



Minutes for April 1, 2021

**Members attending the meeting:**

Christina Bouler, Mark Campen, Erin Gill, Tim Hill, Barbara Kelly, Terry Ledford, Gwen McKenzie, Amy Midis, Kent Minault, Felecia Outsey, Haseeb Qureshi, Dr. Vivian Shipe and Dr. Stephen Smith

**Others in attendance:**

Facilitator: Dr. Bill Lyons

KUB Staff: Gabriel Bolas, Elba Marshall, Derwin Hagood, Chris Hood, John Williams

**Old Business**

None

**New Business**

The Community Advisory Panel met at 6:00 p.m. via Zoom on April 1, 2021.

Dr. Lyons welcomed the panel members and asked if anyone had any corrections to the meeting minutes from last month's meeting. There were no corrections.

Dr. Lyons explained the agenda for this meeting was to hear an overview of the proposed budget for fiscal year 2021 (FY21), with major projects and programs for each utility system being described. The proposed budget will be shared with the KUB Board at its April meeting.

Dr. Lyons recognized John Williams, KUB Senior Vice President of Engineering and Construction, for an overview of electric and gas system projects. John shared the American Society of Civil Engineers' Infrastructure Report Card, reflecting struggles with aging infrastructure across the nation. He noted while KUB's Century II program has allowed KUB to be somewhat ahead of others in replacing utility system assets before large failures occur, the systems require steady investment to ensure reliable service. Major programs and projects included in the electric system financial plan include grid modernization, vegetation management, a new infeed substation on Western Avenue, upgrades of transmission and distribution lines, and Knoxville's first community solar project.

Haseeb Qureshi asked if KUB reviews information to understand if certain communities are more impacted by power outages to prioritize upgrades. John explained KUB analyzes data to determine which communities are most impacted, and most of the outages are

caused by trees. KUB maintains a list of “worst-performing circuits” to prioritize work and improve service in these areas.

Kent Minault asked about the timeline for community solar. John explained KUB would like to have the project underway this summer after required approvals by TVA and the City of Knoxville.

John described priorities for the gas system. System growth has a significant impact on the gas system, as customer demand has increased. Regulatory compliance programs are also included in the financial plan, as well as large projects for gas system pipe replacement and relocation due to roadway projects.

Stephen Smith asked what KUB is doing to monitor gas system leaks and if KUB is doing any long-range planning for electrification and moving away from use of natural gas due to it being a fossil fuel. John described KUB’s programs to actively identify and repair leaks. He acknowledged the discussions on electrification and noted KUB’s role is to provide a choice for its customers and meet their needs for service whether it be with electricity or natural gas.

Gabe Bolas, KUB President and CEO, confirmed KUB measures gas leak amounts and reports those to the State of Tennessee annually. Mr. Bolas noted it is a very small amount of less than one percent of the total gas distributed. Mr. Bolas also noted KUB was one of the first utilities to voluntarily participate in the EPA Methane Challenge program.

Derwin Hagood, KUB Senior Vice President of Operations, shared an overview of the wastewater system financial plan. Derwin described the EPA Consent Decree (CD) requirements for the wastewater system, which have included major investments in both pipeline and plant upgrades. KUB will fulfill its final CD requirement with the completion of one remaining capital project at the Kuwahee plant. Derwin described the blockage abatement program, addition of storage tanks over time, and other initiatives that have resulted in a 70% reduction in sewer overflows since KUB’s PACE 10 program began in response to the CD. Derwin discussed KUB’s plans for pipe replacement and other system work to continue at a sustainable pace under the Century II program to ensure good performance and environmental stewardship after KUB finalizes CD work. Derwin noted this transition is expected to level out the wastewater budget rather than having cost spikes that have occurred through Consent Decree work.

Terry Ledford asked if KUB’s wastewater rates will get any relief now that Consent Decree work is nearly complete. Derwin acknowledged the impact of CD requirements on the wastewater rates, and while it is not expected that future significant rate increases will occur, steady investment supported by rates will continue to be necessary to pay for the debt that helped fund Consent Decree work and to maintain the system properly.

Derwin shared an overview of the water system. Large programs and projects for the water system include leak detection and repair, pipe replacement, and the water system master plan that includes projects over many years to add resiliency for the drinking water

treatment processes at KUB's Mark B. Whitaker plant, which is the single source for drinking water for the Knoxville area.

Vivian Shipe asked about the pace of work for pipe replacement and why it takes so long. Derwin explained the pace of work is determined by rates that can support it at a level customers can afford, as well as system needs.

Terry Ledford commented that KUB's work to replace pipes in the UT area has significantly improved service over the years. He asked if the pipe replacement work is impacted by third-parties digging in to the system. Derwin noted dig ins are much less of an issue on the water system than the gas system.

Erin Gill noted her appreciation for KUB's work on each system. She asked about a sense of skepticism about local water quality due to issues in other communities and what panel members can do to help correct misperceptions in the community. Derwin discussed KUB's efforts to share accurate water quality information with the public so customers can be confident that KUB's water quality is very good.

Chris Hood, KUB Controller, shared an overview of the FY21 budget. Chris reviewed KUB's financial approach, which is a balance of rates, debt, and cost management to provide for the utility system investments needed to serve customers. He explained each utility system is independent financially, with separate budgets. Chris explained KUB's debt levels, strategy for use of debt, and how debt helps to balance rates needed to support investments in the systems. Chris discussed rate increases KUB had previously planned and deferred due to COVID pandemic impacts on customers. To defer those rate increases, KUB delayed approximately \$16 million in utility system projects that need to be completed. The FY21 proposed budget is \$934 million, and Chris outlined the funding details and amounts allocated for major programs and projects for each utility system. Chris shared a 2% proposed rate increase necessary to support water system investments, and he noted how KUB has been able to continue to defer rate increases that had been planned for the other systems in order to reduce financial pressures on customers. For the proposed water rate increase, Chris shared the average impact on customer bills and a comparison to show how KUB's water rates will continue to fall in the middle of the group for other area water providers.

Dr. Lyons asked the panel members for any other comments or questions. There were none. Dr. Lyons shared the May meeting will include discussion on KUB's storm response efforts.

The Community Advisory Panel adjourned at 7:40 p.m.