

**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, January 21, 2016, Noon**

**Call to Order**

The Knoxville Utilities Board met in regular session in the Larry A. Fleming Board Room at 445 S. Gay Street, on Thursday, January 21, 2016, pursuant to the public notice published in the January 2, 2016, edition of the *News Sentinel*. Chair Thompson called the meeting to order at 12:00 p.m.

Chair Thompson recognized Robyn Askew, Commissioner-elect Jerry Askew's spouse, in the audience at today's meeting and thanked her for attending.

Chair Thompson also welcomed the six KUB Leadership Development Program employees and the program facilitator attending the Board Meeting today and asked them to introduce themselves.

**Roll Call**

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

Commissioners Absent: None

**Approval of Minutes**

The Minutes of the December 17, 2015, Board Meeting were approved as distributed upon a motion by Commissioner Herbert and seconded by Commissioner Williams.

**Old Business**

None

**New Business**

**Oath of Commissioner for Jerry Askew**

Chair Thompson welcomed Jerry Askew and asked Bill Coley, Board's General Counsel, to administer the Oath of Commissioner to Dr. Askew.

January 21, 2016

### **Election of 2016 Officers**

Mr. Coley stated that the Nominating Committee met on December 17, 2015, and recommended the following slate of officers for 2016: Nikitia Thompson, Chair; Sara Pinnell, Vice Chair; and Senior Vice President and CFO Mark Walker as Board Secretary. He asked for other nominations and received none.

Commissioner Williams moved to elect the proposed slate of officers by acclamation, seconded by Commissioner Hamilton. The motion was unanimously adopted on a voice vote.

### **Resolution 1339, A Resolution Authorizing Participation in the Tennessee Valley Authority's Start-up and Testing Power (STP) Program and Amending the Existing Rate Schedules of the Electric Division to Provide for an STP Rate Schedule**

President Roach advised Commissioners that TVA offers a pricing option to qualifying large commercial and industrial electric customers for power usage related to the start-up and testing of a new operation, the expansion of an existing operation, and the restart of an existing facility. She recognized John Williams, Manager and Assistant to the CFO, to provide details of the resolution.

President Roach recommended adoption of Resolution 1339 on first reading. Her written recommendation is included in Attachment 1.

Upon a motion by Commissioner Hamilton and a second by Commissioner Williams, Resolution 1339 (*Attachment 1*) was adopted by a roll call vote on first reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Thompson, Williams, and Worden. No Commissioner voted "nay".

### **President's Report**

#### **Conflict of Interest/Ethics**

President Roach recognized Elba Marshall, Executive Department Manager and Assistant to the CAO, to review the annual disclosure process for the Board.

#### **Electric System Update**

President Roach recognized Paul Randolph, Vice President of Gas and Electric Systems Engineering, to provide an update on the Electric System.

January 21, 2016

**Water Crisis in Flint, Michigan**

President Roach recognized Derwin Hagood, Vice President of System and Plant Operations, to provide information regarding the Flint, Michigan water crisis and procedures KUB employs to prevent such an event occurring with the KUB water system.

**Other Business**

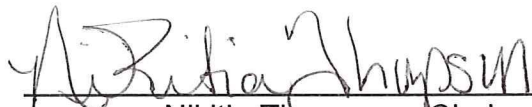
None

**Public Comment**

None

**Adjournment**

Chair Thompson stated that following adjournment, the Board would continue with an open lunch session where KUB matters may be discussed. There being nothing further to come before the Board, Chair Thompson declared the meeting adjourned at 12:52 p.m.

  
\_\_\_\_\_  
Nikitia Thompson, Chair



\_\_\_\_\_  
Mark Walker, Board Secretary

**Attachments**

Attachment 1	Recommendation Letter and Resolution 1339, A Resolution Authorizing Participation in the Tennessee Valley Authority's Start-up and Testing Power (STP) Program and Amending the Existing Rate Schedules of the Electric Division to Provide for an STP Rate Schedule	<b><u>Page(s)</u></b> 7253 - 7259
--------------	--	--------------------------------------



Knoxville Utilities Board

---

January 15, 2016

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

Commissioners:

TVA offers an optional, interruptible pricing product called Start-up and Testing Power (STP), which provides qualifying commercial and industrial electric power customers with pricing flexibility to start up and test a new operation, expand an existing operation to test new equipment or processes, or re-start an existing facility that has been shut down for at least one year.

Under the STP program, which is available to commercial and industrial customers with a monthly power load of 1,000 kW or greater, the customer, KUB and TVA work together to establish a firm or base-line power load for the customer. STP demand and energy rates are applied to any usage above the customer's base-line requirements. STP power is subject to interruption by TVA on 5 minutes notice. The customer's firm demand and energy charges are based on the applicable electric rate schedule.

The initial contract term for STP is six months, although it may be extended upon request to 12 months for commercial customers and 24 months for industrial customers.

Resolution 1339 authorizes KUB's participation in the STP program and amends the rate schedules of the Electric Division to include an STP Rate Schedule. I recommend adoption of Resolution 1339 on first reading. If approved on first reading, the second reading will be at the February Board meeting.

Respectfully submitted,

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

Mintha E. Roach  
President and CEO



## RESOLUTION NO. 1339

### **A Resolution Authorizing Participation in the Tennessee Valley Authority's Start-up and Testing Power (STP) Program and Amending the Existing Rate Schedules of the Electric Division to Provide for an STP Rate Schedule**

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

**Whereas**, TVA offers STP, an optional, interruptible pricing product available to large commercial and industrial electric customers that are establishing new operations, restarting plants that have been shut down for a year or more, or expanding operations, to accommodate equipment testing and other conditions which temporarily cause erratic power usage; and

**Whereas**, the KUB Board of Commissioners (the "Board") previously adopted Resolution 1060, as heretofore amended, providing rate schedules for the Electric Division of KUB; and

**Whereas**, Staff has recommended the Board authorize KUB's participation in the STP program; and

**Whereas**, it is in the best interest of KUB and its customers for KUB to participate in the STP program; 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:**

**Section 1:** That the Board hereby authorizes participation by KUB in the STP program.

**Section 2:** That the President and Chief Executive Officer 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 STP program.

**Section 3:** That the rate schedules of the Electric Division as set forth in Section 1 of Resolution No. 1060, as heretofore amended, be amended to include a rate schedule for STP, as set forth in Exhibit A to this Resolution, to be effective March 1, 2016.

**Section 4:** That the rate schedule for STP set forth in Exhibit A to this Resolution, shall be deleted in its entirety, and replaced with the rate schedule for STP, as set forth in Exhibit B to this Resolution, to be effective July 1, 2016.

---

Nikitia Thompson, Chair

---

Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
READING: 1-21-16  
APPROVED ON 2<sup>nd</sup>  
READING: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_  
MINUTE BOOK 36 PAGE 7254-7259

**RESOLUTION 1339  
EXHIBIT A  
RATE SCHEDULE OF THE ELECTRIC DIVISION  
EFFECTIVE MARCH 1, 2016**



## **Start-up and Testing Power (STP)**

### Availability

KUB provides Start-up and Testing Power (STP) to qualified power users through its wholesale power supplier, the Tennessee Valley Authority (TVA), in accordance with the power supply contract between KUB and TVA.

STP shall be made available to qualified power users pursuant to specific contractual arrangements between KUB and the customer (such contractual arrangements may be contained in one or more written instruments and are hereinafter sometimes referred to as the "Contract").

### Charges for STP

All STP-related charges shall be established in accordance with the Contract.

### Interruptibility

STP furnished to a customer under the Contract shall be subject to interruption and to suspension of availability as provided for in the Contract.

### Rules and Regulations

Service is subject to Rules and Regulations of KUB.

**RESOLUTION 1339  
EXHIBIT B  
RATE SCHEDULE OF THE ELECTRIC DIVISION  
EFFECTIVE JULY 1, 2016**

## **Start-up and Testing Power (STP)**

### Availability

KUB provides Start-up and Testing Power (STP) to qualified power users through its wholesale power supplier, the Tennessee Valley Authority (TVA), in accordance with the power supply contract between KUB and TVA.

STP shall be made available to qualified power users pursuant to specific contractual arrangements between KUB and the customer (such contractual arrangements may be contained in one or more written instruments and are hereinafter sometimes referred to as the "Contract").

### Charges for STP

All STP-related charges shall be established in accordance with the Contract.

### Interruptibility

STP furnished to a customer under the Contract shall be subject to interruption and to suspension of availability as provided for in the Contract.

### Rules and Regulations

Service is subject to Rules and Regulations of KUB.

**THIS PAGE LEFT INTENTIONALLY BLANK**