



Supplemental Environmental Project Semi-Annual Report Volume 9

**Ninth Semi-Annual Report
January 1, 2009 – June 30, 2009**

Submitted to EPA on July 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

July 28, 2009
Date

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 Ninth Semi-Annual Report January 1, 2009, through June 30, 2009

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, 2009, through June 30, 2009.

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.

Six customers were approved for the no-interest loan during this reporting period. Payment was disbursed for five of these properties. Payment was also dispersed for two properties, which were completed in the last reporting period. The total amount dispersed for loans during this reporting period was \$14,050.00.

2. Deposit of Funds to the SEP Escrow by KUB

A deposit of \$250,000.00 was made to the Escrow Account on February 11, 2009. The next deposit to the Escrow Account is scheduled for February 11, 2010.

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 \$211,267.50 was disbursed from the SEP Escrow Account to the Third Party Administrator during this reporting period. The disbursements are shown in the table below.

Date of Invoice	Amount Invoiced	Number of Laterals Repaired/Replaced	Amount Disbursed
1/7/2009	14,456.00	8	14,456.00
2/3/2009	27,855.00	14	27,855.00
3/3/2009	34,050.00	19	34,050.00
4/2/2009	52,193.06	27	52,193.06
5/4/2009	38,281.00	18	38,281.00
6/1/2009	44,432.44	18	44,432.44
Totals	211,267.50	104	\$211,267.50

4. Balance of Funds in the SEP Escrow

The balance in the SEP Escrow Account, as of June 30, 2009, is \$718,698.81. 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
1/1/2009		14,456.00	546.09	664,427.95
2/1/2009	250,000.00	27,855.00	362.27	885,935.22
3/1/2009		34,050.00	246.78	853,132.00
4/1/2009		52,193.06	206.75	801,145.69
5/1/2009		38,281.00	145.48	763,010.17
6/1/2009		44,432.44	121.08	718,698.81

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]	East TN Rooter & Plumbing	\$3,620
[REDACTED]	Southeastern Plumbing	\$848
[REDACTED]	East TN Rooter & Plumbing	\$1,080
[REDACTED]	East TN Rooter & Plumbing	\$1,423
[REDACTED]	Southeastern Plumbing	\$1,235
[REDACTED]	East TN Rooter & Plumbing	\$2,540
[REDACTED]	East TN Rooter & Plumbing	\$2,194
[REDACTED]	East TN Rooter & Plumbing	\$3,925
[REDACTED]	Paul Hayes Plumbing	\$1,750
[REDACTED]	East TN Rooter & Plumbing	\$2,170
[REDACTED]	Lyon Plumbing	\$1,010
[REDACTED]	Lyon Plumbing	\$1,573
[REDACTED]	Lyon Plumbing	\$1,640
[REDACTED]	Lyon Plumbing	\$1,412.50
[REDACTED]	Lyon Plumbing	\$1,606
[REDACTED]	Lyon Plumbing	\$1,432.50
[REDACTED]	FM Plumbing	\$2,615
[REDACTED]	Kelly Plumbing	\$1,000
[REDACTED]	East TN Rooter & Plumbing	\$1,590
[REDACTED]	FM Plumbing	\$2,705
[REDACTED]	Kelly Plumbing	\$1,879
[REDACTED]	FM Plumbing	\$2,584
[REDACTED]	FM Plumbing	\$1,414
[REDACTED]	East TN Rooter & Plumbing	\$1,460
[REDACTED]	Paul Hayes Plumbing	\$875
[REDACTED]	Kelly Plumbing	\$1,409
[REDACTED]	Paul Hayes Plumbing	\$1,625
[REDACTED]	East TN Rooter & Plumbing	\$1,590
[REDACTED]	East TN Rooter & Plumbing	\$2,847
[REDACTED]	FM Plumbing	\$1,379
[REDACTED]	East TN Rooter & Plumbing	\$1,410

[REDACTED]	Paul Hayes Plumbing	\$1,950
[REDACTED]	Southeastern Plumbing	\$2,650
[REDACTED]	Kelly Plumbing	\$2,581.56
[REDACTED]	Kelly Plumbing	\$1,672
[REDACTED]	Lyon Plumbing	\$1,725
[REDACTED]	Lyon Plumbing	\$1,205
[REDACTED]	Lyon Plumbing	\$3,223
[REDACTED]	Lyon Plumbing	\$2,885
[REDACTED]	Lyon Plumbing	\$2,015
[REDACTED]	Lyon Plumbing	\$1,551
[REDACTED]	Lyon Plumbing	\$675
[REDACTED]	Lyon Plumbing	\$1,050
[REDACTED]	Lyon Plumbing	\$650
[REDACTED]	Lyon Plumbing	\$1,612.50
[REDACTED]	Lyon Plumbing	\$1,771
[REDACTED]	Lyon Plumbing	\$1,958
[REDACTED]	Lyon Plumbing	\$2,265
[REDACTED]	Lyon Plumbing	\$2,350
[REDACTED]	Southeastern Plumbing	\$1,144
[REDACTED]	Southeastern Plumbing	\$2,748
[REDACTED]	Southeastern Plumbing	\$1,586
[REDACTED]	East TN Rooter & Plumbing	\$2,040
[REDACTED]	East TN Rooter & Plumbing	\$2,685
[REDACTED]	East TN Rooter & Plumbing	\$2,170
[REDACTED]	Southeastern Plumbing	\$6,789
[REDACTED]	Southeastern Plumbing	\$2,335
[REDACTED]	FM Plumbing	\$1,329
[REDACTED]	Southeastern Plumbing	\$4,339
[REDACTED]	FM Plumbing	\$1,957
[REDACTED]	Southeastern Plumbing	\$1,777
[REDACTED]	Paul Hayes Plumbing	\$850
[REDACTED]	Lyon Plumbing	\$1,689
[REDACTED]	Lyon Plumbing	\$1,446
[REDACTED]	East TN Rooter & Plumbing	\$1,857
[REDACTED]	Lyon Plumbing	\$1,620
[REDACTED]	Lyon Plumbing	\$1,460
[REDACTED]	Lyon Plumbing	\$650
[REDACTED]	Lyon Plumbing	\$1,756
[REDACTED]	Southeastern Plumbing	\$1,236
[REDACTED]	Lyon Plumbing	\$3,750
[REDACTED]	East TN Rooter & Plumbing	\$1,857
[REDACTED]	Lyon Plumbing	\$2,530
[REDACTED]	Lyon Plumbing	\$874.38
[REDACTED]	Lyon Plumbing	\$4,750
[REDACTED]	Lyon Plumbing	\$3,400
[REDACTED]	Lyon Plumbing	\$3,625
[REDACTED]	Lyon Plumbing	\$4,650
[REDACTED]	Paul Hayes Plumbing	\$1,875

[REDACTED]	Lyon Plumbing	\$1,546
[REDACTED]	Paul Hayes Plumbing	\$1,680
[REDACTED]	Mo's Mechanical	\$1,600
[REDACTED]	Lyon Plumbing	\$2,650
[REDACTED]	East TN Rooter & Plumbing	\$1,680
[REDACTED]	FM Plumbing	\$3,429.38
[REDACTED]	Mo's Mechanical	\$2,251.68
[REDACTED]	FM Plumbing	\$2,776
[REDACTED]	East TN Rooter & Plumbing	\$1,427
[REDACTED]	FM Plumbing	\$2,452
[REDACTED]	Lyon Plumbing	\$850.00
[REDACTED]	FM Plumbing	\$2,689
[REDACTED]	Lyon Plumbing	\$2,100
[REDACTED]	Lyon Plumbing	\$1,435
[REDACTED]	Lyon Plumbing	\$1,340
[REDACTED]	Lyon Plumbing	\$1,700
[REDACTED]	Southeastern Plumbing	\$1,288
[REDACTED]	Southeastern Plumbing	\$1,338
[REDACTED]	Kelly Plumbing	\$1,421.05
[REDACTED]	Paul Hayes Plumbing	\$1,820
[REDACTED]	Lyon Plumbing	\$3,150
[REDACTED]	Lyon Plumbing	\$2,870

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]	1/8/2009
[REDACTED]	[REDACTED]	1/8/2009
[REDACTED]	[REDACTED]	1/8/2009
[REDACTED]	[REDACTED]	1/9/2009
[REDACTED]	[REDACTED]	1/9/2009
[REDACTED]	[REDACTED]	1/9/2009
[REDACTED]	[REDACTED]	1/9/2009
[REDACTED]	[REDACTED]	1/15/2009
[REDACTED]	[REDACTED]	1/15/2009
[REDACTED]	[REDACTED]	1/20/2009
[REDACTED]	[REDACTED]	1/22/2009
[REDACTED]	[REDACTED]	1/22/2009
[REDACTED]	[REDACTED]	1/23/2009
[REDACTED]	[REDACTED]	1/23/2009
[REDACTED]	[REDACTED]	1/23/2009
[REDACTED]	[REDACTED]	1/23/2009

[REDACTED]	[REDACTED]	1/26/2009
[REDACTED]	[REDACTED]	1/26/2009
[REDACTED]	[REDACTED]	1/26/2009
[REDACTED]	[REDACTED]	1/29/2009
[REDACTED]	[REDACTED]	1/29/2009
[REDACTED]	[REDACTED]	1/30/2009
[REDACTED]	[REDACTED]	1/30/2009
[REDACTED]	[REDACTED]	1/30/2009
[REDACTED]	[REDACTED]	1/31/2009
[REDACTED]	[REDACTED]	2/4/2009
[REDACTED]	[REDACTED]	2/5/2009
[REDACTED]	[REDACTED]	2/6/2009
[REDACTED]	[REDACTED]	2/6/2009
[REDACTED]	[REDACTED]	2/6/2009
[REDACTED]	[REDACTED]	2/6/2009
[REDACTED]	[REDACTED]	2/6/2009
[REDACTED]	[REDACTED]	2/6/2009
[REDACTED]	[REDACTED]	2/9/2009
[REDACTED]	[REDACTED]	2/9/2009
[REDACTED]	[REDACTED]	2/9/2009
[REDACTED]	[REDACTED]	2/10/2009
[REDACTED]	[REDACTED]	2/10/2009
[REDACTED]	[REDACTED]	2/12/2009
[REDACTED]	[REDACTED]	2/12/2009
[REDACTED]	[REDACTED]	2/13/2009
[REDACTED]	[REDACTED]	2/16/2009
[REDACTED]	[REDACTED]	2/17/2009
[REDACTED]	[REDACTED]	2/18/2009
[REDACTED]	[REDACTED]	2/20/2009
[REDACTED]	[REDACTED]	2/20/2009
[REDACTED]	[REDACTED]	2/23/2009
[REDACTED]	[REDACTED]	2/23/2009
[REDACTED]	[REDACTED]	2/24/2009
[REDACTED]	[REDACTED]	2/24/2009
[REDACTED]	[REDACTED]	2/26/2009
[REDACTED]	[REDACTED]	3/3/2009
[REDACTED]	[REDACTED]	3/3/2009
[REDACTED]	[REDACTED]	3/4/2009
[REDACTED]	[REDACTED]	3/5/2009
[REDACTED]	[REDACTED]	3/6/2009
[REDACTED]	[REDACTED]	3/9/2009
[REDACTED]	[REDACTED]	3/9/2009
[REDACTED]	[REDACTED]	3/9/2009
[REDACTED]	[REDACTED]	3/10/2009
[REDACTED]	[REDACTED]	3/10/2009
[REDACTED]	[REDACTED]	3/11/2009
[REDACTED]	[REDACTED]	3/13/2009
[REDACTED]	[REDACTED]	3/18/2009
[REDACTED]	[REDACTED]	3/18/2009

[REDACTED]	[REDACTED]	3/18/2009
[REDACTED]	[REDACTED]	3/23/2009
[REDACTED]	[REDACTED]	3/24/2009
[REDACTED]	[REDACTED]	3/31/2009
[REDACTED]	[REDACTED]	4/8/2009
[REDACTED]	[REDACTED]	4/9/2009
[REDACTED]	[REDACTED]	4/9/2009
[REDACTED]	[REDACTED]	4/13/2009
[REDACTED]	[REDACTED]	4/13/2009
[REDACTED]	[REDACTED]	4/13/2009
[REDACTED]	[REDACTED]	4/14/2009
[REDACTED]	[REDACTED]	4/16/2009
[REDACTED]	[REDACTED]	4/16/2009
[REDACTED]	[REDACTED]	4/16/2009
[REDACTED]	[REDACTED]	4/16/2009
[REDACTED]	[REDACTED]	4/16/2009
[REDACTED]	[REDACTED]	4/16/2009
[REDACTED]	[REDACTED]	4/16/2009
[REDACTED]	[REDACTED]	4/20/2009
[REDACTED]	[REDACTED]	4/20/2009
[REDACTED]	[REDACTED]	4/21/2009
[REDACTED]	[REDACTED]	4/21/2009
[REDACTED]	[REDACTED]	4/22/2009
[REDACTED]	[REDACTED]	4/27/2009
[REDACTED]	[REDACTED]	4/27/2009
[REDACTED]	[REDACTED]	4/27/2009
[REDACTED]	[REDACTED]	4/27/2009
[REDACTED]	[REDACTED]	4/27/2009
[REDACTED]	[REDACTED]	4/27/2009
[REDACTED]	[REDACTED]	4/28/2009
[REDACTED]	[REDACTED]	4/30/2009
[REDACTED]	[REDACTED]	5/1/2009
[REDACTED]	[REDACTED]	5/1/2009
[REDACTED]	[REDACTED]	5/1/2009
[REDACTED]	[REDACTED]	5/1/2009
[REDACTED]	[REDACTED]	5/8/2009
[REDACTED]	[REDACTED]	5/18/2009
[REDACTED]	[REDACTED]	6/8/2009
[REDACTED]	[REDACTED]	6/8/2009
[REDACTED]	[REDACTED]	6/8/2009
[REDACTED]	[REDACTED]	6/8/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009

[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/29/2009
[REDACTED]	[REDACTED]	6/30/2009
[REDACTED]	[REDACTED]	6/30/2009

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

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

Two appeals are currently progressing through the established appeals process. Information regarding enforcement and status of PLP activities is included in the Annual MOM Progress Report.

Effect of Income Qualification Limits:

During this reporting period, 32 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 eighth SEP funding deposit to the Escrow Account.
- Conduct Appeals Board hearing and notify customer of decision.

Appendix A

Escrow Deposit Documentation



Knoxville Utilities Board

March 3, 2009

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. 905-1-1-08186

Dear Mr. Mundrick:

On February 11, 2009, KUB paid the seventh 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 seventh payment no later than forty-eight (48) 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 blue 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

Enclosures

C: 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



User Activity Inquiry Results

> Search criteria

User Name --
Date Range (MM/DD/YYYY) *From* 02/11/2009 *To* 02/11/2009
Amount Range *From* 0.00 *To* 0.00
Account
Activity Release
Debit/Credit All

Payment Sequence Number	User ID	Activity	Amount	Debit Credit	Account	Beneficiary Or Sender Name	Entry Time	Release Time	Template	Payment Status
	TPERRYMA	Release	250,000.00	Debit	DD	WEALTH MANAGEMENT OPERATIONS	02/11/2009 08:53	02/11/2009 09:53		ACKS

REPORT DATE:02/11/09 10:10:15 WIRE TRANSFER ADVICE NOTIFICATION PAGE 1

ACCOUNT : KNOXVILLE UTILITIES BOARD

CN :090211010834 DEBIT REPEAT: STATUS :COMPLETED

AMOUNT :\$ 250,000.00 COMPLETION TIME :2009-02-11:0953

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

OBI :FFC: KNOXVILLE UTILITIES BOARD ACCOUNT #:

BBI :