



**Supplemental Environmental Project  
Semi-Annual Report  
Volume 8**

**Eighth Semi-Annual Report  
July 1, 2008 – December 31, 2008**

**Submitted to EPA on January 28, 2009**

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*

D. Wayne Loveday

*1-28-09*

Date

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**Supplemental Environmental Project  
Eighth Semi-Annual Report  
July 1, 2008, through December 31, 2008**

**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 July 1, 2008, through December 31, 2008.

In addition to the required SEP funding, KUB has also voluntarily established a low-income, no-interest loan program. This program serves customers earning a predetermined percentage of median income. The cost of the lateral repair or replacement is added to the customers' KUB bill over a period of 48 months.

Two customers were approved for the no-interest loan during this reporting period. Payment was dispersed for one property, which was completed in the last reporting period. The total amount dispersed for loans during this reporting period was \$2,580.00.

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

A deposit of \$250,000.00 was made to the Escrow Account on August 11, 2008. The next deposit to the Escrow Account is scheduled for February 11, 2009.

**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 \$251,553.06 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>
7/2/2008	50,301.72	28	50,301.72
8/5/2008	61,981.00	35	61,981.00
9/9/2008	33,315.59	18	33,315.59
10/2/2008	38,328.00	17	38,328.00
11/5/2008	29,221.00	13	29,221.00

12/3/2008	38,405.75	20	38,405.75
<b>Totals</b>	<b>251,553.06</b>	<b>131</b>	<b>251,553.06</b>

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

The balance in the SEP Escrow Account, as of December 30, 2008, is \$678,337.86. 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
7/1/2008		50,301.72	1089.97	624,435.56
8/1/2008	250,000.00	61,981.00	1006.09	813,460.65
9/1/2008		33,315.59	1,192.11	781,337.17
10/1/2008		38,328.00	1215.69	744,224.86
11/1/2008		29,221.00	969.97	715,973.83
12/1/2008		38,405.75	769.78	678,337.86

#### 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]	Southeastern Plumbing	2,070.00
[REDACTED]	Kelly Plumbing	3,376.22
[REDACTED]	East Tenn Rooter Plumbing	1,584.00
[REDACTED]	Kelly Plumbing	2,515.50
[REDACTED]	Lyon Plumbing	1,175.00
[REDACTED]	Kelly Plumbing	1,056.00
[REDACTED]	East Tenn Rooter Plumbing	3,679.00
[REDACTED]	Kelly Plumbing	1,840.00
[REDACTED]	Southeastern Plumbing	2,365.00
[REDACTED]	Lyon Plumbing	1,337.00
[REDACTED]	East Tenn Rooter Plumbing	800.00
[REDACTED]	Lyon Plumbing	1,573.00
[REDACTED]	Southeastern Plumbing	645.00
[REDACTED]	Southeastern Plumbing	2,114.00
[REDACTED]	Kelly Plumbing	1,902.00
[REDACTED]	Kelly Plumbing	1,209.00
[REDACTED]	Southeastern Plumbing	2,484.00
[REDACTED]	Kelly Plumbing	2,766.00
[REDACTED]	Southeastern Plumbing	1,235.00
[REDACTED]	Lyon Plumbing	594.00
[REDACTED]	Lyon Plumbing	1,272.00
[REDACTED]	Southeastern Plumbing	1,414.00
[REDACTED]	East Tenn Rooter Plumbing	1,646.00
[REDACTED]	Southeastern Plumbing	1,798.00
[REDACTED]	Lyon Plumbing	1,908.00

[REDACTED]	Southeastern Plumbing	1,289.00
[REDACTED]	Kelly Plumbing	1,522.00
[REDACTED]	Southeastern Plumbing	3,133.00
[REDACTED]	Southeastern Plumbing	1,211.00
[REDACTED]	Lyon Plumbing	1,760.00
[REDACTED]	Lyon Plumbing	3,587.00
[REDACTED]	Lyon Plumbing	575.00
[REDACTED]	Southeastern Plumbing	1,398.00
[REDACTED]	Lyon Plumbing	1,550.00
[REDACTED]	Southeastern Plumbing	1,315.00
[REDACTED]	Lyon Plumbing	2,137.00
[REDACTED]	Kelly Plumbing	1,480.00
[REDACTED]	Kelly Plumbing	1,498.00
[REDACTED]	Lyon Plumbing	2,126.00
[REDACTED]	East Tenn Rooter Plumbing	1,720.00
[REDACTED]	Southeastern Plumbing	1,390.00
[REDACTED]	Lyon Plumbing	1,551.00
[REDACTED]	Kelly Plumbing	5,983.00
[REDACTED]	Lyon Plumbing	1,837.00
[REDACTED]	Lyon Plumbing	1,518.00
[REDACTED]	Lyon Plumbing	1,716.00
[REDACTED]	Southeastern Plumbing	1,314.00
[REDACTED]	Southeastern Plumbing	1,845.00
[REDACTED]	Lyon Plumbing	2,806.00
[REDACTED]	Southeastern Plumbing	1,544.00
[REDACTED]	Lyon Plumbing	1,573.00
[REDACTED]	Lyon Plumbing	1,111.00
[REDACTED]	Lyon Plumbing	1,750.00
[REDACTED]	Lyon Plumbing	1,502.00
[REDACTED]	Kelly Plumbing	1,480.00
[REDACTED]	Lyon Plumbing	1,310.00
[REDACTED]	Lyon Plumbing	1,725.00
[REDACTED]	Lyon Plumbing	1,782.00
[REDACTED]	Lyon Plumbing	1,650.00
[REDACTED]	East Tenn Rooter Plumbing	2,122.00
[REDACTED]	Lyon Plumbing	2,106.00
[REDACTED]	East Tenn Rooter Plumbing	620.00
[REDACTED]	Southeastern Plumbing	1,389.00
[REDACTED]	Lyon Plumbing	1,185.00
[REDACTED]	Southeastern Plumbing	1,468.00
[REDACTED]	Lyon Plumbing	2,456.00
[REDACTED]	Lyon Plumbing	1,617.00
[REDACTED]	Lyon Plumbing	835.00
[REDACTED]	Kelly Plumbing	1,472.00
[REDACTED]	East Tenn Rooter Plumbing	2,212.00
[REDACTED]	Kelly Plumbing	7,650.09
[REDACTED]	Lyon Plumbing	705.00
[REDACTED]	Southeastern Plumbing	3,448.00

[REDACTED]	Lyon Plumbing	1,364.00
[REDACTED]	Lyon Plumbing	1,900.00
[REDACTED]	Lyon Plumbing	1,692.50
[REDACTED]	Southeastern Plumbing	689.00
[REDACTED]	East Tenn Rooter Plumbing	748.00
[REDACTED]	Lyon Plumbing	950.00
[REDACTED]	Southeastern Plumbing	1,244.00
[REDACTED]	Kelly Plumbing	1,680.00
[REDACTED]	Southeastern Plumbing	1,448.00
[REDACTED]	Lyon Plumbing	1,551.00
[REDACTED]	Lyon Plumbing	1,040.00
[REDACTED]	East Tenn Rooter Plumbing	1,391.40
[REDACTED]	Lyon Plumbing	3,244.00
[REDACTED]	Kelly Plumbing	1,680.00
[REDACTED]	Southeastern Plumbing	1,989.00
[REDACTED]	Southeastern Plumbing	4,140.00
[REDACTED]	Southeastern Plumbing	7,348.00
[REDACTED]	Lyon Plumbing	1,392.00
[REDACTED]	Lyon Plumbing	2,134.00
[REDACTED]	Lyon Plumbing	1,419.00
[REDACTED]	Kelly Plumbing	3,980.00
[REDACTED]	East Tenn Rooter Plumbing	1,276.00
[REDACTED]	East Tenn Rooter Plumbing	1,187.60
[REDACTED]	Southeastern Plumbing	1,678.00
[REDACTED]	Lyon Plumbing	1,430.00
[REDACTED]	Lyon Plumbing	2,310.00
[REDACTED]	Lyon Plumbing	3,347.00
[REDACTED]	Lyon Plumbing	3,322.00
[REDACTED]	Lyon Plumbing	1,903.00
[REDACTED]	Lyon Plumbing	3,100.00
[REDACTED]	Lyon Plumbing	1,910.00
[REDACTED]	Kelly Plumbing	2,240.00
[REDACTED]	Southeastern Plumbing	1,430.00
[REDACTED]	Lyon Plumbing	3,360.00
[REDACTED]	Lyon Plumbing	1,320.00
[REDACTED]	Southeastern Plumbing	1,890.00
[REDACTED]	East Tenn Rooter Plumbing	1,296.00
[REDACTED]	Lyon Plumbing	1,793.00
[REDACTED]	Southeastern Plumbing	1,098.00
[REDACTED]	Lyon Plumbing	1,562.00
[REDACTED]	Lyon Plumbing	1,768.00
[REDACTED]	East Tenn Rooter Plumbing	1,160.00
[REDACTED]	Lyon Plumbing	3,495.00
[REDACTED]	Lyon Plumbing	1,584.00
[REDACTED]	Lyon Plumbing	4,587.00
[REDACTED]	Lyon Plumbing	1,562.00
[REDACTED]	Lyon Plumbing	1,735.00
[REDACTED]	Lyon Plumbing	1,870.00

[REDACTED]	Lyon Plumbing	1,240.00
[REDACTED]	Lyon Plumbing	1,200.00
[REDACTED]	East Tenn Rooter Plumbing	2,429.00
[REDACTED]	Lyon Plumbing	1,534.00
[REDACTED]	Lyon Plumbing	1,332.00
[REDACTED]	Kelly Plumbing	3,082.75
[REDACTED]	East Tenn Rooter Plumbing	2,030.00
[REDACTED]	Lyon Plumbing	2,550.00
[REDACTED]	Lyon Plumbing	858.00
[REDACTED]	Lyon Plumbing	1,729.00

**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.

Owner	Property Address	Work Complete Date
[REDACTED]	[REDACTED]	12/18/2008
[REDACTED]	[REDACTED]	12/18/2008
[REDACTED]	[REDACTED]	12/15/2008
[REDACTED]	[REDACTED]	12/15/2008
[REDACTED]	[REDACTED]	12/15/2008
[REDACTED]	[REDACTED]	12/11/2008
[REDACTED]	[REDACTED]	12/7/2008
[REDACTED]	[REDACTED]	12/1/2008
[REDACTED]	[REDACTED]	12/1/2008
[REDACTED]	[REDACTED]	12/1/2008
[REDACTED]	[REDACTED]	11/24/2008
[REDACTED]	[REDACTED]	11/14/2008
[REDACTED]	[REDACTED]	11/14/2008
[REDACTED]	[REDACTED]	11/11/2008
[REDACTED]	[REDACTED]	11/7/2008
[REDACTED]	[REDACTED]	11/6/2008
[REDACTED]	[REDACTED]	11/5/2008
[REDACTED]	[REDACTED]	11/5/2008
[REDACTED]	[REDACTED]	11/5/2008
[REDACTED]	[REDACTED]	10/30/2008
[REDACTED]	[REDACTED]	10/30/2008
[REDACTED]	[REDACTED]	10/29/2008
[REDACTED]	[REDACTED]	10/29/2008
[REDACTED]	[REDACTED]	10/29/2008
[REDACTED]	[REDACTED]	10/28/2008
[REDACTED]	[REDACTED]	10/28/2008
[REDACTED]	[REDACTED]	10/28/2008
[REDACTED]	[REDACTED]	10/21/2008

[REDACTED]	[REDACTED]	10/15/2008
[REDACTED]	[REDACTED]	10/15/2008
[REDACTED]	[REDACTED]	10/15/2008
[REDACTED]	[REDACTED]	10/12/2008
[REDACTED]	[REDACTED]	10/8/2008
[REDACTED]	[REDACTED]	10/7/2008
[REDACTED]	[REDACTED]	10/3/2008
[REDACTED]	[REDACTED]	10/1/2008
[REDACTED]	[REDACTED]	10/1/2008
[REDACTED]	[REDACTED]	9/30/2008
[REDACTED]	[REDACTED]	9/30/2008
[REDACTED]	[REDACTED]	9/26/2008
[REDACTED]	[REDACTED]	9/26/2008
[REDACTED]	[REDACTED]	9/18/2008
[REDACTED]	[REDACTED]	9/18/2008
[REDACTED]	[REDACTED]	9/18/2008
[REDACTED]	[REDACTED]	9/17/2008
[REDACTED]	[REDACTED]	9/12/2008
[REDACTED]	[REDACTED]	9/12/2008
[REDACTED]	[REDACTED]	9/8/2008
[REDACTED]	[REDACTED]	9/5/2008
[REDACTED]	[REDACTED]	9/5/2008
[REDACTED]	[REDACTED]	8/29/2008
[REDACTED]	[REDACTED]	8/29/2008
[REDACTED]	[REDACTED]	8/28/2008
[REDACTED]	[REDACTED]	8/27/2008
[REDACTED]	[REDACTED]	8/26/2008
[REDACTED]	[REDACTED]	8/23/2008
[REDACTED]	[REDACTED]	8/22/2008
[REDACTED]	[REDACTED]	8/21/2008
[REDACTED]	[REDACTED]	8/18/2008
[REDACTED]	[REDACTED]	8/14/2008
[REDACTED]	[REDACTED]	8/11/2008
[REDACTED]	[REDACTED]	8/8/2008
[REDACTED]	[REDACTED]	8/5/2008
[REDACTED]	[REDACTED]	8/4/2008
[REDACTED]	[REDACTED]	8/4/2008
[REDACTED]	[REDACTED]	8/1/2008
[REDACTED]	[REDACTED]	7/29/2008
[REDACTED]	[REDACTED]	7/25/2008
[REDACTED]	[REDACTED]	7/25/2008
[REDACTED]	[REDACTED]	7/24/2008
[REDACTED]	[REDACTED]	7/22/2008
[REDACTED]	[REDACTED]	7/21/2008
[REDACTED]	[REDACTED]	7/21/2008
[REDACTED]	[REDACTED]	7/18/2008
[REDACTED]	[REDACTED]	7/17/2008



[REDACTED]	[REDACTED]	7/16/2008
[REDACTED]	[REDACTED]	7/15/2008
[REDACTED]	[REDACTED]	7/15/2008
[REDACTED]	[REDACTED]	7/15/2008
[REDACTED]	[REDACTED]	7/15/2008
[REDACTED]	[REDACTED]	7/15/2008
[REDACTED]	[REDACTED]	7/14/2008
[REDACTED]	[REDACTED]	7/11/2008
[REDACTED]	[REDACTED]	7/11/2008
[REDACTED]	[REDACTED]	7/10/2008
[REDACTED]	[REDACTED]	7/9/2008
[REDACTED]	[REDACTED]	7/9/2008
[REDACTED]	[REDACTED]	7/8/2008
[REDACTED]	[REDACTED]	7/7/2008
[REDACTED]	[REDACTED]	7/7/2008
[REDACTED]	[REDACTED]	7/7/2008
[REDACTED]	[REDACTED]	7/3/2008
[REDACTED]	[REDACTED]	7/2/2008
[REDACTED]	[REDACTED]	7/1/2008

**7. SEP Implementation and Ongoing Tasks**

All implementation tasks for the SEP are complete.

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 fifty properties during this reporting period where property owners failed to make repairs to their private sewer lateral within the required 120 day time period. Repairs were made to 323 laterals during the reporting period.

Appeals were filed at four properties during the reporting period. They, along with the appeal filed during the previous reporting period, are currently progressing through the established appeals process.

A Private Lateral Program brochure along with a financial assistance insert is included with each Notice of Noncompliance (NONC), 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.

**Effect of Income Qualification Limits:**

During this reporting period 31 property owners qualified for Grants due to the increase in the income guidelines effective January 1, 2008. KUB continues to analyze information related to defect rates and income qualification as necessary to satisfactorily complete the SEP in accordance with the Consent Decree.

## **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 seventh SEP funding deposit to the Escrow Account.

## **Appendix A**

Escrow Deposit Documentation



Knoxville Utilities Board

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August 29, 2008

**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 August 11, 2008, KUB paid the sixth 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 sixth payment no later than forty-two (42) 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. A transaction report and wire confirmation of the transfer is enclosed as proof of payment.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill R. Elmore', is written over a light blue horizontal line.

Bill R. Elmore  
Senior Vice President and Chief Operating Officer

Mr. Mundrick  
Page 2  
August 29, 2008

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



User Activity Inquiry Results

> Search criteria

User Name -- Account  
 Date Range (MM/DD/YYYY) From 08/11/2008 To 08/11/2008 Activity Release  
 Amount Range From 0.00 To 0.00 Debit/Credit All

Payment Sequence Number	User ID	Activity	Amount	Debit Credit	Account	Beneficiary Or Sender Name	Entry Time	Release Time	Template	Payment Status
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CREED

END

CREED

CREED	Release	250,000.00	Debit	0179318042 DD	WEALTH MANAGEMENT OPERATIONS	08/11/2008 09:54	08/11/2008 10:29			ACKS
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END

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08/11/2008 10:49AM

First Horizon National Corporation PAGE 1 OF 1

REPORT DATE: 08/11/08 10:40:22 WIRE TRANSFER ADVICE NOTIFICATION PAGE 1

ACCOUNT : 0179318042 KNOXVILLE UTILITIES BOARD

DEBIT REPEAT: STATUS : COMPLETED  
 AMOUNT : \$ 250,000.00 COMPLETION TIME : 2008-08-11:1030  
 AUTHORIZER : GRAYSON PURSCH CONFIRMER :  
 WIRE TYPE : FEDWIRE REFERENCE #:  
 DEBIT ACCOUNT KNOXVILLE UTILITIES BOARD  
 ORDERING BANK :  
 ORDERING CUST :  
 BENE CUSTOMER : WEALTH MANAGEMENT OPERATIONS  
 SENDING BANK :  
 RECEIVING BANK :  
 DEST BANK : I AMSOUTH  
 OBT : FFC: ACCOUNT # , NAME: KNOXVILLE UTILITIES BOARD SEP ESCROW  
 OBT :