

Supplemental Environmental Project Semi-Annual Report Volume 15

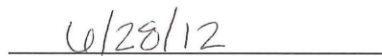
**Fifteenth Semi-Annual Report
January 1, 2012 – June 1, 2012**

Submitted to EPA on June 29, 2012

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering such information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.



Debbie G. Ailey



Date

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Supplemental Environmental Project Fifteenth Semi-Annual Report January 1, 2012 through June 1, 2012

1. Introduction

KUB is required to perform and complete a Supplemental Environmental Project (SEP) as set forth in Section VIII. Supplemental Environmental Project and Appendix B Supplemental Environmental Project of the Consent Decree (CD). *This project was undertaken in connection with the settlement of a civil enforcement action taken by the United States for violations of the Clean Water Act.* This Semi-Annual Report covers events from January 1, 2012, through June 1, 2012.

In addition to the required SEP funding, KUB also voluntarily established a low-income, no-interest loan program. KUB contracted with the Knoxville-Knox County Community Action Committee (CAC), which is a local non-profit entity, as the third-party administrator for the SEP grant and loan programs.

The loan program served customers earning a predetermined percentage of median income that is above the level that would qualify for SEP funding. The cost of the lateral repair or replacement was added to the customers' KUB bill over a period of 48 months. No customers were approved for the no-interest loan during this reporting period. KUB stopped offering the loan program on January 31, 2012.

On June 1, 2012, KUB made the final payment from the SEP Escrow Account to officially complete the requirements of the SEP. In total, KUB disbursed \$2,063,197.75 in SEP funding to customers who needed assistance in repairing defective laterals and removing illicit connections. KUB submitted its SEP Completion Report to the EPA on June 29, 2012, demonstrating completion as required by our Consent Decree. This Semi-Annual Report describes all SEP activities up to June 1, 2012, when KUB completed the SEP and closed the escrow account.

2. Deposit of Funds to the SEP Escrow by KUB

KUB made no deposits to the Escrow Account during this reporting period.

3. Disbursement of Funds From the SEP Escrow by Escrow Agent to the Third-Party Administrator to Pay Plumbers for Services Completed

The Third Party Administrator received a total of \$105,969.61 from the SEP Escrow Account during this reporting period. The invoice received in May 2012 totaled more than the balance in the SEP Escrow Account. KUB paid the remaining balance in the SEP Escrow account to the Third-Party Administrator. KUB paid the balance owed for the remaining portion of the invoice out of a separate KUB account containing funds set aside this year to continue assistance for homeowners who qualify. The amount disbursed in June to CAC was applied to the May invoice. The disbursements are shown in the table below.

Date of Invoice	Amount Invoiced	Number of Laterals Repaired/Replaced	Amount Disbursed
1/1/2012	\$25,548.00	12	\$25,548.00
2/1/2012	\$10,400.00	6	\$10,400.00
3/1/2012	\$26,578.00	12	\$26,578.00
4/1/2012	\$37,271.00	17	\$37,271.00
5/1/2012	\$13,659.07	4	\$6,172.55
6/1/2012	\$0.00	0	\$0.06
Totals	\$113,456.07	51	\$105,969.61

4. Balance of Funds in the SEP Escrow

The balance in the SEP Escrow Account reached \$0.00 on June 1, 2012, and KUB closed the account. The disbursements from the escrow account and the accrued interest for this reporting period are shown in the table below.

Date	Deposit	Disbursement	Accrued Interest	Balance
1/1/2012		\$25,548.00	\$1.86	\$80,417.25
2/1/2012		\$10,400.00	\$1.60	\$70,018.85
3/1/2012		\$26,578.00	\$1.23	\$43,442.08
4/1/2012		\$37,271.00	\$1.01	\$6,172.09
5/1/2012		\$6,172.55	\$0.46	\$0.00
6/1/2012		\$0.06	\$0.06	\$0.00

5. Payment of Funds by Third-Party Administrator to Plumbers

In this reporting period, the Third Party Administrator made the following payments to plumbers for services completed at the properties listed below.

Property Address	Plumber	Amount
[REDACTED]	FM Plumbing	\$1,584
[REDACTED]	R&D Plumbing	\$1,990
[REDACTED]	Paul Hayes Plumbing	\$1,879
[REDACTED]	Paul Hayes Plumbing	\$2,249
[REDACTED]	Lyon Plumbing	\$698
[REDACTED]	Lyon Plumbing	\$2,000
[REDACTED]	Paul Hayes Plumbing	\$3,184
[REDACTED]	Paul Hayes Plumbing	\$2,779
[REDACTED]	Lyon Plumbing	\$2,220
[REDACTED]	Lyon Plumbing	\$1,100
[REDACTED]	Lyon Plumbing	\$2,120
[REDACTED]	Lyon Plumbing	\$1,675
[REDACTED]	Lyon Plumbing	\$2,028
[REDACTED]	Lyon Plumbing	\$3,700
[REDACTED]	Paul Hayes Plumbing	\$1,439
[REDACTED]	Paul Hayes Plumbing	\$1,974
[REDACTED]	Lyon Plumbing	\$2,455

[REDACTED]	Paul Hayes Plumbing	\$1,904
[REDACTED]	Paul Hayes Plumbing	\$1,678
[REDACTED]	Paul Hayes Plumbing	\$1,729
[REDACTED]	R&D Plumbing	\$2,573
[REDACTED]	Lyon Plumbing	\$3,250
[REDACTED]	Lyon Plumbing	\$995
[REDACTED]	Lyon Plumbing	\$2,850
[REDACTED]	Paul Hayes Plumbing	\$1,689
[REDACTED]	Lyon Plumbing	\$2,175
[REDACTED]	Lyon Plumbing	\$2,250
[REDACTED]	Lyon Plumbing	\$1,900
[REDACTED]	Lyon Plumbing	\$2,685
[REDACTED]	Lyon Plumbing	\$1,885
[REDACTED]	Lyon Plumbing	\$2,950
[REDACTED]	Lyon Plumbing	\$2,375
[REDACTED]	Lyon Plumbing	\$2,100
[REDACTED]	Lyon Plumbing	\$1,780
[REDACTED]	Paul Hayes Plumbing	\$2,407
[REDACTED]	Lyon Plumbing	\$2,600
[REDACTED]	Lyon Plumbing	\$2,750
[REDACTED]	Lyon Plumbing	\$5,609.07
[REDACTED]	Lyon Plumbing	\$2,700

6. Location of Private Residential Properties Where Services Have Been Performed Under the SEP Program

Private service laterals have been repaired or replaced under the SEP program at the following locations during this reporting period.

Owner	Property Address	Work Complete Date
[REDACTED]	[REDACTED]	12/30/2011
[REDACTED]	[REDACTED]	1/3/2012
[REDACTED]	[REDACTED]	1/5/2012
[REDACTED]	[REDACTED]	1/6/2012
[REDACTED]	[REDACTED]	1/10/2012
[REDACTED]	[REDACTED]	1/10/2012
[REDACTED]	[REDACTED]	1/12/2012
[REDACTED]	[REDACTED]	1/12/2012
[REDACTED]	[REDACTED]	1/12/2012
[REDACTED]	[REDACTED]	1/17/2012
[REDACTED]	[REDACTED]	1/19/2012
[REDACTED]	[REDACTED]	1/20/2012
[REDACTED]	[REDACTED]	1/27/2012
[REDACTED]	[REDACTED]	2/6/2012
[REDACTED]	[REDACTED]	2/6/2012
[REDACTED]	[REDACTED]	2/10/2012

[REDACTED]	[REDACTED]	2/10/2012
[REDACTED]	[REDACTED]	2/13/2012
[REDACTED]	[REDACTED]	2/14/2012
[REDACTED]	[REDACTED]	2/14/2012
[REDACTED]	[REDACTED]	2/16/2012
[REDACTED]	[REDACTED]	2/17/2012
[REDACTED]	[REDACTED]	2/27/2012
[REDACTED]	[REDACTED]	2/27/2012
[REDACTED]	[REDACTED]	2/28/2012
[REDACTED]	[REDACTED]	3/1/2012
[REDACTED]	[REDACTED]	3/1/2012
[REDACTED]	[REDACTED]	3/5/2012
[REDACTED]	[REDACTED]	3/8/2012
[REDACTED]	[REDACTED]	3/9/2012
[REDACTED]	[REDACTED]	3/12/2012
[REDACTED]	[REDACTED]	3/30/2012
[REDACTED]	[REDACTED]	4/18/2012
[REDACTED]	[REDACTED]	4/18/2012
[REDACTED]	[REDACTED]	4/19/2012

7. SEP Implementation and Ongoing Tasks

On June 1, 2012, KUB made the final payment from the SEP Escrow Account to officially complete the requirements of the SEP. In total, KUB disbursed \$2,063,197.75 in SEP funds, which includes all interest earned on the SEP Escrow Account.

Even though KUB completed the SEP, KUB continues to operate a Private Lateral Program (PLP), enforcing the repair or replacement of defective sewer laterals and the removal of illicit connections. At this time, KUB has set aside funding to continue to offer a Residential Assistance Grant to low-income residential property owners in the PLP to help with the cost of private lateral repairs.

See the SEP Completion Report submitted to the EPA on June 29, 2012, for more details on the implementation and completion of the SEP.

8. Tasks Scheduled for the Next Six Months

KUB has completed this SEP. See the SEP Completion Report submitted to the EPA on June 29, 2012, for more details.

Appendix A

Grant and Loan Income Guidelines

**GRANT AND LOAN PROGRAM
INCOME GUIDELINES
(Effective December 13, 2011)**

Family Size	Grant Program 95% of Median Income	Loan Program 100% of Median Income
1	\$41,420	\$43,600
2	\$47,310	\$49,800
3	\$53,200	\$56,000
4	\$59,090	\$62,200
5	\$63,840	\$67,200
6	\$68,590	\$72,200
7	\$73,340	\$77,200
8	\$78,090	\$82,200

Appendix B

Escrow Completion Documentation



Re: CAC Grant and SEP Escrow

Candy.Miller

to:

melissa.reynolds

06/01/2012 12:34 PM

Cc:

brian.day, dale.grubbs, leanne.pressley, michelle.wilson

Hide Details

From: Candy.Miller@Regions.com

To: melissa.reynolds@kub.org

Cc: brian.day@kub.org, dale.grubbs@kub.org, leanne.pressley@kub.org,
michelle.wilson@kub.org

Security:

To ensure privacy, images from remote sites were prevented from downloading. Show Images

History: This message has been replied to.

All,

Interest has posted in the amount of \$0.06. I have requested a check that I will receive via inter-office on Monday. After making a copy for our file I will mail per your directions.

Thank you,

Candy

* The final statement you will receive will be the June statement as this transaction occurred in June.

Candy Miller
Regions Bank
Asst. Vice President
Relationship Manager - Escrow Services
1901 6th Avenue North, 28th Floor
Birmingham, Alabama 35203
Mail code : ALBH22801B
Phone 205-264-5394

Fax 205-264-5265
candy.miller@regions.com

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From: Melissa.Reynolds@kub.org
To: Candy.Miller@Regions.com
Cc: Leanne.Pressley@kub.org, Dale.Grubbs@kub.org, Brian.Day@kub.org, Michelle.Wilson@kub.org
Date: 05/29/2012 08:23 AM
Subject: Re: CAC Grant and SEP Escrow

Candy,
When the interest posts on June 1st, please send it to CAC and let me know the amount of this interest.

CAC Mailing Address:
P.O. Box 1650
Knoxville, TN 37950-1650

Thank you,
Melissa Reynolds
Cash Management
Knoxville Utilities Board
melissa.reynolds@kub.org
865-594-7230 (phone)
865-594-7452 (fax)

From: Candy.Miller@Regions.com
To: melissa.reynolds@kub.org,
Cc: leanne.pressley@kub.org, michelle.wilson@kub.org
Date: 05/24/2012 08:55 AM
Subject: Re: CAC Grant and SEP Escrow

Good Morning Melissa,
I have answered your questions below in blue.
Let me know if you have any others.
Thank you,
Candy

Candy Miller
Regions Bank
Asst. Vice President
Relationship Manager - Escrow Services

1901 6th Avenue North, 28th Floor
Birmingham, Alabama 35203
Mail code : ALBH22801B
Phone 205-264-5394
Fax 205-264-5265
candy.miller@regions.com

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From: Melissa.Reynolds@kub.org
To: Candy.Miller@Regions.com
Cc: Leanne.Pressley@kub.org, Michelle.Wilson@kub.org
Date: 05/24/2012 06:38 AM
Subject: Re: CAC Grant and SEP Escrow

Candy,

I have a few more questions regarding the SEP Escrow Account:

1. Will we be receiving some kind of documentation stating that the account has been closed? Typically we do not. According to the Agreement, the account closes once all funds are released. The letter to me regarding the last disbursement also addressed the account being closed. If you need something further let me know.
2. When was the official date the account was closed? I will close the account on June 1 once the final interest posts.
3. What will happen with May's interest that posts on June 1st? That is up to you. The interest that posted on May 1st for the April interest was \$0.46. I imagine the amount the will post on June 1 will be less. If you want these funds sent I can request a check, but will need an address to send it to. I cannot send a wire.

Thanks,
Melissa Reynolds
Cash Management
Knoxville Utilities Board
melissa.reynolds@kub.org
865-594-7230 (phone)
865-594-7452 (fax)

From: Candy.Miller@Regions.com
To: dale.grubbs@kub.org,
Cc: melissa.reynolds@kub.org, michelle.wilson@kub.org
Date: 05/18/2012 04:14 PM
Subject: Re: CAC Grant and SEP Escrow

All,
Per the letter received funds have been disbursed in the amount of \$6,172.55. The federal reference number should you need it is:



The account will be closed on our system. The last statement the Parties will receive will be the May statement.

Thank you,
Candy

Candy Miller
Regions Bank
Asst. Vice President
Relationship Manager - Escrow Services
1901 6th Avenue North, 28th Floor
Birmingham, Alabama 35203
Mail code : ALBH22801B
Phone 205-264-5394
Fax 205-264-5265
candy.miller@regions.com

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From: Dale.Grubbs@kub.org
To: Candy.Miller@Regions.com
Cc: Melissa.Reynolds@kub.org, Michelle.Wilson@kub.org
Date: 05/18/2012 01:37 PM
Subject: Re: CAC Grant and SEP Escrow

For your review -

Thanks,

Dale Grubbs
Customer Service
Phone (865) 558-2358
Cell (865) 621-7389
Fax (865) 558-2276
E-Mail dale.grubbs@kub.org

From: Melissa Reynolds/RAS/KUB
To: Dale Grubbs/CSD/FIN/KUB@KUB,
Cc: Candy.Miller@Regions.com, Michelle Wilson/ACT/FIN/KUB@KUB
Date: 05/18/2012 10:59 AM
Subject: CAC Grant and SEP Escrow

Dale,

In order to wire the funds to CAC and close the SEP Escrow account, Regions requires a letter signed by Jason or Sue with CAC and also signed by yourself. Also, interest accrued on the account in May will not post until June 1, and it will be a very small amount (less than \$1). So there are two options: either ask Regions to wait to wire the full amount in the account on June 1 or they can wire today (after receiving the letter) but there will still be interest in the account on June 1.

The letter needs to state the following:

The balance in the account as of today: \$6,172.55

The instructions to close the account once the funds are wired

The instructions to either wire the funds once interest posts on June 1 or wire the funds today

Please call and let me know which option you have decided on concerning the June 1 interest.

Thank you,

Melissa Reynolds

Cash Management

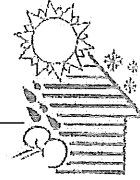
Knoxville Utilities Board

melissa.reynolds@kub.org

865-594-7230 (phone)

865-594-7452 (fax)

[attachment "2012051814334432.PDF" deleted by Candy Miller/Trust/MGM/RFC]



Candy Miller
Regions Bank As Escrow Agent for Knoxville Utilities Board & Supplemental Environmental Program Acct #
[REDACTED]

Ms Miller ,

Per your office the balance in account [REDACTED] as of today: \$6,172.55

Please close the account once the funds are wired today.

We undersatnd that this payment will only partially pay the May 9, 2012 Invoice for April \$ 13,659.07

KUB will be resopnsible for paying the remainig balance of \$7,486.52.

A handwritten signature in cursive script that reads "Jason Estes".

Jason Estes
Director of Housing & Energy Services

A handwritten signature in cursive script that reads "Dale Grubbs".

Dale Grubbs
KUB Customer Service