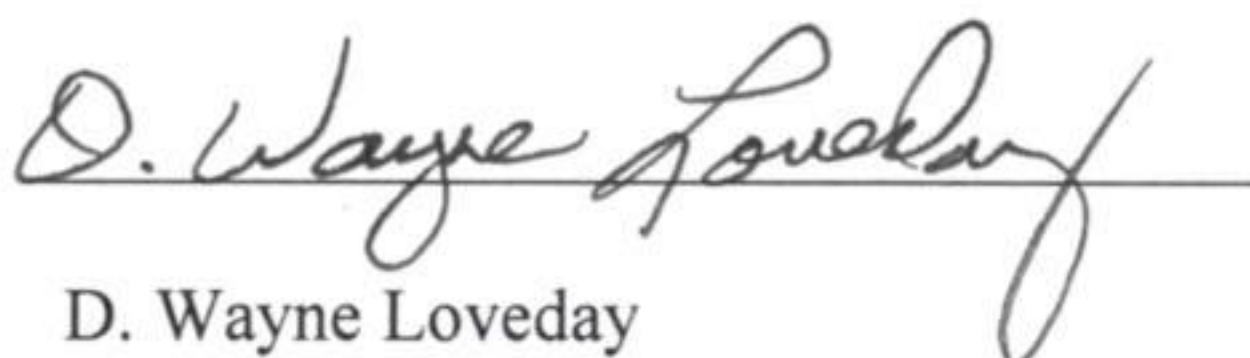


# **Supplemental Environmental Project Semi-Annual Report Volume 5**

**Fifth Semi-Annual Report  
January 1, 2007 – June 30, 2007**

**Submitted to EPA on July 26, 2007**

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.

  
D. Wayne Loveday

7.26.07  
Date

0002683



## **Table of Contents**

- 1. Introduction**
- 2. Deposit of Funds to the SEP Escrow by KUB**
- 3. Disbursement of Funds from the SEP Escrow by Escrow Agent to the Third Party Administrator to Pay Plumbers for Services Completed**
- 4. Balance of Funds in the SEP Escrow**
- 5. Payment of Funds by Third Party Administrator to Plumbers**
- 6. Location of Private Residential Properties Where Services Have Been Performed Under the SEP Program**
- 7. SEP Implementation and Ongoing Tasks**
- 8. Tasks Scheduled for the Next Six Months**

### **Appendix A**

#### **Escrow Deposit Documentation**



**Supplemental Environmental Project  
Fourth Semi-Annual Report  
January 1, 2007, through June 30, 2007**

**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 Environment 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, 2007, through June 30, 2007.

In addition to the required SEP funding, KUB has also voluntarily established a low-income, no-interest loan program. This program will serve customers earning between 50 and 60 percent of median income. The cost of the lateral repair or replacement will be added to the customers' KUB bill over a period of 48 months.

Five customers were approved for the no-interest loan during this reporting period. Work was completed for six properties during the reporting period. Payment was dispersed for four of those properties at a cost of \$7,549.99.

**2. Deposit of Funds to the SEP Escrow by KUB**

KUB made the fourth deposit of \$250,000 to the Escrow Account on February 9, 2007. A copy of the deposit documentation for that payment was submitted to EPA on February 27, 2007, and is in Appendix A. The next deposit to the Escrow Account is scheduled for February 11, 2008.

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

A total of \$71,528.10 was disbursed from the SEP Escrow Account to the Third Party Administrator during this reporting period. The disbursements are shown in the table below.

<b>Date of Invoice</b>	<b>Amount Invoiced</b>	<b>Number of Laterals Repaired/Replaced</b>	<b>Amount Disbursed</b>
01/10/2007	2,389.99	1	2,389.99
02/07/2007	13,296.94	8	13,296.94
03/07/2007	8,827.78	6	8,827.78
04/10/2007	29,649.42	19	29,649.42
05/02/2007	17,363.97	9	17,363.97
<b>Totals</b>	<b>71,528.10</b>	<b>43</b>	<b>71,528.10</b>



#### 4. Balance of Funds in the SEP Escrow

The balance in the SEP Escrow Account, as of June 30, 2007, is \$590,427.87. 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
01/01/2007		2,389.99	1,635.68	398,532.39
02/01/2007	250,000	13,296.94	1,605.00	636,840.45
03/01/2007		8,827.78	2,077.20	630,089.87
04/01/2007		29,649.42	2,560.46	603,000.91
05/01/2007		17,363.97	2,417.52	588,054.46
06/01/2007		0	2,373.41	590,427.87

#### 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
	Lyons Plumbing	2,389.99
	Lyons Plumbing	1,959.99
	Lyons Plumbing	1,989.99
	Lyons Plumbing	1,199.99
	Lyons Plumbing	1,299.99
	Lyons Plumbing	799.99
	Lyons Plumbing	1,899.99
	Lyons Plumbing	2,622.00
	Lyons Plumbing	1,525.00
	Wires Underground Construction	1,429.94
	East Tennessee Mechanical	1,422.85
	Lyons Plumbing	2,049.99
	Lyons Plumbing	975.00
	Lyons Plumbing	1,950.00
	Lyons Plumbing	1,000.00
	American Residential Services	1,175.74
	East Tennessee Mechanical	1,646.32
	Lyons Plumbing	1,679.99
	Lyons Plumbing	2,300.00
	Lyons Plumbing	2,399.99
	Lyons Plumbing	2,099.99
	Wires Underground Construction	1,067.49
	Lyons Plumbing	2,100.00
	Lyons Plumbing	959.99
	Wires Underground Construction	878.00
	Wires Underground Construction	1,766.92
	Lyons Plumbing	799.99
	Wires Underground Construction	2,050.00



		Wires Underground Construction	500.00
		Lyons Plumbing	1,075.00
		Lyons Plumbing	1,525.00
		Lyons Plumbing	825.00
		Lyons Plumbing	1,950.00
		Lyons Plumbing	2,850.00
		Lyons Plumbing	3,699.99
		Lyons Plumbing	2,178.98
		Lyons Plumbing	2,800.00
		Lyons Plumbing	1,950.00
		Lyons Plumbing	1,765.00
		Lyons Plumbing	1,500.00
		Lyons Plumbing	1,195.00
		Lyons Plumbing	1,925.00
		Lyons Plumbing	350.00

**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.

Homeowner Name	Property Address	Work Completed Date
		1/10/07
		1/17/07
		1/17/07
		1/17/07
		1/17/07
		1/17/07
		1/18/07
		1/22/07
		1/22/07
		2/5/07
		2/6/07
		2/6/07
		2/22/07
		2/22/07
		2/23/07
		2/23/07
		2/26/07
		2/26/07
		2/27/07
		2/27/07
		2/27/07
		2/28/07



		3/1/07
		3/2/07
		3/6/07
		3/7/07
		3/19/07
		3/19/07
		3/19/07
		3/19/07
		3/23/07
		3/28/07
		3/28/07
		3/30/07
		4/28/07
		6/4/07
		6/4/07
		6/4/07

## 7. SEP Implementation and Ongoing Tasks

All implementation tasks for the SEP have been completed.

KUB continues to identify and document defective laterals. Customers are notified and enforcement actions are initiated through the Private Lateral Program. Water service was terminated at 27 properties during this reporting period where property owners failed to make repairs to their private sewer lateral within the required 120 day time period.

A Private Lateral Program brochure along with a financial assistance insert is included with each Notice of Noncompliance (NONC) and Notice of Violation and Termination of Service (NOV) mailed to the customer. The brochure and insert inform the customer that financial assistance may be available to them through the Third Party Administrator and both provide contact information.

## 8. Tasks Scheduled for the Next Six Months

The following tasks are scheduled for the next six months:

- Continue to identify properties with defective laterals or prohibited connections
- Continue private lateral enforcement notifications
- Make payments from the Escrow account for work completed under the SEP
- Make fifth SEP funding deposit to the Escrow Account.



## **Appendix A**

### Escrow Deposit Documentation





Knoxville Utilities Board

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February 27, 2007

**VIA CERTIFIED MAIL**

Mr. Doug Mundrick  
Chief, Water Programs Enforcement Branch  
Water Management Division  
U.S. Environmental Protection Agency, Region 4  
Atlanta Federal Center  
61 Forsyth Street, SW  
Atlanta, GA 30303

Re: Payment of \$250,000 Supplemental Environmental Project (SEP) payment: U.S., et al. v. Knoxville Utilities Board (KUB): Case Nos. 3:04-CV-568 and 3:03-CV-497; DOJ Case No. 90-5-1-1-08186

Dear Mr. Mundrick:

On February 9, 2007, KUB paid the fourth SEP payment in the amount of \$250,000 to the SEP escrow account identified in the executed Escrow Agreement, as required by Appendix B.D.1 of the Consent Decree (CD). KUB is required to make this fourth payment no later than eighteen (18) months after the Date of Entry of the CD, which was entered in the United States District Court for the Eastern District of Tennessee, Northern Division, Knoxville, Tennessee, on February 11, 2005.

Appendix B.D.1. also requires KUB to provide documentation of the deposit to the SEP Escrow within thirty (30) days of each such deposit. An account transaction statement and a copy of an e-mail requesting the funds be transferred to the escrow account are enclosed as proof of payment.

If you have any questions, please call Mark Walker, Vice President of Finance, at (865) 594-7418.

Sincerely,

Bill R. Elmore  
Senior Vice President and Chief Operating Officer



Mr. Mundrick  
Page 2  
February 27, 2007

cc: Chief, Environmental Enforcement Section, Environment and Natural Resources  
Division, DOJ  
E. Joseph Sanders, General Counsel, TDEC  
Renee Victoria Hoyos, Executive Director, TCWN  
Bill Haslam, Mayor, City of Knoxville  
Hiram G. Tipton, Hodges, Doughty & Carson, PLLC  
Phil Simmons, TDEC  
Susan H. Richardson, Kilpatrick Stockton, LLP  
John West, TDEC  
Wayne Loveday, Vice President, Plants and Underground Construction, KUB

Enclosures

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**AmSouth Secure Message**

Welcome to your AmSouth Secure Mailbox. Below is a secure message sent to you by **sherrie.haggard (sherrie.haggard@regions.com)**

[Related Topics](#)

[About Secure Messages](#)  
[Help](#)

Message: Fw: SEP Money transfer

Date: 02/09/2007

Expires on: 02/16/2007

Original Recipients:

To: SRoach@kub.org, GCBryant@kub.org

Cc: mark.cavender@regions.com

Transfer has been COMPLETED!

HAVE A GREAT DAY!!!

Sherrie Haggard

Administrative Assistant

Regions Morgan Keegan Trust

Institutional Products and Services

Phone: (615)748-2026

Fax: (615)748-8997

Email: sherrie.haggard@regions.com

Mail Code: NA-0404

----- Forwarded by Sherrie M. Haggard/Wealth Management/AMSOUTH BANK on 02/09/2007 08:58 AM -----

Mark Cavender/Nashville/TN/AMSOUTH BANK

02/09/2007 08:42 AM

To

Sherrie M. Haggard/Wealth Management/AMSOUTH BANK@AMSOUTH BANK

cc

Subject

Fw: SEP Money transfer

pls transfer as instructed & let Steve(and Grayson) know we have

**0002692**



completed. thx.

Mark Cavender | Regions Morgan Keegan Trust I Institutional Products & Services | 615.736.6755 | fax 615.736.6100 | email: mark.cavender@regions.com

NOTICE: This e-mail message & all attachments transmitted with it may contain legally privileged and confidential information intended solely for the use of the addressee.

----- Forwarded by Mark Cavender/Nashville/TN/AMSOUTH BANK on 02/09/2007 08:41 AM -----

"Steve Roach" <SRoach@kub.org>  
02/09/2007 07:34 AM

To  
mark.cavender@amsouth.com  
cc  
heidi.petitt@amsouth.com, "Grayson Bryant" <GCBryant@kub.org>  
Subject  
SEP Money transfer

Please transfer \$250,000.00 from our AmSouth DDA account #  
our escrow account # today. For required documentation, please  
notify me by return email when this has been done.

Thank you for your assistance.

Steve Roach  
Cash Manager  
Knoxville Utilities Board  
865-594-7225

[.: Reply](#)

**Attachment(s)**





Steve Roach/ACT/FIN/KUB  
02/12/2007 01:28 PM

To Mary Brown/ODD/CSV/KUB@KUB  
cc  
bcc  
Subject SEP deposit

**REGIONS BANK**  
Settled Transactions Report Dtl

Run on 2/12/2007 12:00:09 PM

RECEIVED FROM KNOX UTIL BOARD  
DDA # PER EMAIL  
REQUEST DTD 2/09/2007 FROM STEVE  
ROACH

CASH RCVD  
Ref: A/C\* ^ D\* 02/09/2007 SQ\* 1

Settlement Date	02/09/2007	Cusip	CASH
Trade/Effective Date	02/09/2007	Principal Cash	250,000.00
Tax Code	420-MISCELLANEOUS RECEIPTS - NON-TAXABLE	Funds Code	0-GOOD FUNDS
Income Code	0-NO INCOME CODE		

HAVE A GREAT DAY!!!

Sherrie Haggard  
Administrative Assistant  
Regions Morgan Keegan Trust  
Institutional Products and Services  
Phone: (615)748-2026  
Fax: (615)748-8997  
Email: sherrie.haggard@regions.com  
Mail Code: NA-0404

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