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**Board Meeting Agenda
Thursday, November 17, 2016
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

1351 – Amending the Rate Schedules of the Gas Division, Providing for a Rate Schedule for Compressed Natural Gas Vehicle (CNGV) Fuel, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended

1352 – Authorizing the Transfer of Property of the Wastewater Division Located at 4719 Old Broadway to the City of Knoxville

President's Report

Other Business

Public Comments

Adjournment



November 11, 2016

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

Commissioners:

As you may recall, a new compressed natural gas (CNG) fueling station is being constructed adjacent to KUB's Hoskins Operations Center located on Middlebrook Pike. This station, which will replace the existing aging CNG station located on the Hoskins campus, will not only meet the needs of KUB's expanding CNG fleet, but will also be open to the public as a means of encouraging the use of CNG as a cleaner alternative fuel source. The new CNG station, which is on time and on budget, is scheduled to be open to the public in January 2017.

In order to provide for sale to the public, the rate schedules of the Gas Division need to be amended to include a rate for the sale of CNG fuel. The compressed natural gas vehicle (CNGV) fuel rate will provide for the appropriate cost recovery of station costs, natural gas commodity cost, and state and federal taxes and transaction fees, as applicable.

Resolution 1351 amends the rate schedules of the Gas Division to include a CNGV Rate Schedule. I recommend adoption of Resolution 1351 on first reading. If approved on first reading, second reading will occur at the December Board meeting.

Respectfully submitted,

A

Mintha E. Roach
President and CEO

RESOLUTION NO. 1351

A Resolution Amending the Rate Schedules of the Gas Division, Providing for a Rate Schedule for Compressed Natural Gas Vehicle (CNGV) Fuel, By Amending Section 2 of Resolution No. 1060, as Heretofore Amended

Whereas, the Knoxville Utilities Board of Commissioners (“Board”) previously adopted Resolution No. 1060, as heretofore amended, providing rate schedules for the Gas Division of the Knoxville Utilities Board (“KUB”); and

Whereas, compressed natural gas (“CNG”) is recognized as a desirable alternative transportation fuel for powering vehicles through a cleaner burning and primarily domestically produced fuel; and

Whereas, KUB intends to expand the size of its CNG fleet over the next ten years; and

Whereas, KUB’s existing CNG fueling station is aging and in need of significant upgrades; and

Whereas, the Board has determined that it is in the best interest of KUB and its customers to provide a CNG fueling station to meet the needs of KUB’s expanding CNG fleet and encourage the use of CNG as an alternative transportation fuel for the public; and

Whereas, the Board has previously appropriated expenditures for the construction of a new CNG fueling station with additional capacity available for public use; and

Whereas, in accordance with Section 1107(L) of the Charter of the City of Knoxville, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate schedule 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 Gas Division Rate Schedules as set forth in Section 2 of Resolution No. 1060, as heretofore amended, be amended to include a rate schedule for CNGV, as set forth in Exhibit A to this Resolution, to be effective January 1, 2017.

Section 2. That the rate under this rate schedule shall be calculated monthly.

Section 3. That the rate calculated in accordance with the CNGV rate schedule shall be effective no later than the fifth business day of the applicable month.

Nikitia Thompson, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
READING: _____
APPROVED ON 2nd
READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK ___ PAGE _____



**Knoxville Utilities Board
Gas Division**

RATE SCHEDULE CNGV

Compressed Natural Gas Vehicle Fuel

Availability

Service under Rate Schedule CNGV is available to any vehicle served at KUB owned CNG filling stations. This fuel is solely for use by the customer for fueling commercial or personal vehicles and is not intended for re-sale.

Definitions

“CNG” – compressed natural gas being used solely for the fueling of Environmental Protection Agency (EPA) approved commercial or personal vehicles utilizing natural gas as a fuel source.

“CNG WACOG” - for the purpose of this rate schedule the “CNG WACOG” shall mean the projected weighted average cost of gas for the applicable month per therm of natural gas, as determined in accordance with the Purchased Gas Adjustment adopted by the KUB Board, multiplied by the gas gallon equivalent factor of an industry recognized standard, as determined by KUB in its sole discretion.

Rate

Base Rate \$1.3282 per Gas Gallon Equivalent (GGE)

Plus

All applicable state and federal taxes and applicable transaction fees.

Monthly Rate Adjustment

The CNGV rate shall be subject to adjustment on a monthly basis in accordance with the CNG WACOG and any changes in state and federal taxes and applicable transaction fees.

Discount Pricing

In order to incent the public acquisition and use of CNG vehicles and fuel, the President and CEO, or his or her designee, is authorized to enter into agreements with eligible customers providing for discounts to the CNGV rate in accordance with the following criteria:

<u>Monthly CNG Use</u>	<u>GGE Rate Discount</u>
2,500 - 10,000 GGE	\$0.10
10,001 - 20,000 GGE	\$0.15
20,001 - 30,000 GGE	\$0.20
30,001 GGE or more	\$0.25

The terms and conditions of a discount pricing arrangement shall be established in a contract between KUB and the customer.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.



November 11, 2016

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

Commissioners:

KUB's Wastewater Division owns approximately 8.2 acres of land at 4719 Old Broadway. This site is the location of our Upper First Creek Wastewater Storage Facility, built in 2005. The southern portion of this property is a wooded area of about 2.8 acres, which KUB does not need for its operations. It is crossed by First Creek and a tributary, and by several utility easements, which would remain active. Much of the 2.8 acres is within the floodway, and nearly all of it falls within the 100-year flood zone.

KUB has been approached by Legacy Parks with a request to transfer the 2.8 acres to the City of Knoxville, for public use as parking spaces for a trailhead and for a greenway that is planned to ultimately connect to Adair Park.

State law and the bond resolutions of the Wastewater Division authorize the disposition of any real property of the wastewater system which the Board has determined to be no longer useful and necessary for the operation of the system. After consultation with Staff, I have determined that the 2.8 acres sought for public purpose is not useful or necessary for the continued operation of the wastewater system and is not needed by any other KUB system, with the exception that KUB will retain easements for the utility lines that cross the property.

Through Resolution 1352, which is attached for your information, the Board will approve the transfer of a portion of KUB's Upper First Creek Wastewater Storage Facility property to the City of Knoxville. I recommend adoption of Resolution 1352.

Respectfully submitted,

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

Mintha E. Roach
President and CEO

RESOLUTION NO. 1352

A Resolution Authorizing the Transfer of Property of the Wastewater Division Located at 4719 Old Broadway to the City of Knoxville

Whereas, the Wastewater Division of the Knoxville Utilities Board (“KUB”) holds title to certain real estate, located at 4719 Old Broadway, Knoxville, Tennessee, and being all of CLT Map 058-N, Group D, Parcels 47.01 and 47.05, recorded in the Knox County Register of Deed’s Office at Instrument Nos. 200412280051239 and 200412280051240, consisting of approximately 8.18 acres of land and appurtenances (the “Property”), where KUB’s Upper First Creek wastewater storage facility is located; and

Whereas, the City of Knoxville (“City”) seeks to acquire from KUB a portion of the Property, approximately 2.8 acres in size and outside the footprint of the Upper First Creek wastewater storage facility for use as part of the City’s greenway network, a public purpose (the “Surplus Property”); and

Whereas, KUB, pursuant to Article XI, sections 1106(D) and (T) of the Charter of the City of Knoxville and Section VII of the KUB Procurement Procedures, has the authority, subject to the applicable provisions of any bonds or contracts, to transfer title of real property or any right or interest in such property in connection with the operation of its wastewater system; and

Whereas, pursuant to T.C.A. § 12-9-110, public advertising and competitive bidding is not required for the transfer of the Surplus Property where it will be used for a public purpose; and

Whereas, the Surplus Property is not useful and necessary for the continued operation of the KUB wastewater system substantially as it now exists, and has no potential use by any other KUB system, with the exception that KUB will retain easements for its utility lines and facilities across the Surplus Property; and

Whereas, pursuant to Section VII of the KUB Procurement Procedures, the President and CEO has determined that the Surplus Property is not needed by the wastewater system or any other KUB system; and

Whereas, the bond resolutions for the KUB Wastewater Division authorize the disposal of property of the wastewater system which the KUB Board of Commissioners (the “Board”) determines to be no longer necessary and useful in the operation thereof.

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

Section 1. That the Surplus Property is not useful and necessary to the continued safe, efficient and economic operation of the KUB wastewater system, nor is it needed for the operation of any other KUB system, and the revenues of the KUB wastewater system will not be reduced by its transfer.

Section 2. That it is in the best interest of KUB and the Wastewater Division to transfer the Surplus Property to the City of Knoxville.

Section 3. That the terms and conditions of the transfer, namely that the Surplus Property be used for a public purpose, and that KUB retain Utility Easements for its lines and other facilities across the Surplus Property are fair, reasonable and appropriate.

Section 4. That the President and Chief Executive Officer or her authorized designee be, and hereby is, authorized and directed to transfer the Surplus Property to the City in a manner consistent with KUB's Procurement Procedures and the City Charter, to execute a deed for the transfer of the Surplus Property and to do all things that the President and CEO or her designee deems reasonable and necessary to effectuate such transfer.

Section 5. That this Resolution shall take effect upon its passage.

Nikitia Thompson, Chair

Mark Walker, Board Secretary

Approved on 1st
& Final Reading: _____
Effective Date: _____
Minute Book _____ Page _____

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, October 20, 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, October 20, 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.

Roll Call

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

Commissioners Absent: None

Approval of Minutes

The Minutes of the September 15, 2016, Board Meeting were approved as distributed upon a motion by Commissioner Williams and seconded by Commissioner Herbert.

Old Business

None

New Business

Consideration of Nominees for Commissioner Term Beginning January 1, 2017

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

This year's nominating process for the term beginning January 1, 2017 began in January of this year 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 20, 2016

She advised the Board that Commissioner Williams is in his second term and therefore he is ineligible to serve again.

The committee discussed submitted 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. Johnnie Cannon
2. Wade Davies
3. Ford Little
4. Tyvi Small
5. Petie Wilson

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

1. Johnnie Cannon
2. Wade Davies
3. Ford Little
4. Tyvi Small
5. Petie Wilson

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

Resolution 1350, A Resolution Authorizing the Condemnation and the Taking of Electric Utility Easements as May Be Necessary in Support of KUB's Hogskin Valley Electric System Upgrade

President Roach recognized Paul Randolph, Vice President of Electric and Gas Engineering, to provide the details of the condemnation request.

President Roach recommended adoption of Resolution 1350 on first and final reading. Her written recommendation is included in Attachment 1.

Upon a motion by Commissioner Askew and a second by Commissioner Herbert, Resolution 1350 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Thompson, Williams, and Worden. No Commissioner voted "nay".

October 20, 2016

President's Report

Financial Plan Presentation

President Roach reminded the Board that at last month's meeting staff reviewed the progress of the PACE 10 and Century II programs for the last 10 years and how the programs were funded. Ms. Roach noted today's presentation marks the first in a series of discussions with the Board looking forward to the next 10 years with Century II, the level of system investments and how those investments will be funded. She recognized Mark Walker, Senior Vice President and Chief Financial Officer, for the presentation.

TDEC Sanitary Survey and Wastewater Plant Inspection

President Roach advised Commissioners that the Tennessee Department of Environment and Conservation (TDEC) periodically inspects our water and wastewater treatment plants. In the last few months TDEC performed inspections at three treatment plants, including the Mark B. Whitaker water plant and two wastewater plants. The surveys are performed about every two years. She recognized Derwin Hagood, Vice President of Operations, to share the positive results.

Other Business

None

Public Comment

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

Adjournment

There being nothing further to come before the Board, Chair Thompson declared the meeting adjourned at 1:09 p.m.

Nikitia Thompson, Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1350, A Resolution Authorizing the Condemnation and the Taking of Electric Utility Easements as May Be Necessary in Support of KUB's Hogskin Valley Electric System Upgrade	<u>Page(s)</u> 7693-7695
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October 14, 2016

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

Commissioners:

Resolution 1350 requests condemnation authority of one parcel, representing one property owner, in the Hogskin Valley area of Union County. The authority is needed in order to upgrade an existing electric distribution line serving customers in both Union and Grainger counties.

We have obtained 4 easements from property owners for this project and are continuing to work to on reaching an agreement with the remaining property owner. However, to avoid delays to the construction schedule, KUB would like to be in a position to move forward with condemnation if necessary. Further information about the parcel is included for your review.

I recommend adoption of Resolution 1350.

Respectfully submitted,

A

Mintha E. Roach
President and CEO

RESOLUTION NO. 1350

A Resolution Authorizing the Condemnation and the Taking of Electric Utility Easements as May Be Necessary in Support of KUB's Hogskin Valley Electric System Upgrade

Whereas, supplying the public need and demand for electric service makes it necessary and desirable for KUB to rehabilitate and improve the electric system and all related equipment (the "Facilities") on a portion of one certain property located in the Hogskin Valley area of Union County, Tennessee and being more particularly described on Union County Tax Maps: CLT 044 Parcel 080.00; and

Whereas, KUB is making improvements to the Facilities in the Hogskin Valley area to serve the needs of the community; and

Whereas, permanent utility easements and temporary construction easements across the aforesaid property must be obtained for the construction and location of the Facilities; and

Whereas, in the opinion of this Board, the easements for the properties described in this resolution best meet the needs and requirements of the public for the location of the Facilities; and

Whereas, time is of the essence in constructing the Facilities and it is advantageous for KUB officials to be authorized to condemn and acquire the necessary easements in the event that they cannot be acquired by negotiations at prices that KUB considers reasonably representative of the value of such property interests.

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

Section 1. That this Board finds and declares:

- (a) That public convenience and necessity require the installation of the Facilities in the easements for the properties described herein, so as to provide adequate utility service to the public, including the present and prospective customers of KUB's electric system.
- (b) That the cost of the easements, as mentioned in the preceding paragraph, shall be paid from appropriations heretofore made by this Board for the operation and construction program of the Electric Division.

- (c) That for the purpose of placing, constructing, repairing, maintaining, rehabilitating, improving and replacing the Facilities on the properties described herein, there shall be condemned such permanent utility and access easements and such temporary construction easements across the aforementioned properties, as may be determined to be necessary by the President and CEO or her designee.

Section 2. That the President and Chief Executive Officer or the Executive Vice President and Chief Operating Officer and the General Counsel for KUB, are hereby authorized and directed to take all action and do all things necessary or desirable for the acquisition of said easements described in this resolution, by condemnation or otherwise, including, without limitation, the institution of a suit in the name of KUB against any and all persons having any interest in the affected easement properties, for the condemnation thereof, and the determination of the amount of any deposit to be made in connection with any such suit.

Section 3. That this resolution shall take effect upon its passage.

Nikitia Thompson/s
Nikitia Thompson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 10-20-16
EFFECTIVE DATE: 10-20-16
MINUTE BOOK 37 PAGE 7694-7695

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