Knoxville Utilities Board
Board Meeting
Minutes
Thursday, January 21, 2016, 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, January 21, 2016, pursuant to the public notice published in the January 2, 2016, edition of the News Sentinel. Chair Thompson called the meeting to order at 12:00 p.m.

Chair Thompson recognized Robyn Askew, Commissioner-elect Jerry Askew’s spouse, in the audience at today’s meeting and thanked her for attending.

Chair Thompson also welcomed the six KUB Leadership Development Program employees and the program facilitator attending the Board Meeting today and asked them to introduce themselves.

Roll Call

Commissioners Present: Kathy Hamilton, Celeste Herbert, Sara Pinnell, Nikitia Thompson, Eston Williams, and John Worden

Commissioners Absent: None

Approval of Minutes

The Minutes of the December 17, 2015, Board Meeting were approved as distributed upon a motion by Commissioner Herbert and seconded by Commissioner Williams.

Old Business

None

New Business

Oath of Commissioner for Jerry Askew

Chair Thompson welcomed Jerry Askew and asked Bill Coley, Board’s General Counsel, to administer the Oath of Commissioner to Dr. Askew.
January 21, 2016

Election of 2016 Officers

Mr. Coley stated that the Nominating Committee met on December 17, 2015, and recommended the following slate of officers for 2016: Nikitia Thompson, Chair; Sara Pinnell, Vice Chair; and Senior Vice President and CFO Mark Walker as Board Secretary. He asked for other nominations and received none.

Commissioner Williams moved to elect the proposed slate of officers by acclamation, seconded by Commissioner Hamilton. The motion was unanimously adopted on a voice vote.

Resolution 1339, A Resolution Authorizing Participation in the Tennessee Valley Authority’s Start-up and Testing Power (STP) Program and Amending the Existing Rate Schedules of the Electric Division to Provide for an STP Rate Schedule

President Roach advised Commissioners that TVA offers a pricing option to qualifying large commercial and industrial electric customers for power usage related to the start-up and testing of a new operation, the expansion of an existing operation, and the restart of an existing facility. She recognized John Williams, Manager and Assistant to the CFO, to provide details of the resolution.

President Roach recommended adoption of Resolution 1339 on first reading. Her written recommendation is included in Attachment 1.

Upon a motion by Commissioner Hamilton and a second by Commissioner Williams, Resolution 1339 (Attachment 1) was adopted by a roll call vote on first reading. The following Commissioners voted “aye”: Askew, Hamilton, Herbert, Pinnell, Thompson, Williams, and Worden. No Commissioner voted “nay”.

President’s Report

Conflict of Interest/Ethics

President Roach recognized Elba Marshall, Executive Department Manager and Assistant to the CAO, to review the annual disclosure process for the Board.

Electric System Update

President Roach recognized Paul Randolph, Vice President of Gas and Electric Systems Engineering, to provide an update on the Electric System.
January 21, 2016

Water Crisis in Flint, Michigan

President Roach recognized Derwin Hagood, Vice President of System and Plant Operations, to provide information regarding the Flint, Michigan water crisis and procedures KUB employs to prevent such an event occurring with the KUB water system.

Other Business

None

Public Comment

None

Adjournment

Chair Thompson stated that following adjournment, the Board would continue with an open lunch session where KUB matters may be discussed. There being nothing further to come before the Board, Chair Thompson declared the meeting adjourned at 12:52 p.m.

Nikitia Thompson, Chair

Mark Walker, Board Secretary
### Attachments

| Attachment 1 | Recommendation Letter and Resolution 1339, A Resolution Authorizing Participation in the Tennessee Valley Authority's Start-up and Testing Power (STP) Program and Amending the Existing Rate Schedules of the Electric Division to Provide for an STP Rate Schedule | Pages | 7253 - 7259 |
January 15, 2016

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

Commissioners:

TVA offers an optional, interruptible pricing product called Start-up and Testing Power (STP), which provides qualifying commercial and industrial electric power customers with pricing flexibility to start up and test a new operation, expand an existing operation to test new equipment or processes, or re-start an existing facility that has been shut down for at least one year.

Under the STP program, which is available to commercial and industrial customers with a monthly power load of 1,000 kW or greater, the customer, KUB and TVA work together to establish a firm or base-line power load for the customer. STP demand and energy rates are applied to any usage above the customer’s base-line requirements. STP power is subject to interruption by TVA on 5 minutes notice. The customer’s firm demand and energy charges are based on the applicable electric rate schedule.

The initial contract term for STP is six months, although it may be extended upon request to 12 months for commercial customers and 24 months for industrial customers.

Resolution 1339 authorizes KUB’s participation in the STP program and amends the rate schedules of the Electric Division to include an STP Rate Schedule. I recommend adoption of Resolution 1339 on first reading. If approved on first reading, the second reading will be at the February Board meeting.

Respectfully submitted,

Mintha E. Roach
President and CEO
RESOLUTION NO. 1339

A Resolution Authorizing Participation in the Tennessee Valley Authority’s Start-up and Testing Power (STP) Program and Amending the Existing Rate Schedules of the Electric Division to Provide for an STP Rate Schedule

Whereas, the Knoxville Utilities Board ("KUB") purchases its full electric power requirements from the Tennessee Valley Authority ("TVA"); and

Whereas, TVA offers STP, an optional, interruptible pricing product available to large commercial and industrial electric customers that are establishing new operations, restarting plants that have been shut down for a year or more, or expanding operations, to accommodate equipment testing and other conditions which temporarily cause erratic power usage; and

Whereas, the KUB Board of Commissioners (the “Board”) previously adopted Resolution 1060, as heretofore amended, providing rate schedules for the Electric Division of KUB; and

Whereas, Staff has recommended the Board authorize KUB’s participation in the STP program; and

Whereas, it is in the best interest of KUB and its customers for KUB to participate in the STP program; and

Whereas, in accordance with Section 1107(L) of the Charter, 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 Board hereby authorizes participation by KUB in the STP program.

Section 2: That the President and Chief Executive Officer is hereby authorized on behalf of KUB to enter any agreements or take any actions reasonably necessary for KUB and its customers to participate in the STP program.

Section 3: That the rate schedules of the Electric Division as set forth in Section 1 of Resolution No. 1060, as heretofore amended, be amended to include a rate schedule for STP, as set forth in Exhibit A to this Resolution, to be effective March 1, 2016.
Section 4: That the rate schedule for STP set forth in Exhibit A to this Resolution, shall be deleted in its entirety, and replaced with the rate schedule for STP, as set forth in Exhibit B to this Resolution, to be effective July 1, 2016.

________________________________________
Nikitia Thompson, Chair

________________________________________
Mark Walker, Board Secretary

APPROVED ON 1st
READING: 1-21-16
APPROVED ON 2nd
READING: _______________________
EFFECTIVE DATE: _________________
MINUTE BOOK 36 PAGE 7254-7259
RESOLUTION 1339
EXHIBIT A
RATE SCHEDULE OF THE ELECTRIC DIVISION
EFFECTIVE MARCH 1, 2016
Start-up and Testing Power (STP)

Availability

KUB provides Start-up and Testing Power (STP) to qualified power users through its wholesale power supplier, the Tennessee Valley Authority (TVA), in accordance with the power supply contract between KUB and TVA.

STP shall be made available to qualified power users pursuant to specific contractual arrangements between KUB and the customer (such contractual arrangements may be contained in one or more written instruments and are hereinafter sometimes referred to as the "Contract").

Charges for STP

All STP-related charges shall be established in accordance with the Contract.

Interruptibility

STP furnished to a customer under the Contract shall be subject to interruption and to suspension of availability as provided for in the Contract.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.
RESOLUTION 1339
EXHIBIT B
RATE SCHEDULE OF THE ELECTRIC DIVISION
EFFECTIVE JULY 1, 2016
Start-up and Testing Power (STP)

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