Knoxville Utilities Board
Board Meeting
Minutes
Thursday, January 21, 2021
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, January 21, 2021, pursuant to the public notice published in the January 2, 2021, edition of the News Sentinel. Chair Kathy Hamilton called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Jerry Askew, Claudia Caballero, Kathy Hamilton, Celeste Herbert, Adrienne Simpson-Brown, Tyvi Small, and John Worden.

Commissioners Absent: None

Approval of Minutes

The Minutes of the December 17, 2020 Board Meeting were approved as distributed upon a motion by Commissioner Small and seconded by Commissioner Herbert.

Old Business

None

New Business

Oath of Office for Claudia Caballero

Chair Hamilton welcomed Claudia Caballero and asked Bill Coley, the Board’s General Counsel, to administer the Oath of Office to Ms. Caballero.

Election of 2021 Officers

Mr. Coley stated that the Nominating Committee met on December 17, 2020, and recommended the following slate of officers for 2021: Jerry Askew, Chair; John Worden, Vice Chair; and Senior Vice President and CFO Mark Walker as Board Secretary. He asked for other nominations and received none.

Commissioner Herbert moved to elect the proposed slate of officers, seconded by Commissioner Hamilton. The motion was unanimously adopted on a voice vote.
January 21, 2021

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 Gabriel Bolas recognized Mark Walker, Senior Vice President and CFO, to provide an overview of the proposed change to the Sales for Resale rate schedule of the Water Divisions on second and final reading.

President Bolas recommended adoption of Resolution 1428 on second and final reading. His written recommendation is included in Attachment 1.

Upon a motion by Commissioner Worden and a second by Commissioner Hamilton, Resolution 1428 was adopted by a roll call vote on second and final reading. The following Commissioners voted “aye”: Askew, Caballero, Hamilton, Herbert, Simpson-Brown, Small, and Worden. No Commissioner voted “nay”.

President's Report

Annual Disclosures

President Bolas recognized Liz Hannah, Manager of Executive Services and Environmental Stewardship, to review the annual disclosures process for the Board.

Electric Vehicle Fast Charger Rate

President Bolas reminded Commissioners that KUB has been supportive of electric vehicles with our EV Charger Rebate Program and participation in statewide EV planning and promotion efforts. In November, the TVA Board of Directors adopted new policy guidance in support of EV’s that will allow a new wholesale electric rate for EV Fast Charge customers. He recognized Mike Bolin, Vice President of Utility Advancement, to provide the details of the new EV rate.

Municipal Broadband Update

President Bolas reminded Commissioners that KUB is continuing research into providing municipal broadband. He recognized Jamie Davis, Vice President and Assistant to the CTO, to provide an overview of business plan components and required approvals. Mr. Davis also reviewed next steps in the assessment process.
January 21, 2021

Christmas 2020 Snowstorm Update

President Bolas reminded Commissioners our area was significantly impacted by snow and high winds on Christmas Eve. He provided an overview of the impacts and restoration efforts.

Other Business

None

Public Comment

None

Adjournment

There being nothing further to come before the Board, Chair Askew declared the Board meeting adjourned at 1:20 p.m.

[Signature]
Jerry Askew, Chair

[Signature]
Mark Walker, Board Secretary
## Attachments

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<tr>
<th>Attachment 1</th>
<th>Recommendation Letter and Resolution 1428 – A Resolution Amending Section 3 of Resolution No. 1060 by Replacing the Existing Rate Schedule E &quot;Sales for Resale&quot; of the Water Division – Second and Final Reading</th>
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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,

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

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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.

Kathy Hamilton/s
Kathy Hamilton, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
READING: 12-17-20
APPROVED ON 2nd
READING: 1-21-21
EFFECTIVE DATE: 2-1-21
MINUTE BOOK 43 PAGE 10355-10357
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.
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