



Call to Order

Roll Call

Approval of Minutes

Official Action

Consideration of Nominees for Commissioner Term beginning January 1, 2023

Resolution 1465 – A Resolution Authorizing the Execution of Tranche Amendments to the Knoxville Utilities Board’s (“KUB”) Green Invest Agreement with the Tennessee Valley Authority (“TVA”), Replacing Previously Executed Tranche Amendments for the Purchase of 270 MW of New Solar Energy under the Green Invest Program

Resolution 1466 – A Resolution Amending the Knoxville Utilities Board Procurement Procedures

President’s Report

Other Business and Public Comments

Adjournment

Note: The Chair may declare a periodic recess in these proceedings as may be necessary for comfort or convenience.



October 14, 2022

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

Commissioners:

The October 20 Board meeting agenda includes three official action items:

- Selection of nominees to be sent to the City Mayor to fill the Board seat to be vacated by Commissioner Askew (no resolution).
- Authorization to execute Tranche Amendments to our Green Investment Agreement with TVA, replacing previously executed amendments for the purchase of 270 MW of solar power.
- Amendment of the KUB Procurement Procedures to reflect new municipal purchasing limits in state law.

Resolution 1465

As you will recall, the Board previously approved KUB's participation in TVA's Green Invest Program, which is designed to help companies in the Valley achieve their sustainability goals by bringing new, renewable sources of electric power generation to the Valley.

In March and November of 2020, KUB entered a series of Tranche Amendments to our Green Invest Agreement with TVA, providing for the purchase of 502 MW of new solar power generation to be developed over the next several years.

Over the past year, the solar industry has been heavily impacted by global policies, regulations, and other economic factors, which have resulted in supply constraints and significant price increases for critical components of solar equipment. Like many other solar projects in development across the country, KUB's four solar projects in Green Invest are experiencing price and schedule pressures.

Each developer of KUB's solar projects has come back to TVA (and subsequently KUB) requesting price and time concessions to our original commitments. KUB staff has worked with TVA to negotiate and understand the drivers and market-driven impacts of these requests. It is staff's recommendation to proceed with three of the four solar projects with revised costs and in-service dates. The three projects account for 325 MW of solar. KUB will not be participating in the remaining project, accounting for 177 MW of solar, as the developer's requested price increase was unacceptable.

The total expected annualized cost of the 325 MW of solar power is \$3,077,000, as compared to the previously contracted 502 MW of solar at an annualized cost of \$1,618,000.

Staff is requesting the Board authorize the execution of a new series of Tranche Amendments for the 325 MW of solar. While the new amendments reflect higher prices, the amendments also allow the potential for developer cost decreases associated with the new Inflation Reduction Act to reduce KUB's cost and would also provide KUB with a higher percentage of liquidated damages in the event of developer default.

Resolution 1465 authorizes the execution of two new Tranche Amendments for 270 MW of solar, replacing the previously executed amendments. We anticipate an additional Tranche Amendment for 55 MW of solar in the coming months, which will also replace a previously executed amendment.

Drafts of the resolution and proposed new Tranche Amendments are enclosed for your information. I recommend the approval of Resolution 1465 on first and final reading.

Resolution 1466

The Board has previously adopted KUB Procurement Procedures, governing the purchase of goods and services for KUB subject to the municipal purchasing requirements set forth in state law.

Among the other things, the Procurement Procedures reflect maximum monetary limits for the solicitation of bids and proposals for goods and services to KUB. The Tennessee General Assembly recently adopted legislation raising the threshold amounts for municipal purchases requiring public advertising and competitive bidding.

Staff is recommending the Board adopt revised Procurement Procedures, reflecting the new maximum threshold amounts set forth in state law, authorizing the President and CEO to amend the Procedures in the future in response to changes in state law threshold amounts, and providing for some minor housekeeping edits.

Resolution 1466 adopts the amended Procurement Procedures. A draft of the resolution is enclosed for your information, in addition to clean and red-lined versions of the Procurement Procedures. I recommend the approval of Resolution 1466 on first and final reading.

President's Report

In addition to our other President's Report items, we will be formally presenting to you the input made by the Community Advisory Panel regarding rate design. As you know, the CAP has spent about a year reviewing rate design and related topics. The Panel's thoughts on these issues were discussed and finalized at the CAP meeting on October 6, and a report of their input is enclosed for your review. We will provide a brief overview of that process and a summary of this document for your information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bolas II". The signature is written in a cursive, flowing style.

Gabriel J. Bolas II
President and CEO

RESOLUTION NO. 1465

A Resolution Authorizing the Execution of Tranche Amendments to the Knoxville Utilities Board's ("KUB") Green Invest Agreement with the Tennessee Valley Authority ("TVA"), Replacing Previously Executed Tranche Amendments for the Purchase of 270 MW of New Solar Energy under the Green Invest Program

Whereas, the KUB Board of Commissioners ("Board") previously adopted Resolution No. 1410, which among other things, authorized KUB's participation in TVA's Green Invest Program; and

Whereas, KUB entered a series of Green Invest Tranche Amendments in March 2020 and November 2020, respectively, to purchase a total of 502 MW of new solar in the Tennessee Valley, representing four new solar development projects in the Valley; and

Whereas, the solar industry has been impacted by global policies, regulations, and other economic factors, which have resulted in supply constraints and significant price increases for critical components of solar equipment; and

Whereas, like many other solar development projects across the nation, KUB's four solar installation projects in Green Invest are experiencing price increases and schedule pressures; and

Whereas, the developer of each KUB solar project has requested TVA and KUB provide price and time concessions to the original commitments so the projects can move forward; and

Whereas, KUB staff recommends KUB proceed with three of the four solar projects with revised costs and in-service dates, representing 325 MW of new solar, and the Board authorize the execution of a new series of Tranche amendments for the 325 MW; and

Whereas, while the new amendments reflect higher prices, the amendments also allow the potential for developer cost decreases associated with the new Inflation Reduction Act to reduce KUB's cost and would also provide KUB with a higher percentage of liquidated damages in the event of developer default; and

Whereas, Resolution No. 1465 authorizes the execution of new Tranche Amendments for 270 MW of new solar, replacing previously executed Tranche Amendments, staff anticipates an additional amendment in the coming months for 55 MW of new solar, which would also replace a previously executed amendment; and

Whereas, KUB staff has thoroughly reviewed the proposed Tranche Amendments and have determined that their execution is in the best interest of KUB and its customers; and

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

Section 1. The President and Chief Executive Officer is hereby authorized to execute the Green Invest Tranche Amendments providing for the purchase of 270 MW of new solar, in substantially the form attached hereto this Resolution as Exhibit A, with only such changes as approved by the President and Chief Executive Officer.

Section 2. The President and Chief Executive Officer is further authorized and empowered generally to take such action and to authorize such other persons to take such actions as may be necessary, proper, or convenient to carry into effect this Resolution and to carry out the terms of the executed amendments.

Section 3. This Resolution shall take effect from and after its passage.

Jerry Askew, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK 45 PAGE _____

TRANCHE AMENDMENT # 6

TV-75110A, Supp. No. ____

This Green Invest Tranche Amendment (“**Amendment**”) is between Knoxville Utilities Board (Acting for and on behalf of the City of Knoxville, Tennessee) (“**Distributor**”), and Tennessee Valley Authority (“**TVA**”), and is subject to the provisions of the Green Invest Agreement (“**Agreement**”) Contract No. TV-75110A, Supp. No. 115, as amended. This Amendment is effective as set out in Conditions Precedent below.

Applicable Renewable Energy Facility	<p>Distributor will purchase from TVA the <u>Product</u> derived from new renewable generation on an as-generated basis contingent on the availability of the new renewable generation resource at MS Solar 5 Solar Project, accounting for 35% of that facility’s total renewable generation, being obtained by TVA under a power purchase agreement, Contract Number _____ (“PPA”).</p> <p>Contract Output (MWac): 200 MW (of which 35% equals 70 MWac) Coordinate Location: Latitude: 33.458 and Longitude: -88.628 Expected Delivery Point: TVA’s 161-kV Artesia Substation or alternative point as determined through the interconnection process Expected Initial Delivery Date: June 30, 2024 Delivery Period (years): 20</p>
Term	<p>The term of this Amendment runs through the expiration of the term of the PPA or the earlier termination thereof.</p>
Product Price	<p>The <u>Product</u> price for generation from the applicable <u>Renewable Energy Facility</u> is \$3.23 per REC.</p>
Additional Incentives Benefit	<p>On August 16, 2022 the Inflation Reduction Act of 2022 (the “IRA”) was signed into law. In the event of a per/MWh price reduction under the PPA due to a provision requiring the PPA seller to share IRA benefits with TVA, the <u>Product</u> price will be reduced as follows:</p> <p>PR = PPAPR x 50%</p> <p>Where:</p> <p>PR = <u>Product</u> price reduction (rounded to the nearest cent). PPAPR = reduction in the Contract Price, as set forth in an amendment to the PPA that documents the sharing of IRA benefits.</p>
Renewable Energy Facility Underperformance	<p>TVA will pay Distributor 10.15% of its proportionate share of the total damages owed and received by TVA from the PPA, specifically in Section 3.3, “Failure to Meet the Expected Initial Delivery Date,” and Article 8, “Supply Guarantee; Disconnection or Curtailment;” provided that, pursuant to Section 5.4 of the Agreement, Distributor shall have the right to receive replacement RECs in the event they are received by TVA under the PPA.</p> <p>In the event of early termination pursuant to Article 9, “Early Termination; Remedies” under the PPA, the percentage and allocation of damages paid to Distributor will be as set out in Section 5.4 of the Agreement.</p>
Early Termination	<p>Section 7.3 of the Agreement will establish the early termination amount.</p>
Conditions Precedent	<p>This Amendment will become effective on the date TVA grants the Notice to Proceed of the underlying <u>Renewable Energy Facility</u> of the PPA; in the event that the PPA is not executed within 30 days of the execution of this Amendment, this Amendment will not become effective.</p>

Transparency of Distributor Renewable Commitments	By signing this Tranche Amendment, Distributor represents and warrants that the cost and benefits associated with this Amendment were discussed at a public meeting open to Distributor's electric system ratepayers and that ratepayers were provided with a Distributor contact to address any inquiries regarding the effects of this arrangement.
General Terms and Conditions:	<p><u>Ratification of the Agreement.</u> The Agreement as amended by this Amendment, is ratified and confirmed as the continuing obligation of the parties.</p> <p><u>Defined Terms.</u> Capitalized and underlined terms not otherwise defined in this Amendment have the same meaning as in the Agreement.</p> <p><u>Conflicts.</u> In the event of any conflict between this Amendment and the Agreement, this Amendment controls.</p> <p><u>Assignment.</u> This Amendment will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Neither party may transfer or assign this Amendment, in whole or in part, without the other party's prior written consent.</p> <p><u>Amendment.</u> This Amendment may be amended only by a written agreement signed by both parties.</p> <p><u>Counterparts.</u> This Amendment may be executed in multiple counterparts, each of which will be considered an original and all of which together will be considered to be but one and the same instrument. Facsimile or PDF transmission of any signed original document, and retransmission of any facsimile or PDF transmission, will be the same as delivery of any original document.</p>
Performance Assurance	Section 6 of the Agreement shall govern Distributor's <u>Performance Assurance</u> obligations with TVA throughout the term of this Amendment.
Previous Agreements:	Contract No. TV-75110A, Supp. No 116, and Contract No. TV-75110A, Supp. No 123 are hereby terminated and replaced by this Amendment.

By signing below, the parties agree to be bound by the terms and conditions contained in this Amendment and the Agreement.

Knoxville Utilities Board (Acting for and on behalf of the City of Knoxville)	Tennessee Valley Authority
<i>Signature:</i> _____ <i>Title:</i> _____	<i>Signature:</i> _____ <i>Title:</i> _____
<i>Printed Name:</i> _____ <i>Date:</i> _____	<i>Printed Name:</i> _____ <i>Date:</i> _____

TRANCHE AMENDMENT # 7

TV-75110A, Supp. No. ____

This Green Invest Tranche Amendment ("**Amendment**") is between Knoxville Utilities Board (Acting for and on behalf of the City of Knoxville, Tennessee) ("**Distributor**"), and Tennessee Valley Authority ("**TVA**"), and is subject to the provisions of the Green Invest Agreement ("**Agreement**") Contract No. TV-75110A, Supp. No. 115, as amended. This Amendment is effective as set out in Conditions Precedent below.

Applicable Renewable Energy Facility	<p>Distributor will purchase from TVA the <u>Product</u> derived from new renewable generation on an as-generated basis contingent on the availability of the new renewable generation resource at MS Solar 7, LLC, accounting for 100% of that facility's total renewable generation, being obtained by TVA under a power purchase agreement, Contract Number 6556687, as amended ("PPA").</p> <p>Contract Output (MWac): 200 MW Coordinate Location: Latitude: 33.636 and Longitude: -88.653 Expected Delivery Point: TVA's 161-kV Clay/West Point Substation Expected Initial Delivery Date: March 31, 2025 Delivery Period (years): 20</p>
Term	The term of this Amendment runs through the expiration of the term of the PPA or the earlier termination thereof.
Product Price	The <u>Product</u> price for generation from the applicable <u>Renewable Energy Facility</u> is \$5.02 per REC.
Additional Incentives Benefit	<p>On August 16, 2022 the Inflation Reduction Act of 2022 (the "IRA") was signed into law. In the event of a per/MWh price reduction under the PPA due to a provision requiring the PPA seller to share IRA benefits with TVA, the <u>Product</u> price will be reduced as follows:</p> <p>PR = PPAPR x 50%</p> <p>Where:</p> <p>PR = <u>Product</u> price reduction (rounded to the nearest cent). PPAPR = reduction in the Contract Price, as set forth in an amendment to the PPA that documents the sharing of IRA benefits.</p>
Renewable Energy Facility Underperformance	<p>TVA will pay Distributor 14.82% of the total damages owed and received by TVA from the PPA, specifically in Section 3.3, "Failure to Meet the Expected Initial Delivery Date," and Article 8, "Supply Guarantee; Disconnection or Curtailment;" provided that, pursuant to Section 5.4 of the Agreement, Distributor shall have the right to receive replacement RECs in the event they are received by TVA under the PPA.</p> <p>In the event of early termination pursuant to Article 9, "Early Termination; Remedies" under the PPA, the percentage and allocation of damages paid to Distributor will be as set out in Section 5.4 of the Agreement.</p>
Early Termination	Section 7.3 of the Agreement will establish the early termination amount.
Conditions Precedent	This Amendment will become effective on the date TVA grants the Notice to Proceed of the underlying <u>Renewable Energy Facility</u> of the PPA; in the event that the PPA is not executed within 30 days of the execution of this Amendment, this Amendment will not become effective.

Transparency of Distributor Renewable Commitments	By signing this Tranche Amendment, Distributor represents and warrants that the cost and benefits associated with this Amendment were discussed at a public meeting open to Distributor's electric system ratepayers and that ratepayers were provided with a Distributor contact to address any inquiries regarding the effects of this arrangement.
General Terms and Conditions:	<p><u>Ratification of the Agreement.</u> The Agreement as amended by this Amendment, is ratified and confirmed as the continuing obligation of the parties.</p> <p><u>Defined Terms.</u> Capitalized and underlined terms not otherwise defined in this Amendment have the same meaning as in the Agreement.</p> <p><u>Conflicts.</u> In the event of any conflict between this Amendment and the Agreement, this Amendment controls.</p> <p><u>Assignment.</u> This Amendment will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Neither party may transfer or assign this Amendment, in whole or in part, without the other party's prior written consent.</p> <p><u>Amendment.</u> This Amendment may be amended only by a written agreement signed by both parties.</p> <p><u>Counterparts.</u> This Amendment may be executed in multiple counterparts, each of which will be considered an original and all of which together will be considered to be but one and the same instrument. Facsimile or PDF transmission of any signed original document, and retransmission of any facsimile or PDF transmission, will be the same as delivery of any original document.</p>
Performance Assurance	Section 6 of the Agreement shall govern Distributor's <u>Performance Assurance</u> obligations with TVA throughout the term of this Amendment.
Previous Agreements:	Contract No. TV-75110A, Supp. No 122, is hereby terminated and replaced by this Amendment.

By signing below, the parties agree to be bound by the terms and conditions contained in this Amendment and the Agreement.

Knoxville Utilities Board (Acting for and on behalf of the City of Knoxville)	Tennessee Valley Authority
<i>Signature:</i> _____ <i>Title:</i> _____	<i>Signature:</i> _____ <i>Title:</i> _____
<i>Printed Name:</i> _____ <i>Date:</i> _____	<i>Printed Name:</i> _____ <i>Date:</i> _____

RESOLUTION NO. 1466

A Resolution Amending the Knoxville Utilities Board Procurement Procedures

Whereas, Section 1106(T) of the Charter of the City of Knoxville (the “Charter”) provides that the Knoxville Utilities Board has the authority to adopt procedures governing purchasing for the KUB system requiring competition when practical; and

Whereas, the KUB Board of Commissioners (“Board”) previously adopted Resolution No. 1067, establishing the Knoxville Utilities Board Procurement Procedures (“KUB Procurement Procedures”); and

Whereas, the Board adopted Resolution No. 1197, amending the KUB Procurement Procedures to reflect certain changes in state law; and

Whereas, the Tennessee General Assembly recently amended state law to increase the threshold amount for purchases requiring public advertising and competitive bidding; and

Whereas, KUB staff has recommended the Board further amend the KUB Procurement Procedures to reflect the increase in the threshold amount; and

Whereas, the Board finds it in the best interest of KUB and its customers to replace the existing KUB Procurement Procedures with the amended KUB Procurement Procedures attached hereto as Exhibit “A”.

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

1. The KUB Procurement Procedures attached hereto and incorporated herein as Exhibit “A” to this Resolution are approved by the adoption of this Resolution.

2. The KUB Procurement Procedures shall be liberally interpreted and applied to promote the underlying principles.

3. The President and Chief Executive Officer is authorized to amend the KUB Procurement Procedures in response to any future changes in state law regarding the threshold amount for purchases requiring public advertising and competitive bidding, provided the Board’s Audit and Finance Committee be provided no less than 60 days’ advance notice prior to the effective date of the amendment to the KUB Procurement Procedures.

4. The President and Chief Executive Officer is authorized and empowered generally to take such actions and authorize such persons to take such actions as may be necessary, proper, and convenient to carry into effect this Resolution.

Be It Further Resolved that this Resolution shall take effect upon its passage.

Jerry Askew, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK 45 PAGE _____

EXHIBIT A

KNOXVILLE UTILITIES BOARD PROCUREMENT PROCEDURES

Section I. Principles

It is the intent of the Knoxville Utilities Board (“KUB”) that these procedures promote the following principles:

- a. Purchase goods and services in a manner that is both the most cost efficient and uses competition when practical.
- b. Promote effective competition for all other procurement activities when it is in KUB’s best interests.
- c. Promote fair treatment to all suppliers and contractors (or prospective suppliers and contractors) of goods and services.
- d. Maintain public confidence in KUB procurement.
- e. Adhere to the requirements set forth in T.C.A. § 12-4-101 (Personal interests of officers prohibited) and T.C.A. § 6-54-107 (Interest of officer in municipal contracts prohibited).
- f. Support of the development of a diverse supplier community that reflects the communities KUB serves by encouraging small business, women and minority owned business enterprises to participate in KUB’s procurement processes.
- g. Simplify, clarify, and modernize the guidelines describing KUB procurement.
- h. Ensure that the procurement practices of the various KUB organizational elements are as uniform as possible.
- i. Promote the continued evolution and development of procurement guidelines.

Section II. Procurement Defined

For these Procurement Procedures, the term “procurement” shall refer to all rights, powers, duties, and authorities relating to the purchase and other acquisition of supplies, materials, vehicles, equipment, services, construction, and real estate; the management, control and distribution of supplies, materials, vehicles, equipment, services, construction, and real estate; and the sale and other disposal of surplus real property and personal property.

Section III. Source Selection Using Competition

1. Solicitation of Bids and Proposals. When practical, purchases and leases or lease-purchase agreements by authorized KUB officials will be made using competition. The following are the authorized not-to-exceed monetary limits for the solicitation of bids and proposals for goods and services to KUB.

- a. \$0-\$19,999.99. No advertisement or competitive bidding is required.
- b. \$20,000.00-\$49,999.99. KUB authorized officials will obtain at least three (3) written (including but not limited to e-mail) quotations, when possible.
- c. \$50,000.00 and above. KUB authorized officials will advertise and conduct a competitive bidding process.

The President and Chief Executive Officer is authorized to amend the KUB Procurement Procedures in response to any future changes in state law regarding the threshold amount for purchases requiring public advertising and competitive bidding, provided the Board's Audit and Finance Committee be provided no less than 60 days' advance notice prior to the effective date of the amendment to the KUB Procurement Procedures.

2. Procedures for Public Advertising, Securing and Opening Bids. The President and Chief Executive Officer or his/her designee will implement procedures for public advertising, securing, and opening bids.

- a. Public Advertising
 - i. Purchase, lease, lease-purchase, or other agreements for material or services in the amount of \$50,000.00 and above, unless exempt from competitive bidding by these Procedures, shall be advertised for a competitive selection process.
 - ii. The President and Chief Executive Officer or his/her designee shall develop an advertisement for bids/proposals for each purchase or agreement for services meeting the requirements of this part which, at a minimum, shall include:
 - (For service contracts) KUB's project name and control number.
 - (For purchases of goods and materials) A description of the item and estimated quantity to be purchased.

- A description of and charge for any Bid Documents.
 - Instructions on where to obtain and return Bid Documents.
 - A timetable for the bidding/proposal process.
 - A statement of KUB's reservation of rights with respect to bidding/proposing.
 - Any licensing requirements.
 - Any requirement for bid deposit and bid coversheet.
 - Any limitation on withdrawal of bids/proposals.
- iii. The President and Chief Executive Officer or his/her designee shall determine and implement for each purchase meeting the requirements of this part, a schedule for publication of advertisements for bids/proposals, the date for any pre-bid or pre-proposal meetings, deadlines for questions and KUB responses, and the deadline for submitting bids or proposals. The schedule and deadlines shall be included with the Bid Documents for each purchase or agreement for services.
- iv. Advertisements required by this part shall be published in a manner that best meets the needs of each purchase or agreement for service, which may include, but not be limited to, the KUB website, the local newspaper of general circulation, trade journals, KUB bid board, electronic message board, KUB phone bid line, or third-party distribution (Plan Rooms). KUB procurement personnel may also engage in direct communication to potential bidders or proposers in a particular project where it is determined to be in the best interest of KUB.
- b. Securing Bids/Requests for Proposals
- i. The President and Chief Executive Officer or his/her designee is authorized to develop and implement those actions, guidelines, or processes necessary to maximize a full, diverse, and confidential competitive process for all purchase, lease, lease-purchase, or other agreements for materials or services under this part.
- ii. KUB will make available, upon request and at a reasonable charge, the Bid Documents for all prospective bidders/proposers for KUB purchases or agreements for services. The Bid Documents will include a description of the project or item to be purchased and/or services to be

employed, a description of the competitive process, appropriate background information, references, and definitions, relevant timelines, and deadlines, bidding/proposing requirements, and evaluation criteria. The Bid Documents may also include, but not be limited to the following, when applicable:

- Instructions to bidders
 - Form of Agreement
 - Specifications
 - Form of Bid, Performance and Payment Bonds
- iii. KUB will determine for each competitive process whether it is necessary to conduct a pre-bid/pre-proposal meeting. Where necessary, the time, location and tentative agenda for such meeting will be provided with the Bid Documents.
- iv. KUB will determine for each competitive process whether it is necessary to conduct a question-and-answer period for bidders/proposers. Where determined to be necessary, the deadline for questions and deadline for responses will be stated in the Bid Documents. KUB will provide to all bidders/proposers who obtain Bid Documents from KUB, a list of the questions asked and KUB responses to those questions.
- v. For Sealed, Low Bid competitive processes, KUB will receive and maintain the sealed bids, unopened, in a secure location, until the date and time designated for the opening of bids.
- vi. For all RFPs, Evaluated Bids, or other evaluated competitive processes, KUB will receive and maintain confidentiality of all bids/proposals submitted to KUB. Any communication between KUB and a bidder/proposer will be conducted to clarify the bid or proposal and will be conducted in a manner that will not provide any bidder/proposer an advantage or disadvantage in the competitive process. KUB's evaluation and conclusions shall be confidential until the date KUB announces the successful proposer.
- c. Opening Bids and Request for Proposals
- i. Sealed Low Bid Competitive Processes.

- KUB will establish a date to open and announce the apparent low bidder (“Bid Date”), which shall be communicated in the Bid Documents.
 - The name of the apparent low bidder shall be announced on the Bid Date.
 - After all bids have been fully evaluated, a Notice of Award shall be communicated in writing to the successful bidder which shall describe the process and include necessary documents for completion of the contract process.
 - A letter concerning the announcement of successful bidder and including a return of any Bid Security shall be sent to all unsuccessful bidders.
 - KUB reserves the right to reject any and all bids received.
- ii. For RFPs, Evaluated Bids, or other Evaluated Competitive Processes:
- KUB will establish a date to receive all proposals (“Proposal Date”), which shall be communicated in the RFP Documents.
 - A Notice of Award letter to the successful proposer will be sent after all evaluations are complete, along with any documents and instructions necessary for completion of the contract process.
 - A letter announcing the successful proposer and returning any required Bid Security, where applicable, shall be mailed to all unsuccessful proposers.
 - KUB reserves the right to reject all proposals received.
- iii. All Bid Documents, bids, proposals, and other written documentation in connection with a competitive bidding or proposal process shall be maintained by the KUB Procurement Department in the normal course of its business.

Section IV. Intergovernmental and Industry Partnering

The President and Chief Executive Officer or his/her designee is authorized to enter into cooperative purchasing agreements with other public utilities and governmental agencies pursuant to T.C.A. § 12-3-1009 (Cooperative purchasing agreements); T.C.A. § 12-3-1003 (Purchase of secondhand articles or equipment by municipalities); T.C.A. § 12-3-1004 (Purchase for other local governmental units); and T.C.A. 12-3-1005 (Transfer of surplus personal property among governmental entities) including agreements for the cooperative use of inventory.

Section V. Procurement Records

The President and Chief Executive Officer or his/her designee shall establish practices related to the retention of procurement records.

Section VI. Exemptions from Competitive Bidding

The following shall be exempt from public advertisement and competitive bidding.

1. Purchases costing less than \$50,000.00, subject to the requirements of Section III (1);
2. The purchase of goods or services that may not be procured by competitive means because of the existence of a single source of supply or because of a proprietary product;
3. Purchases or leases of any supplies, materials, or equipment for immediate delivery in actual emergencies arising from unforeseen causes, including delays by contractors, delays in transportation, and unanticipated volume of work;
4. Leases or lease-purchase agreements requiring total payments of less than \$50,000.00 in each fiscal year, subject to the requirements of Section III (1), provided that this exemption shall not apply to leases of like or related items that individually may be leased or lease-purchased with total payments of less than \$50,000.00 in any fiscal year, but that are customarily leased or lease-purchased in numbers of two or more, if the total for lease-purchase payments for such items under a single agreement would be \$50,000.00 or more in any fiscal year;
5. Purchases, leases, or lease-purchases of real property;
6. Purchases, leases, or lease-purchases from federal, state, or local governmental units or agencies of secondhand articles or equipment or other materials, supplies, commodities and equipment;
7. Purchases of perishable commodities when such items are purchased in the open market;
8. Fuel and fuel products may be purchased in the open market without public advertisement, but shall, whenever possible, be based upon at least three competitive bids (including but not limited to telephone, fax, or e-

mail). Fuel and fuel products may be purchased from the Department of General Services Contract where available;

9. Purchases for resale of electric power, natural gas, and propane gas (T.C.A. §§ 6-56-304 and 7-51-910);
10. Contracts for certain professional services. Except as otherwise provided in this section, the President and Chief Executive Officer or his/her designee shall determine if a service constitutes a professional service pursuant to TCA § 12-4-106 (Contracts for Professional Services) and shall have the authority to negotiate contracts for such professional services.
11. The selection of KUB's general counsel and outside auditors are specifically excluded from these Procurement Procedures. The Board reserves for itself the responsibility for selecting, retaining, or replacing both the general counsel and the outside auditors.
12. A record of all purchases made pursuant to the exemptions in subsections 2, 3 and 7 of this section shall be made by the Procurement Manager or his/her designee and shall specify the amount paid, the item purchased and from whom the purchase was made. For any emergency purchases pursuant to subsection 3, the report shall include the nature of the emergency.

The Procurement Manager, not less than semi-annually, shall make a report to the President and Chief Executive Officer of all purchases made pursuant to the exemptions in subsections 2, 3, and 7 of this section. Not less than annually, the President and Chief Executive Officer or his/her designee shall make a report of such purchases to the Audit and Finance Committee of the Board.

Section VII. Inventory Management and the Sale, Lease, or Other Disposal of Surplus Real and Personal Property

The President and Chief Executive Officer or his/her designee is responsible for the management of all KUB inventory. Upon a determination in writing by a Senior Vice President that certain personal property is no longer necessary and useful for the continued operation of the affected system, and after a further determination in writing by the President and Chief Executive Officer that such personal property is not needed by any other organizational element, the President and Chief Executive Officer or his/her designee will be authorized to sell, lease or otherwise dispose of such personal property in accordance with the procurement guidelines and these Procurement Procedures.

Upon a finding by the Board, by a Resolution duly adopted, that real property is no longer necessary and useful for the continued operation of the affected system, and after a

further determination in writing by the President and Chief Executive Officer that such real property is not needed by any other organizational element, the President and Chief Executive Officer or his/her designee shall sell, lease, or otherwise dispose of such real property in a manner that is in the best interest of KUB and is in accordance with the procurement guidelines.

Section VIII. Administrative Remedies

The President and Chief Executive Officer or his/her designee(s) shall have the authority to resolve the protest of a bidder, proposer, or contractor, actual or prospective, who claims to be aggrieved, concerning the solicitation, selection, or awarding of a contract. The President and Chief Executive Officer or his/her designee is authorized to establish processes addressing the resolution of said protests and determine appropriate remedies.

Section IX. Procurement Guidelines

The President and Chief Executive Officer shall approve Procurement Guidelines addressing KUB procurement activities. Those guidelines may further limit but shall not exceed the authority granted by these Procurement Procedures.

The President and Chief Executive Officer will provide notification in writing to the Board's Audit and Finance Committee of any changes to the Procurement Guidelines. Any changes to the Procurement Guidelines will not take effect until at least sixty (60) days after the written notification.

EXHIBIT A

KNOXVILLE UTILITIES BOARD PROCUREMENT PROCEDURES

Section I. Principles

It is the intent of the Knoxville Utilities Board (“KUB”) that these procedures promote the following principles:

- a. Purchase goods and services in a manner that is both the most cost efficient and uses competition when practical.
- b. Promote effective competition for all other procurement activities when it is in KUB’s best interests.
- c. Promote fair treatment to all suppliers and contractors (or prospective suppliers and contractors) of goods and services.
- d. Maintain public confidence in KUB procurement.
- e. Adhere to the requirements set forth in T.C.A. § 12-4-101 (Personal interests of officers prohibited) and T.C.A. § 6-54-107 (Interest of officer in municipal contracts prohibited).
- f. Support of the development of a diverse supplier community that reflects the communities KUB serves by encouraging small business, women and minority owned business enterprises to participate in KUB’s procurement processes.
- g. Simplify, clarify, and modernize the guidelines describing KUB procurement.
- h. Ensure that the procurement practices of the various KUB organizational elements are as uniform as possible.
- i. Promote the continued evolution and development of procurement guidelines.

Section II. Procurement Defined

For these Procurement Procedures, the term “procurement” shall refer to all rights, powers, duties, and authorities relating to the purchase and other acquisition of supplies, materials, vehicles, equipment, services, construction, and real estate; the management, control and distribution of supplies, materials, vehicles, equipment, services, construction, and real estate; and the sale and other disposal of surplus real property and personal property.

Section III. Source Selection Using Competition

1. Solicitation of Bids and Proposals. When practical, purchases and leases or lease-purchase agreements by authorized KUB officials will be made using competition. The following are the authorized not-to-exceed monetary limits for the solicitation of bids and proposals for goods and services to KUB.

- a. ~~\$0-\$9,999.99~~ **\$0-\$19,999.99**. No advertisement or competitive bidding is required.
- b. ~~\$10,000.00-\$24,999.99~~ **\$20,000.00-\$49,999.99**. KUB authorized officials will obtain at least three (3) written (including but not limited to fax or e-mail) quotations, when possible.
- c. ~~\$25,000.00~~ **\$50,000.00** and above. KUB authorized officials will advertise and conduct a competitive bidding process.

The President and Chief Executive Officer is authorized to amend the KUB Procurement Procedures in response to any future changes in state law regarding the threshold amount for purchases requiring public advertising and competitive bidding, provided the Board's Audit and Finance Committee be provided no less than 60 days' advance notice prior to the effective date of the amendment to the KUB Procurement Procedures.

2. Procedures for Public Advertising, Securing and Opening Bids. The President and ~~CEO~~ **Chief Executive Officer** or his/her designee will implement procedures for public advertising, securing, and opening bids.

- a. Public Advertising
 - i. Purchase, lease, lease-purchase, or other agreements for material or services in the amount of \$50,000.00 and above, unless exempt from competitive bidding by these Procedures, shall be advertised for a competitive selection process.
 - ii. The President and ~~CEO~~ **Chief Executive Officer** or his/her designee shall develop an advertisement for bids/proposals for each purchase or agreement for services meeting the requirements of this part which, at a minimum, shall include:
 - (For service contracts) KUB's project name and control number.
 - (For purchases of goods and materials) A description of the item and estimated quantity to be purchased.

- A description of and charge for any Bid Documents.
 - Instructions on where to obtain and return Bid Documents.
 - A timetable for the bidding/proposal process.
 - A statement of KUB's reservation of rights with respect to bidding/proposing.
 - Any licensing requirements.
 - Any requirement for bid deposit and bid coversheet.
 - Any limitation on withdrawal of bids/proposals.
- iii. The President and ~~CEO~~ Chief Executive Officer or his/her designee shall determine and implement for each purchase meeting the requirements of this part, a schedule for publication of advertisements for bids/proposals, the date for any pre-bid or pre-proposal meetings, deadlines for questions and KUB responses, and the deadline for submitting bids or proposals. The schedule and deadlines shall be included with the Bid Documents for each purchase or agreement for services.
- iv. Advertisements required by this part shall be published in a manner that best meets the needs of each purchase or agreement for service, which may include, but not be limited to, the KUB website, the local newspaper of general circulation, trade journals, KUB bid board, electronic message board, KUB phone bid line, or third-party distribution (Plan Rooms). KUB procurement personnel may also engage in direct communication to potential bidders or proposers in a particular project where it is determined to be in the best interest of KUB.
- b. Securing Bids/Requests for Proposals
- i. The President and ~~CEO~~ Chief Executive Officer or his/her designee is authorized to develop and implement those actions, guidelines, or processes necessary to maximize a full, diverse, and confidential competitive process for all purchase, lease, lease-purchase, or other agreements for materials or services under this part.
- ii. KUB will make available, upon request and at a reasonable charge, the Bid Documents for all prospective bidders/proposers for KUB purchases or agreements for services. The Bid Documents will include a description of the project or item to be purchased and/or services to be

employed, a description of the competitive process, appropriate background information, references, and definitions, relevant timelines, and deadlines, bidding/proposing requirements, and evaluation criteria. The Bid Documents may also include, but not be limited to the following, when applicable:

- Instructions to bidders
- Form of Agreement
- Specifications
- Form of Bid, Performance and Payment Bonds

- iii. KUB will determine for each competitive process whether it is necessary to conduct a pre-bid/pre-proposal meeting. Where necessary, the time, location and tentative agenda for such meeting will be provided with the Bid Documents.
- iv. KUB will determine for each competitive process whether it is necessary to conduct a question-and-answer period for bidders/proposers. Where determined to be necessary, the deadline for questions and deadline for responses will be stated in the Bid Documents. KUB will provide to all bidders/proposers who obtain Bid Documents from KUB, a list of the questions asked and KUB responses to those questions.
- v. For Sealed, Low Bid competitive processes, KUB will receive and maintain the sealed bids, unopened, in a secure location, until the date and time designated for the opening of bids.
- vi. For all RFPs, Evaluated Bids, or other evaluated competitive processes, KUB will receive and maintain confidentiality of all bids/proposals submitted to KUB. Any communication between KUB and a bidder/proposer will be conducted to clarify the bid or proposal and will be conducted in a manner that will not provide any bidder/proposer an advantage or disadvantage in the competitive process. KUB's evaluation and conclusions shall be confidential until the date KUB announces the successful proposer.

c. Opening Bids and Request for Proposals

- i. Sealed Low Bid Competitive Processes.

- KUB will establish a date to open and announce the apparent low bidder (“Bid Date”), which shall be communicated in the Bid Documents.
 - The name of the apparent low bidder shall be announced on the Bid Date.
 - After all bids have been fully evaluated, a Notice of Award shall be communicated in writing to the successful bidder which shall describe the process and include necessary documents for completion of the contract process.
 - A letter concerning the announcement of successful bidder and including a return of any Bid Security shall be sent to all unsuccessful bidders.
 - KUB reserves the right to reject any and all bids received.
- ii. For RFPs, Evaluated Bids, or other Evaluated Competitive Processes:
- KUB will establish a date to receive all proposals (“Proposal Date”), which shall be communicated in the RFP Documents.
 - A Notice of Award letter to the successful proposer will be sent after all evaluations are complete, along with any documents and instructions necessary for completion of the contract process.
 - A letter announcing the successful proposer and returning any required Bid Security, where applicable, shall be mailed to all unsuccessful proposers.
 - KUB reserves the right to reject all proposals received.
- iii. All Bid Documents, bids, proposals, and other written documentation in connection with a competitive bidding or proposal process shall be maintained by the KUB Procurement Department in the normal course of its business.

Section IV. Intergovernmental and Industry Partnering

The President and ~~GEO~~ **Chief Executive Officer** or his/her designee is authorized to enter into cooperative purchasing agreements with other public utilities and governmental agencies pursuant to T.C.A. § 12-3-1009 (Cooperative purchasing agreements); T.C.A. § 12-3-1003 (Purchase of secondhand articles or equipment by municipalities); T.C.A. § 12-3-1004 (Purchase for other local governmental units); and T.C.A. 12-3-1005 (Transfer of surplus personal property among governmental entities) including agreements for the co-operative use of inventory.

Section V. Procurement Records

The President and ~~CEO~~ Chief Executive Officer or his/her designee shall establish practices related to the retention of procurement records.

Section VI. Exemptions from Competitive Bidding

The following shall be exempt from public advertisement and competitive bidding.

1. Purchases costing less than ~~\$25,000.00~~ \$50,000.00, subject to the requirements of Section III,1.
2. The purchase of goods or services that may not be procured by competitive means because of the existence of a single source of supply or because of a proprietary product;
3. Purchases or leases of any supplies, materials, or equipment for immediate delivery in actual emergencies arising from unforeseen causes, including delays by contractors, delays in transportation, and unanticipated volume of work;
4. Leases or lease-purchase agreements requiring total payments of less than ~~\$25,000.00~~ \$50,000.00 in each fiscal year, subject to the requirements of Section III,1, provided that this exemption shall not apply to leases of like or related items that individually may be leased or lease-purchased with total payments of less than ~~\$25,000.00~~ \$50,000.00 in any fiscal year, but that are customarily leased or lease-purchased in numbers of two or more, if the total for lease-purchase payments for such items under a single agreement would be ~~\$25,000.00~~ \$50,000.00 or more in any fiscal year;
5. Purchases, leases, or lease-purchases of real property;
6. Purchases, leases, or lease-purchases from federal, state, or local governmental units or agencies of secondhand articles or equipment or other materials, supplies, commodities and equipment;
7. Purchases of perishable commodities when such items are purchased in the open market;
8. Fuel and fuel products may be purchased in the open market without public advertisement, but shall, whenever possible, be based upon at least three competitive bids (including but not limited to telephone, fax, or e-

mail). Fuel and fuel products may be purchased from the Department of General Services Contract where available;

9. Purchases for resale of electric power, natural gas, and propane gas (T.C.A. §§ 6-56-304 and 7-51-910);
10. Contracts for certain professional services. Except as otherwise provided in this section, the President and ~~CEO~~ Chief Executive Officer or his/her designee shall determine if a service constitutes a professional service pursuant to TCA § 12-4-106 (Contracts for Professional Services) and shall have the authority to negotiate contracts for such professional services.
11. The selection of KUB's general counsel and outside auditors are specifically excluded from these Procurement Procedures. The Board reserves for itself the responsibility for selecting, retaining, or replacing both the general counsel and the outside auditors.
12. A record of all purchases made pursuant to the exemptions in subsections 2, 3 and 7 of this section shall be made by the Procurement Manager or his/her designee and shall specify the amount paid, the item purchased and from whom the purchase was made. For any emergency purchases pursuant to subsection 3, the report shall include the nature of the emergency.

The Procurement Manager, not less than semi-annually, shall make a report to the President and ~~CEO~~ Chief Executive Officer of all purchases made pursuant to the exemptions in subsections 2, 3, and 7 of this section. Not less than annually, the President and ~~CEO~~ Chief Executive Officer or his/her designee shall make a report of such purchases to the Audit and Finance Committee of the Board.

Section VII. Inventory Management and the Sale, Lease, or Other Disposal of Surplus Real and Personal Property

The President and ~~CEO~~ Chief Executive Officer or his/her designee is responsible for the management of all KUB inventory. Upon a determination in writing by a Senior Vice President that certain personal property is no longer necessary and useful for the continued operation of the affected system, and after a further determination in writing by the President and ~~CEO~~ Chief Executive Officer that such personal property is not needed by any other organizational element, the President and ~~CEO~~ Chief Executive Officer or his/her designee will be authorized to sell, lease or otherwise dispose of such personal property in accordance with the procurement guidelines and these Procurement Procedures.

Upon a finding by the Board, by a Resolution duly adopted, that real property is no longer necessary and useful for the continued operation of the affected system, and after a further determination in writing by the President and ~~CEO~~ Chief Executive Officer that such real property is not needed by any other organizational element, the President and ~~CEO~~ Chief Executive Officer or his/her designee shall sell, lease, or otherwise dispose of such real property in a manner that is in the best interest of KUB and is in accordance with the ~~p~~Procurement ~~g~~Guidelines.

Section VIII. Administrative Remedies

The President and ~~CEO~~ Chief Executive Officer or his/her designee(s) shall have the authority to resolve the protest of a bidder, proposer, or contractor, actual or prospective, who claims to be aggrieved, concerning the solicitation, selection, or awarding of a contract. The President and ~~CEO~~ Chief Executive Officer or his/her designee is authorized to establish processes addressing the resolution of said protests and determine appropriate remedies.

Section IX. Procurement Guidelines

The President and ~~CEO~~ Chief Executive Officer shall approve Procurement Guidelines addressing KUB procurement activities. Those guidelines may further limit but shall not exceed the authority granted by these Procurement Procedures.

The President and ~~CEO~~ Chief Executive Officer will provide notification in writing to the Board's Audit and Finance Committee of any changes to the Procurement Guidelines. Any changes to the Procurement Guidelines will not take effect until at least sixty (60) days after the written notification.

**Community Advisory Panel
Input Regarding Rates and Rate Structures
October 21 – August 2022**

From October 2021 through August 2022, the Community Advisory Panel (CAP) reviewed KUB’s existing residential rate structures and the theory behind them. They also heard presentations from Panel members proposing alternative rate structures and approaches to other issues. This table summarizes the Panel’s input for KUB’s Board of Commissioners on these issues.

Recommendation	Input from CAP members
<p>From SACE Presentation: Lower Fixed Fees</p> <ul style="list-style-type: none"> • Goal of Rolling back to Basic Service Method amount • Fixed fees limit a customer’s ability to understand their bills and therefore lower their bills 	<p>In support of recommendation:</p> <ul style="list-style-type: none"> • Higher fixed fees are harder on low-income, low-usage customers • Higher fixed fees are regressive • Higher fixed fees blunt impacts of energy efficiency • Lower fixed fees support energy efficiency by sending price signals (higher costs) to customers <p>In opposition to recommendation:</p> <ul style="list-style-type: none"> • Higher variable charges (usage) could hurt higher usage customers, especially in peak seasons • This change could put upward pressure on rates for other customers • Energy efficiency would be a better solution to support lower income customers • Many issues impact affordability and KUB cannot address all the systemic issues with a rate structure change.
<p>From SACE presentation: Expand and support existing programs</p> <ul style="list-style-type: none"> • LIHEAP and WAP may not be enough for local needs (such as homes requiring health/safety repairs) • KUB’s low-income weatherization budget has dropped from \$15 M that weatherized 1278 homes in 2015-2017 to \$1M per year to weatherize 728 homes since 2015 	<p>In support of recommendation:</p> <ul style="list-style-type: none"> • More LIHEAP money is needed • More weatherization is needed, although currently market forces (contractor availability and rising costs) are making that more difficult <p>In opposition to recommendation: <i>There was no input in opposition to this recommendation.</i></p>

Recommendation	Input from CAP members
<p>From SACE Presentation: Consider where new programs can meet gaps</p> <ul style="list-style-type: none"> • Expand energy efficiency offerings available to hard-to-reach customers, such as low-to-moderate income • On-bill financing is tariff-based rather than loan-based so may be more inclusive/accessible • KUB should advocate for the prioritization of energy efficiency 	<p>In support of recommendation:</p> <ul style="list-style-type: none"> • In addition to cost savings, there are environmental benefits to energy efficiency • Many lower income customers may have higher consumption due to inefficient homes <p>In opposition to recommendation: <i>There was no input in opposition to this recommendation.</i></p>
<p>From Kent Minault presentation: KUB should consider a tiered design for residential customers for both the energy rate and the fixed charge. The fixed charge and the usage charges would be based on the customer's maximum monthly usage in the prior year. The benefits of this proposal are:</p> <ul style="list-style-type: none"> • Ensuring reliability • Encouraging energy efficiency by sending price signals (higher rates) for higher levels of usage • Better matching of cost recovery and cost causation (based on cost-of-service study) • Movement toward matching fixed and variable costs to revenues from fixed fees and usage rates • Minimizing impacts on low-usage customers 	<p>In support of recommendation:</p> <ul style="list-style-type: none"> • It sends price signals to encourage energy efficiency • It reduces impacts on low-usage customers • Lower usage has a positive impact on climate change <p>In opposition to recommendation:</p> <ul style="list-style-type: none"> • Structure may be more effective in a higher rate community (like Los Angeles). It may be less effective where rates are lower <p>Additional observation:</p> <ul style="list-style-type: none"> • A panel member requested it be noted that a tiered rate structure is more complex, and the overall impact on the bill may not be significant.

Recommendation	Input from CAP members
<p>Additional items discussed:</p> <ul style="list-style-type: none"> • More analysis is needed to examine the impact of KUB’s rate structure on low-income customers • More discussion is needed on non-residential rate designs • More clarity is needed regarding the CAP’s relationship with the KUB Board and how the Board will use the CAP’s input (and specifically what KUB’s response is to these rate-related recommendations) • KUB should advocate for development / zoning strategies that encourage density for customers to share the costs of utility infrastructure more efficiently. 	<p>In support of recommendation</p> <ul style="list-style-type: none"> • KUB has provided limited LIHEAP data and is not providing census-tract level data or using other methodologies which would be helpful in assessing energy burden impacts • CAP was established to provide input to the Board – need to understand how that process will work. <p>In opposition to recommendation: <i>There was no input in opposition to this recommendation.</i></p> <p>Additional observation: Related to the recommendation for KUB to conduct further analysis of low-income customer consumption because it would provide more information about how the level of the basic service charge affects energy burden for these customers, a panel member noted this is a hypothesis presented by another panel member, and while it may be beneficial to have further evaluation, the hypothesis is not being presented by the whole panel.</p>

While the panel agreed for the information above being provided to KUB’s Board of Commissioners to summarize their input on KUB’s rate structure and related topics, there was a desire stated to have additional future discussion about the “gap” in data related to low-income customer consumption.

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, September 15, 2022 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, September 15, 2022, pursuant to the public notice published in the January 4, 2022, edition of the *News Sentinel*. Chair Jerry Askew called the meeting to order at 12:00 p.m.

Roll Call

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

Commissioner Absent: None

Approval of Minutes

Upon a motion by Commissioner Herbert and a second by Commissioner Caballero, the August 18, 2022 Board Meeting minutes were approved by a roll call vote. The following Commissioners voted “aye”: Askew, Caballero, Feinbaum, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted “nay”.

Old Business

Resolution 1463, A Resolution Amending the Existing Rate Schedules of the Electric Division, as Previously Established by Resolution No. 1060, as Heretofore Amended, Providing for a Revised Electric Vehicle Charging Power (EVC) Rate

This Resolution Replaces the Existing Purchased Power Adjustment of the Electric Division, as Previously Established by Resolution No. 1065, as Heretofore Amended, to Reflect the New EVC Rate

President Gabriel Bolas recognized Mark Walker, Senior Vice President and Chief Financial Officer, to present a proposed resolution on second and final reading to amend the electric rate schedule with a revised Electric Vehicle Charging (EVC) rate for commercial customers. The resolution also replaces the existing Purchased Power Adjustment of the Electric Division to reflect the new EVC rate.

September 15, 2022

Upon a motion by Commissioner Small and a second by Commissioner Hamilton, Resolution 1463 (*Attachment 1*) was adopted by a roll call vote on second and final reading. The following Commissioners voted “aye”: Askew, Caballero, Feinbaum, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted “nay”.

New Business

Resolution 1464, A Resolution Authorizing the Execution of a Natural Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation, for a Term of up to Thirty-Two (32) Years

President Bolas recognized Wayne Brintnall, an Analyst in Rates & Analytical Services, to provide details of the proposed resolution authorizing KUB to participate in a long-term natural gas supply contract with Tennergy Corporation.

Upon a motion by Commissioner Hamilton and a second by Commissioner Feinbaum, Resolution 1464 (*Attachment 2*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Askew, Caballero, Feinbaum, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted “nay”.

President’s Report

Environmental Stewardship Updates

President Bolas advised Commissioners that KUB has a strong commitment to being a good steward of the environment through improvements to our operations and programs for our customers. He recognized Chasity Hobby, Environmental Programs Lead, to provide an update on current initiatives.

Water System Update

President Bolas advised the Board that KUB is saddened to hear the news stories from Jackson, Mississippi regarding their lack of drinking water. KUB has received questions regarding our water supply and our investments in Century II. He recognized John Williams, Senior Vice President of Engineering and Construction, to provide an update on KUB’s water quality and reliability.

Recognition of Julie Childers’ Retirement

President Bolas recognized Julie Childers, Vice President and Century II Program Administrator, who is retiring with more than 35 years of service at KUB.

September 15, 2022

Other Business

Commissioner Herbert announced The Nominating Committee received 27 applications for the Commissioner term beginning in January. The next step is for the committee to conduct interviews and those are tentatively scheduled for September 22nd and 23rd. Pursuant to the City Charter, at least five candidates will be submitted to the Mayor, and those candidates will be nominated at next month's meeting.

Public Comment

None

Adjournment

There being nothing further to come before the Board, Chair Askew declared the Board meeting adjourned at 1:00 p.m.

Jerry Askew, Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	<p>Recommendation Letter and Resolution 1463 – A Resolution Amending the Existing Rate Schedules of the Electric Division, as Previously Established by Resolution No. 1060, as Heretofore Amended, Providing for a Revised Electric Vehicle Charging Power (EVC) Rate</p> <p>This Resolution Replaces the Existing Purchased Power Adjustment of the Electric Division, as Previously Established by Resolution No. 1065, as Heretofore Amended, to Reflect the New EVC Rate</p>	<p style="text-align: center;"><u>Page(s)</u> 11772 – 11789</p>
Attachment 2	Resolution 1464 – A Resolution Authorizing the Execution of a Natural Gas Supply Contract with Tenenergy Corporation, an Energy Acquisition Corporation, for a Term of up to Thirty-Two (32) Years	11790 – 11791



September 9, 2022

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

Commissioners:

The September 15 Board meeting agenda includes two official action items:

- Adoption of a new electric vehicle (EV) charging station rate and associated Purchased Power Adjustment (PPA) amendment on second and final reading.
- Authorization to enter a long-term natural gas supply contract with Tennergy Corporation, for the purpose of receiving a significant price discount over the term of the contract.

Resolution 1463 (Second and Final Reading)

Last month the Board adopted on first reading a new electric vehicle (EV) charging station rate, replacing the existing EV charging station rate schedule approved by the Board in 2021, and amending the Electric Division's Purchased Power Adjustment (PPA), as the new EV charging station rate is a standard service electric rate.

The proposed new EV charging rate reflects recent modifications in TVA's wholesale rate for charging stations, providing flexibility in rate structure, removing certain ancillary charges for participating customers, and simplifying the reporting process.

I recommend the adoption of Resolution 1463, providing for the new EV charging station rate and PPA amendment, on second and final reading.

Resolution 1464

Resolution 1464 authorizes the execution of a new long-term natural gas supply contract with Tennergy Corporation of up to 32 years, providing for a significant price discount on contracted gas purchases.

Under state law, Energy Acquisition Corporations, such as Tennergy, may contract with municipalities to provide natural gas supply on a long-term basis offering significant price discounts, due to the longer contract term.

The proposed new long-term contract offers a guaranteed price discount to the market price of natural gas of \$0.33 per dekatherm. Under the terms of the contract the price discount may be recalculated every five to seven years, and if the price discount does not meet a certain threshold, then KUB can forego participation in the contract for that period of the contract. The contracted supply amount is 2,800 dekatherms per day, representing approximately 10% of KUB's annual gas supply.

As you may recall, KUB executed a similar long-term gas supply contact with Tennergy in 2021 for up to 31 years, with a price discount of \$0.30 for an average of 2,800 dekatherms of gas per day.

The proposed and existing contracts provide for substantial price discounts to market prices on about 20% of KUB's current annual gas supply over the next 30 plus years. All savings are passed on directly to KUB's natural gas customers.

As the term of the proposed supplier contract exceeds the natural gas purchasing and contracting authority delegated to the President and CEO, Board approval is required to enter this contract with Tennergy.

A draft of Resolution 1464 and supplier contract are enclosed. I recommend adoption of Resolution 1464 on first and final reading.

Respectfully submitted,



Gabriel J. Bolas II
President and CEO

RESOLUTION NO. 1463

A Resolution Amending the Existing Rate Schedules of the Electric Division, as Previously Established by Resolution No. 1060, as Heretofore Amended, Providing for a Revised Electric Vehicle Charging Power (EVC) Rate

This Resolution Replaces the Existing Purchased Power Adjustment of the Electric Division, as Previously Established by Resolution No. 1065, as Heretofore Amended, to Reflect the New EVC Rate

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

Whereas, KUB supports the environment through numerous programs such as home weatherization assistance, participation in TVA’s Green Invest Program, and TVA’s Green Switch and Green Switch Match programs; and

Whereas, KUB supports the adoption and utilization of electric vehicles through its participation in Drive Electric Tennessee, its first-in-the-Valley Electric Vehicle (EV) rebate program, and by offering Time of Use rates to support charging EV’s at home; and

Whereas, the KUB Board previously adopted Resolution 1432, authorizing KUB’s participation in TVA’s EVC Rate program, and amending the rate schedules of the Electric Division providing for an EVC Rate; and

Whereas, KUB was the first local power company in the Tennessee Valley to provide the EVC Rate to its customers; and

Whereas, the EVC Rate is an optional rate for eligible KUB customers designed to encourage and support EV adoption throughout the Tennessee Valley; and

Whereas, TVA recently modified its wholesale EVC Rate, providing greater flexibility in rate structure, eliminating certain ancillary charges for participating customers, and simplifying reporting requirements; and

Whereas, the Board has determined, upon recommendation from KUB staff, that it is in the best interest of KUB, its customers, and the community to amend its Electric Division Rate Schedules to provide for the new EVC Rate; and

Whereas, it is also necessary to amend the Purchased Power Adjustment for the Electric Division to reflect the new EVC Rate, as the new rate is a standard service electric rate; 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 as Follows:

Section 1. That the Board hereby authorizes KUB's participation in TVA's updated EVC Rate.

Section 2. That the President and CEO 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 updated EVC Rate.

Section 3. That the existing EVC rate schedule of the Electric Division as set forth in Exhibit A of Resolution No. 1441, as heretofore amended, is hereby deleted in entirety, and replaced with the EVC rate schedule of the Electric Division as set forth in Exhibit A to this Resolution 1463, to be effective October 1, 2022.

Section 4. That the existing EVC rate schedule of the Electric Division as set forth in Exhibit B of Resolution No. 1441, as heretofore amended, is hereby deleted in entirety, and replaced with the EVC rate schedule of the Electric Division as set forth in Exhibit B to this Resolution 1463, to be effective April 1, 2023.

Section 5. That the existing EVC rate schedule of the Electric Division as set forth in Exhibit C of Resolution No. 1441, as heretofore amended, is hereby deleted in entirety, and replaced with the EVC rate schedule of the Electric Division as set forth in Exhibit C to this Resolution 1463, to be effective April 1, 2024.

Section 6. That Appendix A to the Purchased Power Adjustment of Resolution 1065, as heretofore amended, shall be deleted in its entirety, and replaced with Exhibit D to this Resolution, to be effective October 1, 2022.

Jerry Askew/s
Jerry Askew, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
READING: 8-18-22
APPROVED ON 2nd
READING: 9-15-22
EFFECTIVE DATE 10-1-22
MINUTE BOOK 45 PAGE 11774-11789

RESOLUTION 1463
EXHIBIT A
RATE SCHEDULES OF THE ELECTRIC DIVISION
EFFECTIVE OCTOBER 1, 2022

ELECTRIC VEHICLE CHARGING POWER RATE - SCHEDULE EVC

Availability

This rate shall exclusively apply to separately metered charging stations for electric vehicles where the charging station's demand is greater than 50 kW but not more than 5,000 kW.

All customers participating under this rate schedule shall agree to a full requirements service from KUB. In addition, customers must agree that the sole use of the electric service is for the purpose of charging electric vehicles used for transportation purposes only.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge: \$100 per delivery point per month

Energy Charge:

All Seasons:

Onpeak \$0.31022 per kWh per month for all metered onpeak kWh

Offpeak \$0.19737 per kWh per month for all metered offpeak kWh

Adjustment

Charges under this rate schedule may be increased or decreased to reflect changes in purchased power costs as determined by any purchased power adjustment adopted by the Board.

Determination of Seasonal Periods

Summer Period shall mean the June, July, August, and September billing months. Winter Period shall mean the December, January, February, and March billing months. Transition Period shall mean the April, May, October, and November billing months. The Seasonal Periods under this rate schedule are subject to change by KUB. In the event KUB determines that changed Seasonal Periods are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed periods, and KUB shall promptly notify customer.

Determination of Onpeak and Offpeak Hours

Except for Saturdays, Sundays, November 1, and the weekdays that are observed as Federal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, onpeak hours for each day shall for purposes of this rate schedule be from 2 p.m. to 8 p.m. during the months of April, May, June, July, August, September and October and from 5 a.m. to 11 a.m. during the months of January, February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be EST or EDT, whichever is then in effect. Said onpeak and offpeak hours are subject to change by KUB. In the event KUB determines that such changed onpeak and offpeak hours are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed hours, and KUB shall promptly notify customer.

Minimum Bill

The base customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under KUB's standard policy because of special circumstances affecting the cost of rendering service.

Contract Requirement

At its sole discretion, KUB may require contracts for service provided under this rate schedule and such contracts shall be for an initial term of at least 90 days. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and KUB shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. The customer is prohibited from using any power other than that supplied by KUB under this rate schedule. All other power sources are prohibited. The contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as approved by the Board.

After having received service for at least 90 days under this rate schedule, the customer, subject to 90 days prior written notice and appropriate amendments in its power contract with KUB, may receive service under the General Power Rate - Schedule GSA TOU. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate - Schedule GSA TOU shall not be less than the contract demand in effect when service was taken under this rate schedule.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RESOLUTION 1463
EXHIBIT B
RATE SCHEDULES OF THE ELECTRIC DIVISION
EFFECTIVE APRIL 1, 2023

ELECTRIC VEHICLE CHARGING POWER RATE - SCHEDULE EVC

Availability

This rate shall exclusively apply to separately metered charging stations for electric vehicles where the charging station's demand is greater than 50 kW but not more than 5,000 kW.

All customers participating under this rate schedule shall agree to a full requirements service from KUB. In addition, customers must agree that the sole use of the electric service is for the purpose of charging electric vehicles used for transportation purposes only.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge: \$100 per delivery point per month

Energy Charge:

All Seasons:

Onpeak \$0.31022 per kWh per month for all metered onpeak kWh

Offpeak \$0.19737 per kWh per month for all metered offpeak kWh

Adjustment

Charges under this rate schedule may be increased or decreased to reflect changes in purchased power costs as determined by any purchased power adjustment adopted by the Board.

Determination of Seasonal Periods

Summer Period shall mean the June, July, August, and September billing months. Winter Period shall mean the December, January, February, and March billing months. Transition Period shall mean the April, May, October, and November billing months. The Seasonal Periods under this rate schedule are subject to change by KUB. In the event KUB determines that changed Seasonal Periods are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed periods, and KUB shall promptly notify customer.

Determination of Onpeak and Offpeak Hours

Except for Saturdays, Sundays, November 1, and the weekdays that are observed as Federal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, onpeak hours for each day shall for purposes of this rate schedule be from 2 p.m. to 8 p.m. during the months of April, May, June, July, August, September and October and from 5 a.m. to 11 a.m. during the months of January, February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be EST or EDT, whichever is then in effect. Said onpeak and offpeak hours are subject to change by KUB. In the event KUB determines that such changed onpeak and offpeak hours are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed hours, and KUB shall promptly notify customer.

Minimum Bill

The base customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under KUB's standard policy because of special circumstances affecting the cost of rendering service.

Contract Requirement

At its sole discretion, KUB may require contracts for service provided under this rate schedule and such contracts shall be for an initial term of at least 90 days. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and KUB shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. The customer is prohibited from using any power other than that supplied by KUB under this rate schedule. All other power sources are prohibited. The contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as approved by the Board.

After having received service for at least 90 days under this rate schedule, the customer, subject to 90 days prior written notice and appropriate amendments in its power contract with KUB, may receive service under the General Power Rate - Schedule GSA TOU. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate - Schedule GSA TOU shall not be less than the contract demand in effect when service was taken under this rate schedule.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RESOLUTION 1463
EXHIBIT C
RATE SCHEDULES OF THE ELECTRIC DIVISION
EFFECTIVE APRIL 1, 2024

ELECTRIC VEHICLE CHARGING POWER RATE - SCHEDULE EVC

Availability

This rate shall exclusively apply to separately metered charging stations for electric vehicles where the charging station's demand is greater than 50 kW but not more than 5,000 kW.

All customers participating under this rate schedule shall agree to a full requirements service from KUB. In addition, customers must agree that the sole use of the electric service is for the purpose of charging electric vehicles used for transportation purposes only.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge: \$100 per delivery point per month

Energy Charge:

All Seasons:

Onpeak \$0.31022 per kWh per month for all metered onpeak kWh

Offpeak \$0.19737 per kWh per month for all metered offpeak kWh

Adjustment

Charges under this rate schedule may be increased or decreased to reflect changes in purchased power costs as determined by any purchased power adjustment adopted by the Board.

Determination of Seasonal Periods

Summer Period shall mean the June, July, August, and September billing months. Winter Period shall mean the December, January, February, and March billing months. Transition Period shall mean the April, May, October, and November billing months. The Seasonal Periods under this rate schedule are subject to change by KUB. In the event KUB determines that changed Seasonal Periods are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed periods, and KUB shall promptly notify customer.

Determination of Onpeak and Offpeak Hours

Except for Saturdays, Sundays, November 1, and the weekdays that are observed as Federal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, onpeak hours for each day shall for purposes of this rate schedule be from 2 p.m. to 8 p.m. during the months of April, May, June, July, August, September and October and from 5 a.m. to 11 a.m. during the months of January, February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be EST or EDT, whichever is then in effect. Said onpeak and offpeak hours are subject to change by KUB. In the event KUB determines that such changed onpeak and offpeak hours are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed hours, and KUB shall promptly notify customer.

Minimum Bill

The base customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under KUB's standard policy because of special circumstances affecting the cost of rendering service.

Contract Requirement

At its sole discretion, KUB may require contracts for service provided under this rate schedule and such contracts shall be for an initial term of at least 90 days. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and KUB shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. The customer is prohibited from using any power other than that supplied by KUB under this rate schedule. All other power sources are prohibited. The contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as approved by the Board.

After having received service for at least 90 days under this rate schedule, the customer, subject to 90 days prior written notice and appropriate amendments in its power contract with KUB, may receive service under the General Power Rate - Schedule GSA TOU. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate - Schedule GSA TOU shall not be less than the contract demand in effect when service was taken under this rate schedule.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RESOLUTION 1463

EXHIBIT D

**BASE RATES OF PURCHASED POWER
STANDARD SERVICE**

	Summer	Winter	Transition
Residential Credit Eligible kWh			
demand kWh base	0.02437	0.02397	0.02397
energy kWh base	0.06070	0.06070	0.06070
hydro energy credit	-0.00297	-0.00297	-0.00297
Residential Customer Hydro Credit	As Stated in Current Effective Wholesale Contract		
Residential Credit Eligible - TOU			
Onpeak kWh			
demand kWh base	0.11957	0.11957	0.11957
energy kWh base	0.07229	0.07229	0.07229
hydro energy credit	-0.00297	-0.00297	-0.00297
Offpeak kWh			
energy kWh base	0.06010	0.06010	0.06010
hydro energy credit	-0.00297	-0.00297	-0.00297
Residential Debit Eligible kWh			
demand kWh base	0.02437	0.02397	0.02397
energy kWh base	0.05494	0.05494	0.05494
hydro energy debit	0.00323	0.00323	0.00323
Residential Debit Eligible - TOU			
Onpeak kWh			
demand kWh base	0.11957	0.11957	0.11957
energy kWh base	0.07229	0.07229	0.07229
hydro energy debit	0.00323	0.00323	0.00323
Offpeak kWh			
energy kWh base	0.06010	0.06010	0.06010
hydro energy debit	0.00323	0.00323	0.00323
GSA1 kWh			
demand kWh base	0.02845	0.02804	0.02804
energy kWh base	0.06141	0.06141	0.06141
hydro energy debit	0.00323	0.00323	0.00323
GSA1 - TOU			
Onpeak kWh			
demand kWh base	0.11957	0.11957	0.11957
energy kWh base	0.07229	0.07229	0.07229
hydro energy debit	0.00323	0.00323	0.00323
Offpeak kWh			
energy kWh base	0.06010	0.06010	0.06010
hydro energy debit	0.00323	0.00323	0.00323
GSA2			
1st 15,000 kWh			
demand kWh base	0.02452	0.02411	0.02411
energy kWh base	0.06534	0.06534	0.06534
hydro energy debit	0.00323	0.00323	0.00323

additional kWh			
demand kWh base	0	0	0
energy kWh base	0.05641	0.05641	0.05641
hydro energy debit	0.00323	0.00323	0.00323
>50kW			
demand kW base	11.10	10.31	10.31
energy kWh base	0	0	0

	Summer	Winter	Transition
GSA2-A - TOU			
Onpeak kWh			
demand kWh base	0.11957	0.11957	0.11957
energy kWh base	0.07229	0.07229	0.07229
hydro energy debit	0.00323	0.00323	0.00323
Offpeak kWh			
energy kWh base	0.06010	0.06010	0.06010
hydro energy debit	0.00323	0.00323	0.00323
GSA2-B - TOU			
Onpeak kWh			
demand kWh base	0.11957	0.11957	0.11957
energy kWh base	0.07229	0.07229	0.07229
hydro energy debit	0.00323	0.00323	0.00323
Offpeak kWh			
energy kWh base	0.06010	0.06010	0.06010
hydro energy debit	0.00323	0.00323	0.00323
GSA3			
kWh			
demand kWh base	0	0	0
energy kWh base	0.05641	0.05641	0.05641
hydro energy debit	0.00323	0.00323	0.00323
0-1000 kW			
demand kW base	11.47	10.71	10.71
energy kWh base	0	0	0
>1000 kW			
demand kW base	13.63	12.87	12.87
energy kWh base	0	0	0
LS kWh			
demand kWh base	0.00837	0.00837	0.00837
energy kWh base	0.04621	0.04621	0.04621
hydro energy debit	0.00323	0.00323	0.00323
EVC			
Onpeak kWh			
demand kWh base	0.08992	0.08992	0.08992
energy kWh base	0.13488	0.13488	0.13488
hydro energy debit	0.00323	0.00323	0.00323
Offpeak kWh			
energy kWh base	0.11749	0.11749	0.11749
hydro energy debit	0.00323	0.00323	0.00323

RESOLUTION NO. 1464

A Resolution Authorizing the Execution of a Natural Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation, for a Term of up to Thirty-Two (32) Years

Whereas, Knoxville Utilities Board (“KUB”) operates a natural gas distribution utility which serves residential, commercial, and industrial customers; and

Whereas, the Knoxville Utilities Board of Commissioners (“Board”) previously authorized Resolution 1387 authorizing the purchase, sale, transportation, and storage of natural gas; and

Whereas, the Board previously adopted Resolutions 1405, 1416, and 1429 authorizing KUB (“Purchaser”) to participate in a prepaid natural gas supply contract with Tennergy Corporation, an Energy Acquisition Corporation (“Tennergy”); and

Whereas, the aforementioned contract was executed with Tennergy in April 2021 and KUB currently purchases that gas (an average of 2,800 dekatherms per day) at a \$0.30 discount with all savings passed on to customers, and

Whereas, the acquisition of secure, reliable and economic supplies of natural gas are necessary for the prudent and businesslike operation of the utility, the economic growth and development of the community, and the promotion of the public health, safety and welfare; and

Whereas, certain long-term supply contracts offering significant price discounts may, due to the longer contract term, exceed the purchasing authority granted to KUB’s President and CEO, and therefore require the Board’s approval; and

Whereas, TCA section 7-39-316 provides that municipalities have the power, acting by resolution of its governing body, to purchase, by contract or other agreement, natural gas from an energy acquisition corporation; and

Whereas, TCA section 7-39-102 provides that Governing body means, with respect to a municipality, any board, commission, or other instrumentality of such municipality having jurisdiction, control and management of the gas distribution system of that municipality; and

Whereas, TCA section 7-39-318 provides that the authority and powers granted may be exercised in accordance with this chapter, notwithstanding any other requirements, restrictions, or procedural provisions contained in general law, private act or home rule charter, and

Whereas, Tennergy is an energy acquisition corporation registered with the state of Tennessee and desires to offer a long-term gas supply contract with significant price discounts; and

Whereas, the Board as a governing body desires for KUB to enter into a Gas Supply Contract with Tennergy, and is authorized to do so pursuant of TCA 7-39-316; and

Whereas, the Board has determined, upon recommendation from KUB staff, that it is in the best interest of KUB and its customers to enter into such a contract.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KNOXVILLE UTILITIES BOARD:

Section 1. That this Board approves the execution and delivery of the Gas Supply Contract (“Contract”), for a term no longer than thirty-two (32) years, in substantially the form attached to this Resolution as conditioned upon an initial bond period guaranteed discount to the market price of gas of \$0.33 per Dekatherm, pursuant to which KUB will agree to purchase an average of 2,800 Dth per day of natural gas, such deliveries to be made on the dates, at the volumes and prices set forth in the Contract.

Section 2. The President and Chief Executive Officer and the Chief Financial Officer are hereby authorized to execute such closing documents or certificates which may be required in connection with the execution and delivery of the Contract or carry out the intent and purpose of this Resolution.

Section 3. If the Contract with Tennergy is not fully executed by both parties by August 31, 2023, the authority granted in Section 2 shall expire.

Section 4. That this Resolution shall take effect from and after its passage.

Jerry Askew/s
Jerry Askew, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 9-15-22
EFFECTIVE DATE: 9-15-22
MINUTE BOOK 45 PAGE 11790-11791