is authorized and directed to aforesaid amounts of Tax Equivalents to the respective taxing jurisdictions specified above; provided, however, that the amount of such Tax Equivalents to be paid to any taxing jurisdiction shall be appropriately reduced by the aggregate amount of any qualified state, county, city and other local taxes or charges imposed for such fiscal year by or for the benefit of such taxing jurisdiction, said reduction being required by law.

**Section 5.** That this resolution shall take effect immediately upon its passage, the public welfare requiring it, and a certified copy hereof shall be delivered to the President and Chief Executive Officer of KUB as formal evidence of this Council's action in connection therewith.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Recorder

## RESOLUTION NO. 1428

### **A Resolution Amending Section 3 of Resolution No. 1060 by Replacing the Existing Rate Schedule E “Sales for Resale” of the Water Division**

**Whereas**, by the provisions of the Charter of the City of Knoxville, Tennessee (the "City"), the management and operation of the City's water distribution and treatment system has been placed under the jurisdiction of the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB"); and

**Whereas**, in accordance with Section 1107(F) of the Charter of the City, the Board is required to set rates for water service sufficient to pay all obligations of the Water Division; and

**Whereas**, the Board previously adopted Resolution No. 1060, as heretofore amended, which included rate schedules of the Water Division; and

**Whereas**, the rate schedules of the Water Division include, among other rates for water service, a schedule for “Sales for Resale”; and

**Whereas**, KUB supplies water on a recurring basis to the Town of Dandridge and Shady Grove Utility District under the rate schedule “Sales for Resale”; and

**Whereas**, sales of available excess water supply provide additional revenue to the Water Division to the benefit of all other KUB water customers; and

**Whereas**, the existing “Sales for Resale” rate is not competitive with other supply options for the Town of Dandridge and Shady Grove Utility District and volumes sold are expected to decrease; and

**Whereas**, management of the Town of Dandridge and Shady Grove Utility District will each execute a written commitment to maintain water purchases from KUB at historic levels or higher; and

**Whereas**, it is staff's recommendation the “Sales for Resale” rate be lowered to be more competitive with other supply options for Dandridge, Shady Grove, and other eligible customers; and

**Whereas**, staff previously discussed this recommendation with the Board's Audit and Finance Committee at the Committee's October 2020 meeting; and

**Whereas**, the Board has determined that it is in the best interest of all KUB water customers to amend the Water Division's “Sales for Resale” rate to be more competitive; and

**Whereas**, in accordance with Section 1107(L) of the Charter of the City, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate 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 existing rate schedule “Schedule E – Sales for Resale” of the Water Division as set forth in Section 3 of Resolution No. 1060, as heretofore amended, is hereby deleted and replaced with the rate schedule set forth in Exhibit A.

**Section 2.** This Resolution shall take effect at the beginning of the month immediately following adoption of the Resolution on second and final reading.

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Kathy Hamilton, Chair

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Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
READING: 12-17-20  
APPROVED ON 2<sup>nd</sup>  
READING: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_  
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**Knoxville Utilities Board  
Water Division**

**SCHEDULE E – SALES FOR RESALE**

Availability

For water purchased on an interruptible basis for resale by a customer that does not use KUB as its sole supplier of water. This service shall be available only on an interruptible basis and only to the extent, in KUB's sole opinion, that such service can be supplied through existing facilities without adversely affecting water service to any other customer of KUB. Nothing contained herein shall prevent KUB from providing water for resale under the Water General Service – Nonresidential Rate Schedule.

Commodity Charge

\$1.48 per 100 Cubic Feet

Any unauthorized usage under this tariff shall be billed at the Outside City rates set forth in the Water General Service – Nonresidential Rate Schedule.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

## RESOLUTION NO. 1429

### **A Resolution Extending the Period of Authorization to December 31, 2021, for the Execution of a Natural Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation, for a Term of up to Thirty-One (31) Years**

**Whereas**, the Knoxville Utilities Board of Commissioners previously adopted Resolution No. 1405 on November 21, 2019 (the “Original Resolution”), authorizing the participation of the Knoxville Utilities Board (“Purchaser” or “KUB”) in a prepaid natural gas project, more particularly described in the Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation (“Tennergy”); and

**Whereas**, under the Gas Supply Contract, Tennergy will issue bonds to finance the prepayment of long-term gas, and will sell a portion of the gas purchased in a Gas Supply Contract, a form of which was approved in the Original Resolution; and

**Whereas**, the Original Resolution provided that if the Gas Supply Contract was not fully executed by both parties by June 30, 2020, the authority granted by the Board for KUB to enter into the Gas Supply Contract would expire; and

**Whereas**, the Knoxville Utilities Board subsequently adopted Resolution 1416 on June 18, 2020, which extended the period of authorization set forth in the Original Resolution to December 31, 2020; and

**Whereas**, KUB now desires to extend the period of authorization set forth in the Original Resolution, as amended by Resolution 1416, to December 31, 2021; and

**Whereas**, the extension of the period of authorization is in the best interest of KUB and its customers.

**Now, Therefore, Be It Hereby Resolved By The Board Of Commissioners Of The Knoxville Utilities Board:**

**Section 1.** The Original Resolution, as amended by Resolution 1416, is hereby amended to delete the words “December 31, 2020”, as set forth in Section 3 of the Original Resolution, as amended, and insert the words “December 31, 2021” in their place and stead.

**Section 2.** Except as amended by this Resolution, the Original Resolution shall remain in full force and effect.

**Section 3.** All acts and doings of the officers, employees or designated representatives of KUB, which are in conformity with the purposes and intent of the Original Resolution and this Resolution and in furtherance of the execution, delivery and performance of the Gas Supply Contract shall be and the same hereby are in all respects approved and confirmed.

**Section 4.** This Resolution shall take effect immediately upon its passage.

\_\_\_\_\_  
Kathy Hamilton/s  
Kathy Hamilton, Chair

\_\_\_\_\_  
Mark Walker/s  
Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 12-17-20  
EFFECTIVE DATE: 12-17-20  
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## RESOLUTION 1430

### **A Resolution of the Knoxville Utilities Board Honoring Sara Hedstrom Pinnell, who is Concluding Service as a Commissioner**

**Whereas**, Sara Hedstrom Pinnell became a member of this Board in January 2014 and has now served faithfully for seven years; and

**Whereas**, before Commissioner Pinnell served on KUB's Board of Commissioners, she volunteered to serve on KUB's 2010 Tree Trim Policy Review Panel, which worked for nearly a year to provide over 150 action items to improve KUB's Vegetation Management program for the benefit of KUB customers; and

**Whereas**, Commissioner Pinnell's expertise in and passion for environmental sustainability is evidenced by her profession in landscape architecture and service to organizations including the City of Knoxville Tree Board, the Great Smoky Mountains Conservation Association, and the Urban Land Institute and has been a tremendous asset to the Board; and

**Whereas**, during her tenure on the Board, Commissioner Pinnell's commitment to sustainability has been reflected in Board actions such as the first-of-its-kind purchase of 502 megawatts of solar energy on behalf of KUB's customers through the TVA Green Invest program and KUB's achievement of sustainability awards, including the Governor's Environmental Stewardship Award, the Tennessee Solar Energy Industries Association's 2020 Solar Champion, the American Public Power Association's Smart Energy Provider designation, and annual TVA EnergyRight awards for strong customer participation; and

**Whereas**, Commissioner Pinnell has served as an advocate for customers in need and has demonstrated significant leadership in Board actions and support for programs to provide assistance to KUB's low-income customers, including implementation of the Round It Up, Knoxville Extreme Energy Makeover, and Home Uplift programs resulting in the weatherization of nearly 1,800 homes during her tenure, and actions to provide bill payment relief and deferral of rate increases during the COVID-19 pandemic; and

**Whereas**, Commissioner Pinnell's personal experience and success as an entrepreneur and small business owner has been recognized with honors including U.S. Chamber of Commerce Small Business Blue Ribbon Award, the Knoxville Chamber of Commerce Young Entrepreneur Pinnacle Award, and the Blount County Chamber of Commerce Women-Owned Business Excellence Award and has helped to ensure representation for women- and minority-owned businesses and KUB's small business customers; and

**Whereas**, throughout her service on KUB's Board, Commissioner Pinnell demonstrated leadership in the support of long-term funding plans for KUB's Century II infrastructure management program to ensure safe and reliable services and balance the cost of needed system improvements between current and future KUB customers; and

**Whereas**, Commissioner Pinnell has further distinguished herself and KUB through her involvement with the City of Knoxville Public Arts Committee, Leadership Knoxville, and the Executive Women's Association; and

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

**Section 1.** That this Board hereby gratefully acknowledges and commends Sara Hedstrom Pinnell for her dedicated service to KUB, its employees, customers, and our community.

**Section 2.** That the Board recognizes Commissioner Pinnell's meaningful and effective service and genuinely regrets that her time on the KUB Board of Commissioners has concluded.

**Section 3.** That this Resolution shall take effect from and after its passage and that a copy shall be provided to Commissioner Pinnell.

Kathy Hamilton/s  
Kathy Hamilton, Chair

Adrienne Simpson-Brown/s  
Adrienne Simpson-Brown, Vice Chair

Jerry Askew/s  
Jerry Askew, Commissioner

Celeste Herbert/s  
Celeste Herbert, Commissioner

Tyvi Small/s  
Tyvi Small, Commissioner

John Worden/s  
John Worden, Commissioner

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 12-17-20  
EFFECTIVE DATE: 12-17-20  
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