

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, October 21, 2021 Noon**

Call to Order

The Knoxville Utilities Board met in regular session in the Mintha E. Roach Corporate Services and Conference Center at 4505 Middlebrook Pike, on Thursday, October 21, 2021, pursuant to the public notice published in the January 2, 2021, 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, Kathy Hamilton, Celeste Herbert, Adrienne Simpson-Brown, and Tyvi Small.

Commissioner Absent: John Worden

Approval of Minutes

Upon a motion by Commissioner Small and a second by Commissioner Caballero, the September 16, 2021 Board Meeting minutes were approved by a roll call vote. The following Commissioners voted "aye": Askew, Caballero, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted "nay".

New Business

Consideration of Nominees for Commissioner Term Beginning January 1, 2022

Commissioner Simpson-Brown, Chair of the Nominating Committee, gave the following report:

This year's nominating process for the term beginning January 1, 2022 began in January of this year when the online application became available on KUB's website. The Committee met in August, and advertisements ran in the *News Sentinel*, KUB's website, and on social media that month.

The committee evaluated submitted applications and identified qualified applicants. The Charter requires that the Board provide the Mayor at least five nominees for each Commissioner vacancy. The Nominating Committee submitted the following five nominees:

October 21, 2021

1. Ron Feinbaum
2. Cynthia Gibson
3. Misty Mayes
4. Heetesh Patel
5. George Wallace

Public comments were heard from the following regarding the nominations:

Brady Watson – Address not provided

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

1. Ron Feinbaum
2. Cynthia Gibson
3. Misty Mayes
4. Heetesh Patel
5. George Wallace

Chair Askew stated the names of the five nominees would be submitted to Mayor Kincannon, and he thanked the members of the Nominating Committee for their work.

Old Business

Resolution 1446, A Resolution Amending the Existing Purchased Power Adjustment of the Electric Division, as Previously Established by Resolution No. 1065, as Heretofore Amended, to Address Changes to Wholesale Power Supply Costs Provided by the Tennessee Valley Authority's Pandemic Recovery Credit Program

President Gabriel Bolas recognized Tiffany Martin, Vice President and Chief Customer Officer, to provide an overview of proposed Resolution 1446 on second and final reading.

President Bolas recommended adoption of Resolution 1446 on second and final reading. His written recommendation is included in Attachment 1.

A motion was made by Commissioner Herbert and a second by Commissioner Small to adopt Resolution 1446 on second and final reading. Commissioner Caballero then made a motion to Amend Resolution 1446 to exclude the entire \$7.3 million standard service credits from the Purchased Power Adjustment. Commissioner Small seconded the motion.

October 21, 2021

After further discussion by the Board, Commissioner Caballero withdrew her motion to amend Resolution 1446 and Commissioner Small withdrew his second.

Resolution 1446 was then adopted by a roll call vote on second and final reading. The following commissioners voted "aye": Askew, Caballero, Hamilton, Herbert, Simpson-Brown, and Small. No commissioner voted "nay".

Public comments were heard from the following regarding Resolution 1446:

Brady Watson – Address not provided

A motion was next made by Commissioner Caballero and seconded by Commissioner Small for Staff to bring a resolution to the November Board meeting to exclude the remaining \$6 million standard service credits provided by the TVA Pandemic Recovery Credit Program from the Purchased Power Adjustment. After discussion by the Board a roll call vote was conducted. The following commissioners voted "aye": Askew, Caballero, Hamilton, Herbert, Simpson-Brown, and Small. No commissioner voted "nay".

President's Report

Application and IT Systems Update

President Bolas recognized Mark Kenner, Director of Information Services and Security, to provide details about recent software application updates that enable KUB operations to run more efficiently and provide better service to customers.

Material & Supply Chain Update

President Bolas recognized John Piotrowski, Manager of New Service, Procurement, and Storeroom, to share information on how the current widespread supply chain issues are impacting KUB's projects.

Other Business

President Bolas shared news with the Board that KUB recently received the Governor's Environmental Stewardship Pursuit of Excellence award and thanked them for their support of sustainability initiatives. He also thanked the KUB employees who work on these projects.

October 21, 2021

President Bolas then recognized Derwin Hagood, Senior Vice President of Operations, for good news received from the Tennessee Department of Environment and Conservation (TDEC). KUB received a perfect score on a recent comprehensive TDEC inspection in regard to water quality and management of the water system.

Public Comment

Erin Rose – 1140 Farrington Drive – Knoxville, TN 37923

Adjournment

There being nothing further to come before the Board, Chair Askew declared the Board meeting adjourned at 1:37 p.m.



Mark Walker, Board Secretary



Jerry Askew, Chair

Attachments

Attachment 1	Recommendation Letter and Resolution 1446 – A Resolution Amending the Existing Purchased Power Adjustment of the Electric Division, as Previously Established by Resolution No. 1065, as Heretofore Amended, to Address Changes to Wholesale Power Supply Costs Provided by the Tennessee Valley Authority's Pandemic Recovery Credit Program	<u>Page(s)</u> 11260 - 11263
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October 15, 2021

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

Commissioners:

The October 21 Board meeting agenda includes two official action items, including the selection of nominees to be sent to the City Mayor to fill the Board seat to be vacated by Commissioner Worden at the end of this year (no resolution), and the resolution amending the Purchased Power Adjustment (PPA) on second and final reading regarding the use of Pandemic relief assistance provided by TVA.

Resolution 1446 (Second Reading)

Resolution 1446 amends the Electric Division's Purchased Power Adjustment (PPA) related to the use of Pandemic Recovery Credits from TVA.

At its meeting in August, the TVA Board approved \$220 million in Pandemic Recovery Credits to be provided to its customers, including local power companies like KUB, over a 12-month period beginning in October. KUB will receive its credits through its monthly wholesale power invoice from TVA.

As you may recall, KUB's Pandemic Recovery Credits have two components: a 2.5% credit for standard service power costs and a 2.5% credit for non-standard service power costs. Non-standard service costs represent power purchased from TVA for our largest commercial and industrial electric customers. The credits associated with non-standard service must be applied directly to the monthly bills of those customers.

Staff has proposed to use the estimated \$7.3 million in standard service credits as follows:

- Use \$1.3 million to make funds available for customers with payment arrangements for past due bills. KUB has approximately 2,000 customers with an outstanding balance on payment arrangements. KUB is coordinating this effort with the Knoxville-Knox County Community Action Committee (CAC). We will notify all customers with outstanding payment arrangements. Customers will need to contact CAC who will confirm the payment arrangement. CAC will notify KUB and KUB will apply a credit on the customer's bill eliminating the outstanding balance.

- Flow the remaining \$6 million to all standard service electric customers (residential and commercial) through lower rates over the next 12 months. The average residential electric customer would save \$17 for the 12-month period, offsetting about 40% of the electric rate increase that will take effect during that same 12-month period. A mid-sized business customer would save about \$260 over the same period.

We considered allocating the entire \$7.3 million for utility bill assistance for customers, however, there is currently a significant amount of financial assistance available in our area for utility bills. Including federal grants, Project Help, and our CURE (COVID Utility Relief Effort) program, there is over \$25 million in funds available to our customers for utility bill assistance over the next 12 months.

Due to the amount of available assistance and given the Board recently approved annual 3% electric rate increases over the next three years beginning April 2022, staff felt it was appropriate for all residential and business electric customers to receive a portion of the power cost credits.

There was some discussion at the last meeting about allocating this credit in a different manner, which is certainly at the Board's discretion. Should the Board desire to make such a change, I would still recommend the Board adopt Resolution 1446 on second reading, so we can begin applying the proposed \$1.3 million in assistance for customers with outstanding payment arrangements as soon as possible. We would then bring the Board an additional amendment to the PPA for consideration in November and December, reflecting the revised allocation of the credits in accordance with the Board's wishes.

Resolution 1446 is enclosed for your information. I recommend its adoption on second and final reading at the October 21 meeting.

Respectfully submitted,



Gabriel J. Bolas II
President and CEO

RESOLUTION NO. 1446

A Resolution Amending the Existing Purchased Power Adjustment of the Electric Division, as Previously Established by Resolution No. 1065, as Heretofore Amended, to Address Changes to Wholesale Power Supply Costs Provided by the Tennessee Valley Authority's Pandemic Recovery Credit Program

Whereas, Knoxville Utilities Board of Commissioners (the "Board") has rate setting authority pursuant to Article XI of the Charter of the City of Knoxville; and

Whereas, the Board previously adopted Resolution No. 1065, as heretofore amended, providing for a Purchased Power Adjustment ("PPA") for the Electric Division; and

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

Whereas, the communities in KUB's service territory continue to be impacted by the worldwide COVID-19 pandemic; and

Whereas, the TVA Board of Directors recently approved a one-year extension of pandemic relief financial assistance ("Pandemic Recovery Credits") for local power companies to invest in their communities and support those they serve; and

Whereas, TVA's Pandemic Recovery Credits include two categories, one based on Standard Service volumes, and the other based on the volumes of each Non-Standard Service customer; and

Whereas, KUB will receive Pandemic Recovery Credits from TVA on the monthly wholesale power invoice for the period October 2021 to September 2022; and

Whereas, it is estimated the Standard Service Pandemic Recovery Credits to be received by KUB will total \$7,300,000; and

Whereas, it is KUB staff's recommendation to use \$1,300,000 of the Standard Service Pandemic Recovery Credits to make funds available for customers with payment arrangements for past due balances accrued during the Pandemic crisis; and

Whereas, the remaining balance of credits shall automatically flow through to all Standard Service customers via the PPA and be reflected in lower rates; 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 utilize the Pandemic Recovery Credits for both utility bill assistance to specific customers and reduced rates for all KUB customers; and

Whereas, in accordance with Section 1107(L) of the Charter of the City of Knoxville, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate schedule change is to be considered.

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

Section 1. That during the KUB fiscal year ending June 30, 2022, an accounting entry shall be made which excludes \$520,000 of Pandemic Recovery Credit from Unrecovered Purchased Power Adjustment - Demand, Account EL191010, and excludes \$780,000 of Pandemic Recovery Credit from Unrecovered Purchased Power Adjustment - Commodity, Account EL191020.

Section 2. That this Resolution shall be effective upon second and final reading.

Jerry Askew/s
Jerry Askew, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
READING: 9-16-21
APPROVED ON 2nd
READING: 10-21-21
EFFECTIVE DATE: 10-21-21
MINUTE BOOK 45 PAGE 11262-11263

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