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**Board Meeting Agenda
Thursday, November 19, 2015
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

Resolution 1336 – Adopting Rules and Regulations for the Gas Division of the Knoxville Utilities Board Providing for the Efficient Use, Operation, and Management of the Gas System, Thereby Replacing the Existing Rules and Regulations of the Gas Division

President's Report

Other Business

Public Comments

Adjournment



November 13, 2015

Knoxville Utilities Board
445 South Gay Street
Knoxville, Tennessee 37902-1109

Commissioners:

As you may recall, each KUB utility division operates under a set of rules and regulations adopted by the Board of Commissioners. These documents dictate the general policies and procedures under which each utility system is to be operated.

KUB staff, in conjunction with legal counsel, periodically review the rules and regulations to ensure the governing documents are consistent and accurately reflect KUB's current business structure and practices.

The Gas Division Rules and Regulations have recently been reviewed and proposed modifications have been identified, including housekeeping items to improve the overall clarity of the document, and changes to reflect current business practices.

Resolution 1336 adopts revised Gas Division Rules and Regulations reflecting the aforementioned modifications. A draft of the proposed Gas Division Rules and Regulations is enclosed for your review, along with a summary of the modifications.

I recommend adoption of Resolution 1336 on first and final reading.

Respectfully submitted,

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

Mintha E. Roach
President and CEO

Resolution 1336

Gas Division Rules and Regulations

Summary of Proposed Modifications

The modifications incorporated in the proposed Gas Rules and Regulations consist primarily of housekeeping items, including but not limited to the following:

- Minor word changes (additions and/or deletions) to improve clarity.
- Inserted the terms “user” and “owner” in certain provisions to reflect there may be gas system issues, which impact persons other than the customer.
- Modified definition of “premises” to include both occupied and unoccupied structures.
- Added provision that no person shall perform an excavation without a valid utility location request ticket.
- Added “to provide notifications” to list of reasons KUB may access premises of a customer, user or property owner.

In addition to housekeeping items, the proposed Gas Rules and Regulations reflect a change in ownership of the gas service line that extends from the gas distribution main typically located in the public right of way (i.e. street) to the gas meter.

In the existing Gas Rules and Regulations, the portion of the gas service line extending from the property line to the gas meter is owned by the individual property owner, although in accordance with federal regulations, the repair or replacement of the gas service line is performed by KUB, or a contractor acceptable to KUB. With the exception of excavation-related incidents, KUB typically has not charged a customer or property owner the costs associated with the repair or replacement of a service line on their property.

It is common practice for gas utilities to own and maintain gas pipe located on private property. In fact, the results of a recent survey conducted by an independent consultant on KUB’s behalf indicated KUB is the only natural gas utility in the region that does not own the gas service line to the meter.

Given current industry standards and KUB business practices, staff feels it is appropriate to modify the Gas Rules and Regulations as needed to reflect that KUB owns, operates and maintains the gas service line extending from the distribution main to the meter.

RESOLUTION NO. 1336

A Resolution Adopting Rules and Regulations for the Gas Division of the Knoxville Utilities Board Providing for the Efficient Use, Operation, and Management of the Gas System, Thereby Replacing the Existing Rules and Regulations of the Gas Division

Whereas, Section 1106(G) of the Charter of the City of Knoxville provides that the Knoxville Utilities Board (“KUB”) has the authority to make and enforce all necessary and desirable rules and regulations for the efficient use, operation, and management of the KUB system; and

Whereas, the KUB Board of Commissioners (“Board”), by Resolution No. 1170, previously adopted Gas Division Rules and Regulations; and

Whereas, KUB staff periodically reviews the Gas Division Rules and Regulations for clarity and to ensure consistency with applicable laws, other KUB governance documents, and KUB’s current business structure and practices; and

Whereas, KUB staff, in conjunction with legal counsel, has identified certain modifications to the Gas Division Rules and Regulations, which will provide greater clarity and more accurately reflect KUB’s current business practices; and

Whereas, the Board finds that it is in the best interest of KUB and its customers to adopt revised Gas Division Rules and Regulations.

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

Section 1. The Gas Division Rules and Regulations, attached hereto and incorporated herein as Exhibit A to this Resolution, are hereby adopted in their entirety and as of and after the effective date of this Resolution shall be applicable in place of the existing Gas Division Rules and Regulations.

Section 2. The President and CEO is authorized to take such actions and to authorize other persons to take such actions as may be necessary, proper, and convenient to carry into effect the Gas Division Rules and Regulations.

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

Nikitia Thompson, Chair

Mark Walker, Board Secretary

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



Gas Division
Rules and Regulations



Knoxville Utilities Board

Rules and Regulations for the Gas Division

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Section I. Purpose

It is the intent of the *Knoxville Utilities Board* (“*KUB*”) that these *Rules and Regulations* promote the following principles:

1. Assure the safe and efficient use, administration, operation, expansion, extension, and preservation of *KUB’s gas system*.
2. Assure its *customers’* compliance with these *Rules and Regulations, Rate Schedules* for *gas service* adopted by the *Board* and *Service Procedures* established by *KUB* to implement these *Rules and Regulations*.
3. Promote fair, reasonable, and uniform treatment of *customers* in each of the *rate classes* of *KUB’s Gas Division*.
4. Protect our environment through the professional management of our *system* and maintain public confidence in *KUB’s gas system*.
5. Encourage economic development by promoting extensions of the *KUB gas system*.
6. Simplify, clarify, and modernize the policies governing the operation of *KUB’s Gas Division*.
7. Assure that the *KUB gas system* operating practices are as uniform as appropriate.
8. Promote the continued evolution and development of *KUB’s gas system* operating guidelines and practices.

Section II. Scope

These *Rules and Regulations* apply to the application, implementation, and operation of *KUB’s gas system* and the provision of *gas service*.

1. Conflict. In addition to these *Rules and Regulations*, the following documents, listed in order of precedence, are hereby made a part of all contracts and are enforceable through all contracts, actual and implied, for *customers* and *users* receiving *gas service* from *KUB* and apply to all *gas services* received by *customers*, whether the service is based upon contract, agreement, signed application or otherwise:

- i) the *Gas Division Rate Schedules*;
- ii) these *Rules and Regulations* as may be amended from time to time; and
- iii) the *Service Procedures*.

In the event of a conflict between the documents listed above, the order of precedence shall govern.

2. Severability. If any clause, sentence, paragraph, section or part of these *Rules and Regulations*, any applicable *Gas Division Rate Schedule*, or any provision of the *Service Procedures* shall be declared invalid or unconstitutional, it shall not affect the validity of the remaining parts of these *Rules and Regulations* or the applicable *Gas Division Rate Schedule*, or the *Service Procedures*.

3. Authority. Subject to the limitations set forth in the Charter, these *Rules and Regulations*, applicable *Rate Schedules* and any other official *Board* action or resolution, the *President and CEO*, and his/her designees, has all rights, powers, duties and authorities to implement, and enforce these *Rules and Regulations*. The *President and CEO*, and his/her designees, has all rights, powers, duties, and authorities to establish and enforce *Service Procedures* and other such policies and programs necessary to implement these *Rules and Regulations*.

4. Rules and Regulations Oversight Committee. The *Rules and Regulations Oversight Committee* shall consist of the *Chief Operating Officer (COO)*, and other members of *KUB* management, as so designated by the *President and CEO*. The *COO* shall chair the *Committee*. The *Rules and Regulations Oversight Committee* will provide oversight of the implementation, enforcement and administration of the *Rules and Regulations*. The *Rules and Regulations Oversight Committee* is responsible for recommending changes to the *Rules and Regulations* to the *President and CEO*. Any substantive amendments or changes to these *Rules and Regulations* are subject to the approval of the *President and CEO* and adoption by the *Board* in accordance with the *Board's* procedures.

5. Access to Premises. The *customer, user*, and if a different *person*, owner of *premises* to which *gas service* is provided shall, by its receipt and acceptance of *gas service*, grant to *KUB* permission to access the *premises* at all times, including immediate access if determined to be necessary by *KUB* in the event of an emergency, for the purpose of:

- i. Reading meters;
- ii. Installing, testing, inspecting, repairing, operating, maintaining, removing, and replacing any *KUB gas system* component;
- iii. Clearing hazards away from *KUB's gas system*
- iv. Inspecting and operating the *customer's, user's*, and if a different *person*, owner's *gas* piping and equipment;
- v. Inspecting the *premises*; and
- vi. Providing notifications

in order to determine that *KUB's Rules and Regulations* and/or *Service Procedures* implementing the *Rules and Regulations*, the regulations of the Federal Department of Transportation, and the regulations and requirements of the applicable Tennessee state regulatory authority, are being complied with and to ensure compliance with applicable federal, state, and local law(s) and regulation(s).

6. Responsibility for *KUB's Property*. The *customer, user*, and if a different *person*, owner shall provide a space for and exercise proper care to protect any *KUB* property located on the *premises*; and in the event of loss or damage to *KUB's* property, arising from the negligence to care for said property, the cost of necessary repairs or replacements shall be paid by the negligent party.

No *person* shall perform excavation without a valid TN811 locate request ticket. The Tennessee Underground Utility Damage Prevention Act specifies the requirements for safe digging or other work near utilities.

7. Responsibility for Compliance with *Rules and Regulations*. Every *customer, user*, and if a different *person*, owner shall comply with these *Rules and Regulations, Rate Schedules* of the *Gas Division* adopted by the *Board*, and *Service Procedures* established by *KUB* to implement these *Rules and Regulations*.

8. Promotion of Technology. *KUB* may establish and maintain processes consistent with these *Rules and Regulations* that promote and utilize new technologies for the operation of its *gas system* which improve system reliability, increase operational flexibility and/or lower costs of operation. Examples include, but are not limited to, automated remote metering, estimated metering, etc.

9. Health and Safety. All *Rules and Regulations* and *Service Procedures* affecting health and safety, including (without limitation) all provisions relating to inspection, general safety precautions for utilization, operation and maintenance of *KUB's gas system* (including but not limited to *pre-qualified gas contractor* requirements as required by 49 Code of Federal Regulations for the Federal Department of Transportation), and rules governing installations, are for the guidance and benefit of *customers, users*, and if a different *person*, owners, and *KUB* shall not be responsible for the health and safety thereof, or for any loss, damage, or injury resulting from any violation thereof, but *KUB* reserves the right, in its discretion, to refuse to furnish *gas service*, or to discontinue furnishing *gas service*, where the *customer, user*, and if a different *person*, owner fails to comply therewith.

10. Interpretation. It is the intent of *KUB* that these *Rules and Regulations* be liberally interpreted.

Section III. Definitions

For the purpose of these *Rules and Regulations*, and unless the context specifically indicates otherwise, the following terms shall have the meaning ascribed:

Wherever the context shall require, words used herein in the singular shall include the plural, words used in the plural shall include the singular, words used in the masculine shall include the feminine, and words used in the feminine shall include the masculine.

Board shall mean the *KUB Board of Commissioners*, as appointed from time to time by the Mayor and City Council of the City of Knoxville, Tennessee.

Chief Executive Officer or President and CEO shall mean the *President and Chief Executive Officer of the Knoxville Utilities Board*.

Chief Operating Officer or COO shall mean the *Chief Operating Officer of the Knoxville Utilities Board*. The *COO*, subject to the supervision of the *CEO*, shall administer, implement, and enforce the provisions of these *Rules and Regulations*.

City shall mean the City of Knoxville, Tennessee.

Commercial and industrial use shall mean all uses with the exception of *domestic use* as defined in these *Rules and Regulations*.

Contribution in Aid of Construction (CIAC) shall mean a payment required of the *customer* for the extension of *KUB's gas system*.

Customer shall mean any *person* who receives *gas service* from *KUB* under either an express or implied contract requiring such *person* to pay *KUB* for such service. The term shall also include illicit users of *gas service* from *KUB*.

Domestic use of the *gas system* shall be defined and limited to single-family, multifamily, apartment or other *dwelling unit* or *dwelling unit equivalent* connecting to *KUB's gas system* and used for residential purposes only.

Dwelling unit shall mean any structure occupied by one or more *persons* of a single family for residential purposes. Apartment buildings and other structures occupied by more than one family shall be considered multiple *dwelling units*.

Fee is any amount levied that is: (1) infrequent in nature, and/or (2) generally not consumption based, and/or (3) set at the discretion of management of *KUB* as authorized by the *Board*, but does not include a *rate*.

Fuel line shall mean the line from the outlet of the meter center to the equipment utilizing *gas* on the *customer's, user's*, and if a different *person*, owner's *premises*.

Gas distribution main shall mean the principal or major pipe in the *gas system* conveying *gas* to *gas service lines* for distribution.

Gas Division or *division* shall mean the part of the *KUB* system having charge of the physical operation and financial oversight of *KUB's gas system*.

Gas service line shall mean the pipe, which leads from the *gas distribution main* to the shut-off cock; it does not include the *metering equipment*. The *gas service line* shall be operated and maintained by *KUB*.

Gas system shall mean all components for distributing and receiving *gas*, including but not limited to *gas distribution mains, gas service lines*, and *metering equipment*.

Gas and/or gas service means natural *gas* made available for consumption by *KUB* for its *customers, users*, and if a different *person*, owner for *domestic, commercial and/or industrial use* by delivering or distributing natural *gas* via the *KUB gas system*.

Knoxville Utilities Board, or KUB, shall mean the *Knoxville Utilities Board* of the City of Knoxville, Tennessee, or, as the context requires, the management of *KUB*, its contractors or agents.

Metering equipment shall mean the meter and all associated *gas* equipment such as meter connections, pressure regulators, piping, shut-off cocks, valves, gauges, and vents (collectively, the meter center).

Person shall mean any individual, partnership, firm, company, association, society, corporation, limited liability company, trust, estate, governmental entity, or any other legal entity, or its legal representatives, agents, or assigns. This definition includes all federal, state and local governmental entities and shall also include illicit *users* of *gas service* from *KUB*.

Point of Delivery shall mean the point at the outlet of the meter center, unless otherwise designated by *KUB*.

Pre-qualified gas contractor shall mean any contractor employee performing work on the *KUB gas system* in any of the covered functions set forth in the applicable parts of 49 Code of Federal Regulations (CFR) for the Federal Department of Transportation and/or *KUB's* Operator Qualification Program, provided such contractor employee is in a drug and alcohol testing program that meets the Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations, and such contractor employee is in compliance with the Operator Qualification Standard in 49 Code of Federal Regulations.

Premises shall mean any structure, group of structures, or property, whether occupied or unoccupied, operated as a single business, enterprise, or *dwelling unit*, but shall not include more than one *dwelling unit*.

Private gas system is any *gas system* owned and maintained by the *customer*, whose operation is regulated by entities other than *KUB* including but not limited to the applicable Tennessee state regulatory authority and the Federal Department of Transportation. The *gas use* of a *private gas system* shall be master metered by *KUB* at a central location.

Rate is any quantitative value used to determine an amount levied on a *customer* directly related to the provision and/or consumption of *gas* typically associated with utility usage, as set forth in a *Gas Division Rate Schedule* adopted by the *Board*.

Rules and Regulations means the rules and regulations adopted by the *Board* governing the operation and use of *KUB's gas system*.

Service Procedures means those governing procedures set forth in a document or document(s) adopted by the *President and CEO* implementing the *Rules and Regulations* for the *KUB gas system* and outlining the guidelines necessary to oversee the daily operation of *KUB's gas system*.

Standards and specifications shall mean a set of processes or procedures regarding certain aspects of the *KUB gas system*, which may be in effect from time to time, but may not be included in the *Service Procedures*.

User shall mean any *premise* having a connection to the *KUB gas system* or having access thereto. The term shall include illicit *users* of *gas service* from *KUB*.

Section IV. Initiation of Gas Service

1. Residential use. A formal request for either original or additional gas service must be made to *KUB* by the *customer* and be duly approved by *KUB* before connection to the *KUB* gas system is made. The request shall be in the prescribed form according to the *Service Procedures*. The receipt by *KUB* of a prospective *customer's* request for gas service shall not obligate *KUB* to render gas service. *KUB* may, at its sole discretion, require the *customer* to provide security, assurance, or guaranty prior to *KUB* rendering gas service.

2. Commercial and industrial use. A formal request for either original or additional gas service must be made to *KUB* and be duly approved before connection is made. The request shall be in the prescribed form according to the *Service Procedures*. The receipt by *KUB* of a prospective *customer's* request for gas service shall not obligate *KUB* to render the gas service. *KUB* may, at its sole discretion, require the *customer* to provide security, assurance, or guaranty prior to *KUB* rendering gas service.

3. Intergovernmental agreements. At *KUB's* sole discretion, *KUB* may enter into agreements with municipalities and unincorporated areas in the metropolitan area of service for the distribution of gas service. Any such agreement must comply with all applicable federal, state and local laws, ordinances, regulations and *KUB's Rules and Regulations*. There shall be no liability on the part of *KUB* to the requestor for refusal of such service.

4. Private gas systems. At *KUB's* sole discretion, *KUB* may allow the connection of private gas systems to the *KUB* gas system. Any person owning or controlling premises either within or without the current *KUB* gas system area of service desiring to install a private gas system and to connect to the *KUB* gas system must comply with all applicable federal, state and local laws, ordinances, regulations and *KUB's Rules and Regulations* and *Service Procedures*. *KUB* may enter into an agreement with said persons at *KUB's* sole discretion. There shall be no liability on the part of *KUB* to the requestor for refusal of such service.

Section V. Connections to KUB Gas System

1. Gas system extensions or relocations. Gas system extensions or relocations will be located in a right-of-way or dedicated easement acceptable to *KUB*. The *customer* shall grant an easement, without cost to *KUB*, for that portion of the right-of-way that traverses property owned by the *customer* or runs along a roadway on property owned by the *customer*. If additional easements are required, the *customer* shall bear *KUB's* costs of obtaining said easements. Unless approved by *KUB*, the

right-of-way must be adjacent to a road that is suitably maintained so as to permit *KUB* to have direct access to the *KUB gas system*. Should the right-of-way be adjacent to a private road, rights of ingress and egress shall be granted to *KUB*, and a dedicated easement shall be provided before any *gas distribution main* is installed.

2. Point of delivery

- A. The *point of delivery* shall be the point at the outlet of the meter center, unless otherwise designated by *KUB*. Costs and expenses incidental to the installation, connection and inspection of *gas* piping and equipment beyond the *point of delivery* shall be borne by the *customer*.
- B. All connections to the *KUB gas system* are to be made in accordance with all applicable *KUB standards and specifications*.
- C. *KUB* operates, maintains, repairs, and replaces all portions of the *KUB gas system*. *KUB* shall perform all work in accordance with Federal Department of Transportation regulations, *KUB's standards and specifications*, these *Rules and Regulations*, and any other applicable codes and ordinances.
- D. The Codes Inspector for the *City* for connections within the *City* and the appropriate regulatory authority for the area of connection outside the *City*, including but not limited to the County inspector and the inspector for the Town of Farragut, must inspect and approve the *fuel line* before any meter is set by *KUB*. For connections for government entities within *KUB's* service area, the appropriate regulatory authority, if any, shall make *gas* inspections, before any meter is set by *KUB*.
- E. The location of *KUB's metering equipment* shall not change the location of the *point of delivery*.
- F. All *gas* piping or equipment beyond the *point of delivery* shall be owned and maintained by the *customer, user*, and if a different *person, owner* unless otherwise agreed to in writing by *KUB*.
- G. *KUB* shall not be liable for any injury to *persons* or property on account of any defect or negligence in the installation, maintenance, or use of the *customer's, user's*, and if a different *person, owner's* equipment beyond the *point of delivery*.

3. Mains on Private Property. KUB reserves the right to install *gas distribution main* in dedicated easements on private property for residential and business developments, including but not limited to condominium developments and commercial strip malls.

4. Pressure Fluctuations. *Gas service* must be used by the *customer, user,* and if a different *person, owner* in such a manner as to not cause unusual pressure fluctuations or disturbances to *KUB's gas system.* KUB may require any such party, at their expense, to install a suitable apparatus that will reasonably limit such fluctuations. KUB shall inspect and approve any such apparatus and will require installation to meet all applicable codes and *KUB standards and specifications.*

5. Additional Load. The *gas service line* and *metering equipment* for each *customer, user,* and if a different *person, owner* have definite capacity and no major addition to the equipment or load connected thereto, as determined by KUB in its sole discretion, will be allowed except by consent of KUB. Failure to give written notice of major additions or changes in load, as determined by KUB in its sole discretion, and to obtain KUB's written consent for same shall render said party liable for any damage to *KUB's gas system* caused by the additional or changed installation.

6. Interconnection. No interconnection of any kind shall be permitted between *KUB's gas system* and any *gas* or other fuel supply from any other source, nor shall any *gas* or other fuel supply from any other source be permitted to migrate into *KUB's gas system,* unless approved in writing by the COO or the *President and CEO.* Additionally, KUB will require technical information, including but not limited to manufacturer drawings, equipment layout, and details concerning the transfer switching apparatus, in regard to the interconnection or *gas backup system.* KUB reserves the right to alter or modify the requesting party's plans to address safety concerns or *KUB's gas system* integrity.

Section VI. Interruption of Gas Service

KUB shall not be liable for any damage resulting from failure of any *KUB gas system* component, or by fluctuations in *gas pressure,* or by discontinuing the operation of any segment of its *gas system* for repair, extensions or connections, or from the accidental failure of its *gas system* from any cause whatsoever, or the termination of *gas service* as the result of violations by any *customer, user,* and if a different *person, owner,* of any applicable federal, state and local laws and/or these *Rules and Regulations* or *KUB's Service Procedures,* or damage resulting from KUB's failure to terminate *gas service* after notice of termination of *gas service* by the *customer.* In cases of emergency, KUB shall have the right to restrict the use of its *gas system* in any reasonable manner for the protection of *KUB's gas system, customers,* the public, and the environment.

Section VII. Restricted Use of Gas

In the event of an emergency or other condition causing a shortage in the amount of *gas* for *KUB* to meet the demands on its *gas system*, *KUB* may, by a method deemed equitable by *KUB*, fix the amount of *gas* to be made available for use by *customers* and/or may otherwise restrict the time and purpose of *gas* use by *customers*. A method for the distribution of *gas* under such circumstances may be set forth in the *Service Procedures*.

If such conditions become necessary, a *customer* may request a variance because of unusual circumstances including matters adversely affecting public health, safety, and welfare. If the *customer* fails to comply with such restriction, *KUB* may take such remedial action, as it deems appropriate under the circumstances including but not limited to temporarily terminating *gas service* or charging additional amounts because of the excess use of *gas*.

KUB also reserves the right to grant no further applications for *gas service* until such time that the shortage of *gas* for *KUB* to meet the demands on its *gas system* has been alleviated.

Section VIII. Termination of Gas Service; Refusal to Connect Gas Service

KUB has the right to terminate or refuse *gas service* based on outstanding debts owed to *KUB* related to the non-payment of utility bills, a dispute as to the ownership of the *premises* requesting *gas service* or the *customer's* disputed right to occupancy of the *premises*, a violation of these *Rules and Regulations*, a violation of *Service Procedures*, a violation of a *customer* contract, non-payment of a utility bill by the *customer*, non-usage of *gas service* for a reasonable period of time, a violation of any other applicable rule, law, or ordinance, or any other legitimate reason deemed in *KUB's* best interests and the best interests of *KUB's gas system*.

Section IX. Rates for Gas Service

Gas service rates shall be set forth in the *Gas Division Rate Schedules* as adopted by the *KUB Board*.

Section X. Billing for Gas Service

The billing for *gas service* shall be in accordance with the *Rate Schedules* of the *Gas Division* as approved by the *Board* and this section of the *Rules and Regulations*.

1. **Minimum charges.** The minimum charge, if any, will be as stated in the *Rate Schedules* of the *Gas Division*.

2. **Estimated billing.** *KUB* may periodically estimate a *customer's gas* consumption and submit to *customer* for payment such estimated service bill.
3. **Billing adjustments.** *KUB* may adjust *customer* billing for reasons including but not limited to the following: billing for over or under registration of meters, for the determination of *gas* consumption by *customers* when meters have been inoperative, for an obviously incorrect meter reading, or for other recognized and proper adjustments as determined by *KUB*.

Section XI. Authority to Levy Charges and Fees

Under the provisions of its charter and of the general laws of the State of Tennessee, *KUB* is authorized and empowered to fix, levy and collect *fees*, rents, tolls or other charges for the use of or in connection with the *KUB gas system*. This authorization includes but is not limited to the establishment, levy and collection of a service charge, improvement charge or other charges deemed necessary. The *CEO* and/or his/her designee may establish *Service Procedures* addressing the establishment of charges and *fees* associated with *gas service*.

Section XII. *KUB Gas System* Extensions

1. General Extension Policy

- A. The investment that *KUB* will make, if any, toward an extension of the *KUB gas system* will be equitably determined by *KUB* on the basis of economic and/or technical feasibility. In making such determination, *KUB* shall consider the total capital cost, the anticipated revenues, the estimated expenses associated with the extension, such other economic factors as *KUB* may deem appropriate under the circumstances and the availability of adequate capacity in the *KUB gas system*. *KUB* may require the *person* to pay a *CIAC*.
- B. *KUB* may require the *person* to execute an extension agreement which requires and/or provides for assurances or other security or credit arrangements as may be required by *KUB* in its sole discretion, with respect to the extension, including, but not limited to, refundable construction advances, minimum demand or bill requirements, and such other forms of security, assurance, and/or guaranty, as *KUB* determines to be necessary or appropriate to protect the interest of *KUB* and its *customers*. *KUB* shall not be obligated to provide refunds unless specified in a contract. In no event shall a refund be in excess of the amount of the advance for or actual cost of construction.

- C. *KUB* shall have the authority to extend its *gas system* in a manner different from that set forth in the *Rules and Regulations* and charge a *CIAC* when any such extension is determined to be in the best interest of *KUB*, economic interest of the community, or to the benefit of the public health of the community.
- D. The authority to make *gas* extensions is in *KUB's* sole discretion even though all requirements have been met. Nothing contained herein shall be construed as requiring *KUB* to extend *gas service* to any property. *KUB gas system* extensions shall not be denied on the basis of race, sex, religion, color, age or national origin.

2. Construction of *KUB Gas System*

- A. *KUB's gas system* shall be constructed by *KUB* personnel or a *KUB pre-qualified gas contractor*. *KUB* may approve advance written requests from *persons* to contract with *KUB pre-qualified gas contractors* to install *gas distribution main* and *gas service lines*.
- B. The size, type and installation of *gas system* components shall comply with *KUB's standards and specifications* and must be approved by *KUB*.
- C. Construction work on *KUB's gas system* shall at all times be subject to inspection by *KUB* to assure that the work conforms to *KUB's standards and specifications*.
- D. No approval or inspection by *KUB* hereunder shall relieve a *KUB pre-approved gas contractor* or a *person* who contracted with a *KUB pre-approved gas contractor* of any liability for work performed on the *KUB gas system*.
- E. Upon the completion of construction and subsequent inspection and approval by *KUB*, such construction shall become the property of *KUB* and thereafter become a part of *KUB's gas system*. The *persons* paying the cost of construction shall execute any written instrument requested by *KUB* to provide evidence of *KUB's* title. In consideration of such being transferred to *KUB*, *KUB* shall incorporate such as an integral part of *KUB's gas system* in accordance with these *Rules and Regulations*.
- F. *KUB* may, at the request of a *person*, relocate or change existing *KUB gas system* components. The *person* may be required to reimburse *KUB* for costs of such relocation or change including but not limited to appropriate overheads and associated costs for easement acquisitions. When a public right-of-way is changed for the benefit of private interests and *KUB's gas system* must be

adjusted to accommodate said change, the cost of such adjustments shall be paid in advance on a non-refundable basis by the requesting parties.

- 3. Construction and Responsibility for *Private Gas Systems*.** *KUB* reserves the authority to allow and/or deny *private gas systems* that either directly or indirectly draw *gas* flow from the *KUB gas system*. Any such *private gas system* shall be approved by the applicable governing entities, including but not limited to the applicable Tennessee state regulatory authority and the Federal Department of Transportation. The owner of the *private gas system*, such as the developer, the developer's legally authorized successor, property owner, etc., shall retain ownership of and be responsible for all operation and maintenance of the *private gas system*. *KUB* shall retain ownership of and be responsible for the operation and maintenance of the master *metering equipment*, which registers *gas* usage by the *private gas system*.

Section XIII. Prohibition of Gas Resale.

No *person* shall resell *gas* from *KUB's gas system* without *KUB's* express written permission.

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, October 15, 2015, 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, October 15, 2015, pursuant to the public notice published in the January 10, 2015, edition of the *News Sentinel*. Chair Thompson called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Bruce Anderson, Kathy Hamilton, Celeste Herbert, Nikitia Thompson, Eston Williams, and John Worden

Commissioners Absent: Sara Pinnell

Approval of Minutes

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

Old Business

None

New Business

Consideration of Nominees for Commissioner Term Beginning January 1, 2016

Commissioner Anderson, Chair of the Nominating Committee, gave the following report:

This year's nominating process for the term beginning January 1, 2016 began in January when the online application became available on KUB's website. The Committee met in August, and advertisements ran in the *News Sentinel* in August and September.

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The committee reviewed the applications and identified qualified applicants to interview. 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:

1. Jerry Askew
2. Keith Carver
3. Wade Davies
4. Randall Gibson
5. Ford Little

Commissioner Anderson made the motion to submit the nominees listed above to the Mayor, seconded by Commissioner Hamilton.

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

1. Jerry Askew
2. Keith Carver
3. Wade Davies
4. Randall Gibson
5. Ford Little

Chair Thompson stated the names of the five nominees would be submitted to Mayor Rogero, and she thanked the members of the Nominating Committee for their work.

President's Report

Wastewater System Update

President Roach recognized Julie Childers, Vice President of Engineering, to provide the annual update on the wastewater system.

IT Projects

President Roach recognized Mark Kenner, Manager of Information Services and Business Processes, to provide an update on KUB's IT system. After Mr. Kenner's update he recognized Michelle Wilson, an analyst in Rates and Analytical Services, and Tiffany Martin, and analyst in Human Resources, for presentations on new financial management and human resources system implementations.

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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 12:47 p.m.

Nikitia Thompson, Chair

Mark Walker, Board Secretary