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**Board Meeting Agenda  
Thursday, November 20, 2014  
Noon**

**Call to Order**

**Roll Call**

**Approval of Minutes**

**Official Action**

Resolution 1318 – Authorizing KUB to Implement a Pilot Utility Bill Round Up Program to Provide Additional Funding for Low Income Residential Weatherization in KUB's Service Area

Resolution 1319 – Recognizing the Members of the PACE 10 Partners Council for Their Ten-Year Anniversary of Service to KUB and Its Customers

**President's Report**

**Other Business**

**Public Comments**

**Adjournment**



November 14, 2014

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

Commissioners:

In June of 2013, KUB began to study the possibility of a monthly utility bill round up program to provide additional funding for low-income home weatherization in the KUB service area. This study was performed in response to a recommendation in the IBM Smarter Cities Challenge Report delivered to the City of Knoxville earlier that year.

During the past several months, KUB has researched other utilities that have adopted similar programs, and has also conducted focus groups with our customers. We have established the technical capability to implement such a program, and have reached an agreement with the Knoxville – Knox County Community Action Committee (CAC) to administer the weatherization program if this resolution is approved by the Board. Finally, we have discussed this proposed program with Knoxville City Mayor Rogero and Knox County Mayor Burchett and have received their support.

Resolution 1318 requests authorization for KUB to implement a three-year pilot utility bill round up program named Round It Up: Pennies for a Purpose. I recommend adoption of Resolution 1318.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mintha Roach".

Mintha E. Roach  
President and CEO

## RESOLUTION NO. 1318

### **A Resolution Authorizing KUB to Implement a Pilot Utility Bill Round Up Program to Provide Additional Funding for Low Income Residential Weatherization in KUB's Service Area**

**Whereas**, in 2012, IBM selected the City of Knoxville as one of 31 cities to receive an IBM Smarter Cities Challenge grant to "Build a Smarter Planet;" and

**Whereas**, in its grant application, the City expressed the desire to track and measure emergency energy services and to recommend the best way to systematically improve Knoxville's older housing stock accordingly; and

**Whereas**, IBM discovered that in 2012, over \$4.8 million was spent by a variety of agencies on low-income energy assistance (utility bill payment) for over 10,000 households; and

**Whereas**, IBM learned that none of these funds were applied to weatherization or energy efficiency education, and that there were currently no utility energy efficiency programs that adequately targeted or incentivized low income landlords or individual homeowners; and

**Whereas**, IBM identified the need for funding to support such programs; and

**Whereas**, IBM noted in its report that a KUB-supported utility bill round up program (which would allow customers to round up their monthly utility bills to the next whole dollar) could collect \$600,000 annually for low-income weatherization even if only half of KUB's customers participated; and

**Whereas**, KUB has studied round up programs of other utilities, and has conducted numerous surveys and focus groups to allow for KUB customer input; and

**Whereas**, the Knoxville-Knox County Community Action Committee (CAC) has partnered with KUB in the past to administer such programs as Project Help and the Private Lateral Program; and

**Whereas**, CAC currently administers a successful weatherization program and has expressed a willingness to administer such a program for KUB; and

**Whereas**, the Mayor of the City of Knoxville and the Mayor of Knox County have expressed their support for a weatherization program funded by contributions from KUB customers; and

**Whereas,** KUB believes that improved weatherization of energy-inefficient homes and more education about how to conserve utility services would benefit an at-risk segment of its customer base.

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

**Section 1.** That the Board of Commissioners authorizes KUB to implement a three-year pilot round up program that will fund the weatherization of energy-inefficient homes owned or rented by low-income KUB customers.

**Section 2.** That this program be administered on KUB's behalf by CAC.

**Section 3.** That KUB recognizes the continuing need for Project Help to provide emergency energy assistance to its customers, and as such, will have the option to use a portion of the round up program funds for Project Help.

**Section 4.** That the round up program calculations will first appear on the May 2015 utility bills of participating KUB customers.

**Section 5. Effective Date:** That this Resolution shall take effect immediately upon its passage.

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Bruce Anderson, Chair

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Mark Walker, Board Secretary

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November 14, 2014

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

Commissioners:

As you know, 2014 marks ten years since the start of the PACE 10 program. A critical part of this program was the establishment of the PACE 10 Partners Council. This group, made up of a diverse set of individuals representing a variety of community interests, has provided a valuable service to KUB and its customers over the past decade, and Resolution 1319 will help us recognize this service.

Over the past ten years, we have achieved a great deal with all the capital and operating programs required by the Consent Decree, and with the help of the Partners Council, we have been able to do so in a way that has been sensitive to customer concerns. They have provided valuable feedback to KUB as we have implemented our programs, and have helped carry information about PACE 10 back to the community. We do not believe we would have been able to make the gains we have without the support of our customers, and the Council has been key to that effort.

Resolution 1319 recognizes the service of all members of the PACE 10 Partners Council, past and present. It also recognizes the contributions of the Council's facilitator, Carolyn Forster. I recommend adoption of Resolution 1319.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mintha E. Roach".

Mintha E. Roach  
President and CEO

## **Resolution No. 1319**

### **A Resolution Recognizing the Members of the PACE 10 Partners Council for Their Ten-Year Anniversary of Service to KUB and Its Customers**

**Whereas**, in 2004, KUB established the PACE 10 program, which stood for Partners Acting for a Cleaner Environment, an unprecedented 10-year plan to improve the wastewater system, protect our community's waterways, address the problem of sanitary sewer overflows, and meet the requirements of the Clean Water Act, and

**Whereas**, as part of the implementation of PACE 10, KUB committed to extensive outreach into the community, through community meetings, informational materials and the website, and

**Whereas**, as part of this outreach the PACE 10 Partners' Council was created, and

**Whereas**, the Council consisted of a broad based group of citizens and public officials whose role it was to learn about the PACE 10 program and its impacts on customers, and share their perspectives on how KUB could best implement the program, and

**Whereas**, the Council members also took information back to their own communities about the program, to help raise awareness about PACE 10 work in the community, and

**Whereas**, over the past 10 years, the Council has not only fulfilled this role, but has also provided insights back to KUB on numerous other programs and initiatives, such as Vegetation Management, Century II, and other major projects, and

**Whereas**, during the entire 10 years the Council has been in existence, it has been moderated by a single facilitator, Carolyn Forster, and

**Whereas**, 2014 marks 10 years since the first meeting of the Council, and

**Whereas**, during those 10 years, 134 projects costing \$530 million have been completed on time and on budget, including upgrades of more than 275 miles of pipe; 6,971 manholes; the addition of 6 storage tanks; and more than \$71 million of improvements at the treatment plants; and

**Whereas**, as a result, the number of sanitary sewer overflows has been reduced by approximately 75%,

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

**Section 1.** That this Board expresses its deepest appreciation for the service of all members of the PACE 10 Partners Council, past and present, in recognition of their commitment to KUB, its customers and the environment. Their names and interest areas are:

Interest Areas	Partners Council Representatives (all members, serving at various times from 2004 – 2014)
Neighborhoods	Al Acker, Henry Anderson – East Knoxville Terry Faulkner – West Knoxville Charles Harrington, Michael Kane – North Knoxville Pat Robinette – South Knoxville
Public Health	Dr. Stephanie Hall, Ronnie Nease – Knox County Health Department
Environmental Advocacy/ Education	Peg Beute – Ijams Nature Center Renee Hoyos – Tennessee Clean Water Network* Randy Humble – Sierra Club Nelson Ross – Izaak Walton League
Local Government	Jim Hagerman, Bill Lyons, Bob Whetsel – City of Knoxville* Buz Johnson – Metropolitan Planning Commission Bruce Wuethrich – Knox County
Social Services	Terrence Carter – Partnership for Neighborhood Improvement Cecelia Waters – Knoxville-Knox County CAC Robert Sherrod – United Way of Greater Knoxville
Business customers	Mike Britton – Custom Foods of America B. Lane Gobbell, Dan Kenney, Todd Murphy – Dow Corporation Jim Harrison – Knox County Development Corp./Private developer
KUB representatives	Eddie Black, Susan Edwards

*\*The Tennessee Clean Water Network and the City of Knoxville were plaintiffs in the Clean Water Act lawsuit that led to the establishment of the PACE 10 program.*

**Section 2:** That this Board expresses its deepest appreciation to Carolyn Forster for her continued leadership of this effort since its beginning; and

**Section 3.** That a copy of this resolution shall be provided to the Council and Ms. Forster.

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Bruce Anderson, Chair

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Mark Walker, Board Secretary

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**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, October 16, 2014, 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, October 16, 2014, pursuant to the public notice published in the January 4, 2014, edition of the *News Sentinel*. Chair Anderson called the meeting to order at 12:00 p.m.

**Roll Call**

Commissioners Present: Bruce Anderson, Joel Connell, Kathy Hamilton, Celeste Herbert, Sara Hedstrom Pinnell, Nikitia Thompson, and Eston Williams

Commissioners Absent: None

Chair Anderson welcomed the KUB Leadership Development Program employee attending the Board Meeting today and asked him to introduce himself.

**Approval of Minutes**

The Minutes of the September 18, 2014, Board Meeting were approved as distributed upon motion by Commissioner Williams and second by Commissioner Thompson.

**Old Business**

None

**New Business**

**Consideration of Nominees for Commissioner Term Beginning January 1, 2015**

Commissioner Hamilton, Chair of the Nominating Committee, gave the following report:

This year's nominating process for the term beginning January 1, 2015 began in January when the online application became available on KUB's website. The Committee met in August, and advertisements ran in the News Sentinel that month.



October 16, 2014

The committee had reviewed the applications and identified qualified applicants to interview. The Charter requires that the Board provide the Mayor at least five nominees for each Commissioner vacancy. The Nominating Committee submitted the following five nominees:

1. Jerry Askew
2. Randall Gibson
3. John Kalec
4. Melissa Parker
5. John Worden

Chair Anderson recognized Mark Walker, Board Secretary, who distributed and collected the ballots. Mr. Walker then reported that each of the following nominees had received a majority of the votes:

1. Jerry Askew
2. Randall Gibson
3. John Kalec
4. Melissa Parker
5. John Worden

Chair Anderson stated the names of the five nominees would be submitted to Mayor Rogero, and he thanked the members of the Nominating Committee for their work.

**Resolution 1317, A Resolution to Authorize the Restructuring and Extension of the Terms of Contracts for the Purchase of Capacity for the Transportation and Storage of Natural Gas From Tennessee Gas Pipeline Company and East Tennessee Natural Gas**

President Roach recommended adoption of Resolution 1317 on first and final reading. Her written recommendation is included in Attachment 1.

President Roach recognized Jamie Davis, Manager and Assistant to the CFO, who presented an update on KUB's natural gas purchasing and hedging programs and residential energy bill projections for the upcoming winter. Mr. Davis then reviewed the details of Resolution 1317 seeking authorization to enter into renegotiated contracts with East Tennessee Natural Gas and Tennessee Gas Pipeline.

Upon a motion by Commissioner Connell and a second by Commissioner Williams, Resolution 1317 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Anderson, Connell, Hamilton, Herbert, Pinnell, Thompson, and Williams. No Commissioner voted "nay".

October 16, 2014

## **President's Report**

### **TVA – Top Energy Right Distributor**

President Roach welcomed Cynthia Herron, TVA Vice President of Energy Right and Renewable Solutions, and Robbie Ansary, TVA Customer Service Manager who presented Chair Anderson with two plaques; one recognizing KUB for seventy-five years of partnership and contributions to the people of the Tennessee Valley and another as an EnergyRight Solutions Top Performer for 2013.

### **Water Strategy**

President Roach reminded Commissioners that part of KUB's Executive Leadership Development program has included three strategic projects. Last month they heard from the Workforce Strategy Team. She recognized Susan Edwards, Senior Vice President and CAO, and John Gresham, Manager of Plants, to report on water system redundancy recommendations.

### **Other Business**

None

## **Public Comment**

Xavier Presley – 1134 Glade Hill Drive – Knoxville, TN 37909

## **Adjournment**

Chair Anderson 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 Anderson declared the meeting adjourned at 1:00 p.m.

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Bruce Anderson, Chair

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Mark Walker, Board Secretary

**Attachments**

Attachment 1	Recommendation Letter and Resolution 1317, A Resolution to Authorize the Restructuring and Extension of the Terms of Contracts for the Purchase of Capacity for the Transportation and Storage of Natural Gas From Tennessee Gas Pipeline Company and East Tennessee Natural Gas	<b><u>Page(s)</u></b> 6417 - 6419
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October 10, 2014

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

Commissioners:

KUB utilizes two interstate natural gas pipelines to deliver its gas supplies, and the contracts held by these pipelines are approaching expiration. KUB has negotiated modifications and renewal of its contracts with Tennessee Gas Pipeline and East Tennessee Natural Gas.

Previously the Board passed Resolution 970 which authorized Staff to enter into contracts for transportation and storage of natural gas for up to 15,000 dekatherms/day. The renewal of these contracts exceed the volume limitations of Staff's authority. Therefore, Resolution 1317 requests authorization for Staff to enter into the renegotiated contracts. I recommend adoption of Resolution 1317.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mintha E. Roach".

Mintha E. Roach  
President and CEO

**RESOLUTION NO. 1317****A Resolution to Authorize the Restructuring and Extension of the Terms of Contracts for the Purchase of Capacity for the Transportation and Storage of Natural Gas From Tennessee Gas Pipeline Company and East Tennessee Natural Gas**

**Whereas**, the Knoxville Utilities Board of Commissioners (the "Board"), by Resolution No. 970, as heretofore amended, granted authority to the President and Chief Executive Officer and/or the Chief Financial Officer to purchase, sell, transport and store natural gas; and

**Whereas**, the Knoxville Utilities Board ("KUB") is currently party to various existing agreements for the transportation and storage of natural gas on the Tennessee Gas Pipeline Company ("TGP") system and the East Tennessee Natural Gas ("ETNG") system that were previously authorized by the Board; and

**Whereas**, the impending expiration of these natural gas transportation and storage agreements makes it prudent for KUB to replace such agreements; and

**Whereas**, various contracts ("Contracts") for replacing and restructuring the existing TGP and ETNG transportation and storage agreements have been negotiated; and

**Whereas**, the Contracts require approval of the Board since the Contracts exceed the Fifteen Thousand (15,000) dekatherm per day transportation contract volume limitation, and the Ten Thousand (10,000) dekatherm per day storage withdrawal rights limitation, all as set forth in Resolution No. 970, as heretofore amended; and

**Whereas**, it is in the best interest of KUB and its customers for KUB to enter into the Contracts.

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

**Section 1. Authority to Contract.** That the President and Chief Executive Officer and/or the Chief Financial Officer (the "Contracting Officer") are hereby authorized:

- a) To contract with TGP for a total firm transportation capacity of 68,289 dekatherms of natural gas per day from various supply points on TGP's pipeline system to the interconnects between the facilities of TGP and those of ETNG, for a term not to exceed October 31, 2020.

- b) To contract with TGP for a total firm storage capacity of 3,325,920 dekatherms of natural gas with total storage withdrawal rights of 39,417 dekatherms of natural gas per day, for a term not to exceed October 31, 2020.
- c) To contract with ETNG for a total firm transportation capacity of 157,381 dekatherms of natural gas per day from various supply points on ETNG's pipeline system to the interconnects between the facilities of ETNG and those of KUB, for a term not to exceed October 31, 2020.
- d) To contract with ETNG for a total firm storage capacity of 412,000 dekatherms of natural gas with total storage withdrawal rights of 54,518 dekatherms of natural gas per day, for a term not to exceed October 31, 2020.
- e) To enter into precedent agreements and to terminate existing contracts, as needed, to effectuate the transactions listed above.

**Section 2. Effective Date.** This Resolution shall take effect immediately upon its passage.

Bruce Anderson/s  
Bruce Anderson, Chair

Mark Walker/s  
Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 10-16-14  
EFFECTIVE DATE: 10-16-14  
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