



AGENDA
Utility Management Review Board

June 5, 2014

10:00 am

Room 31, Legislative Plaza

301 Sixth Avenue North

(6th Avenue between Charlotte Avenue and Union Street)

Nashville, Tennessee

Call to Order

Approval of Minutes

April 3, 2014

Case:	Surgoinville Utility District Unicoi Water Utility District Cagle-Freedonia Utility District North Utility District of Rhea County	Hawkins County Unicoi County Sequatchie County Rhea County
Case – water loss:	Mooreburg Utility District Spring Creek Utility District	Hawkins County Hardeman County
Status:	Samburg Utility District Clearfork Utility District Lone Oak Utility District	Obion County Claiborne County Sequatchie County
Complaint:	City of Elkton vs. South Giles Utility District Bent Creek Golf Village vs. Webb Creek Utility District	Giles County Sevier County
Commissioner removal:	Powell Clinch Utility District Northeast Henry Utility District	Anderson County Henry County
Miscellaneous:	Water loss annual review Compliance report Complaint log Jurisdiction list Legislation/ AG opinion Next UMRB regular meeting	

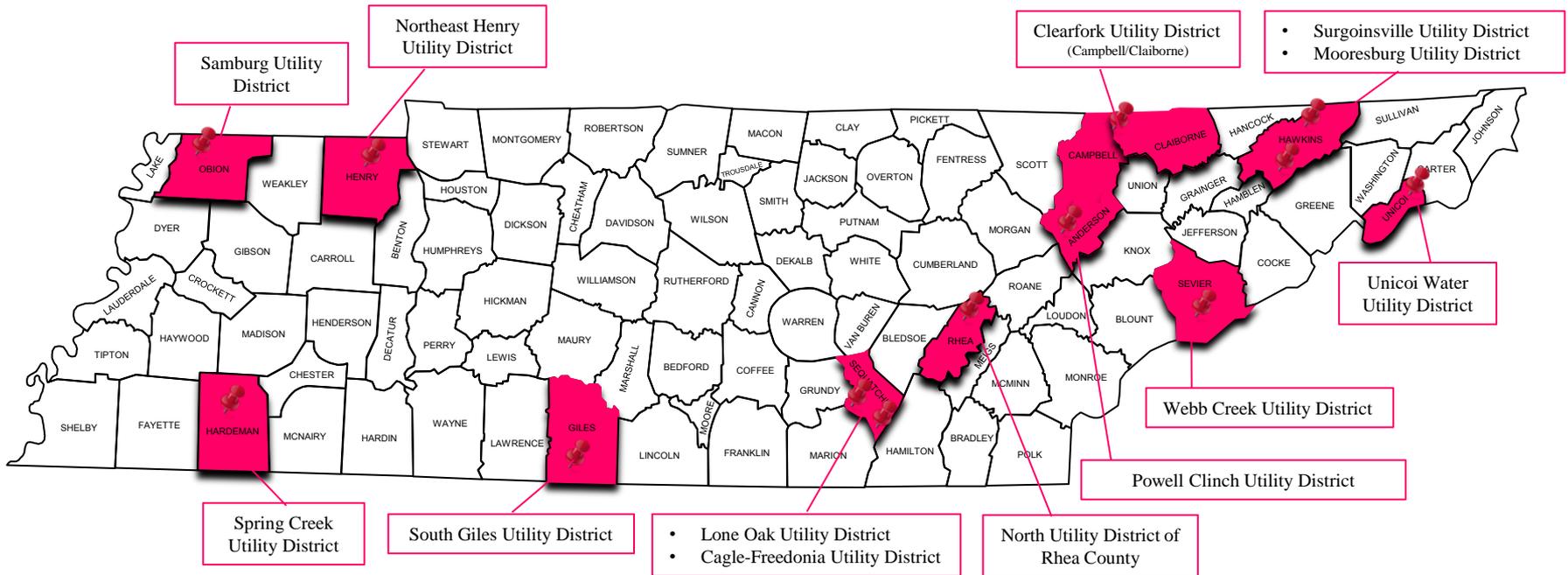
Open Discussion

Visitors to the Legislative Plaza are required to pass through a metal detector and must present photo identification. Individuals with disabilities who wish to participate in this meeting or to review filings should contact the Office of State and Local Finance to discuss any auxiliary aids or services need to facilitate such participation. Such contact may be in person or by writing, telephone or other means, and should be made prior to the scheduled meeting date to allow time to provide such aid or service. Contact the Office of State and Local Finance (Ms. Joyce Welborn) for further information.

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UMIRB

JUNE 5, 2014



MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD MEETING
April 3, 2014
10:00 am

The meeting of the Utility Management Review Board (UMRB) in Room 31 of the Legislative Plaza in Nashville, Tennessee, was opened by Chair Ann Butterworth.

Board members present and constituting a quorum:

Ann Butterworth, Chair, Comptroller Designee

Tom Moss, Vice-Chair, Department of Environment and Conservation (TDEC) Commissioner Designee

Donald Stafford, Eastside Utility District Manager

Jason West, Second South Cheatham Utility District Commissioner

Rebecca Hunter, Hixson Utility District Commissioner

Pat Riley, Gibson County Utility District

Jim Hunter, West Wilson Utility District Commissioner

Members Absent:

Loyal Featherstone, Citizen representative

Staff Present:

Joyce Welborn, Comptroller's Office

John Greer, Comptroller's Office

Rachel Newton, Comptroller's Office

Betsy Knotts, Comptroller's Office

Approval of Minutes

Ms. Butterworth called the meeting to order, declared a quorum and requested the members and staff to introduce themselves. Ms. Hunter moved approval of the minutes of the December 5, 2013, meeting with two small typographical changes. Mr. Stafford seconded the motion, which was unanimously approved. Ms. Butterworth then suggested rearranging the agenda to first take up the matters of those present at the meeting.

City of Elkton vs. South Giles Utility District:

At the December 5, 2013, meeting, the UMRB voted to require South Giles Utility District to conduct a cost of service study. On January 27, 2014, the Board received a Motion to Clarify what the cost of service study is to entail, what numbers the Board was interested in, and what specific services should be covered. Ms. Welborn referred to the AWWA M1 Manual for definitions regarding a cost of service study. Mr. Moss made the motion to clarify that the study is to be prepared by an independent third party, to include at a minimum fire hydrant service, use the AWWA definitions as provided in the packet, and direct Board counsel to prepare a letter to convey that information. Ms. Hunter seconded the motion, which was approved unanimously.

Petition to change commissioner selection procedure

Belvidere Utility District

Belvidere Utility District was requesting approval of the resolution adopted by the District's Board of Commissioners to change the District's present method of filling vacancies to the uniform method of County Mayor approval. Mr. Don Scholes, representing the District, presented the petition to the Board. He explained the need to change the process of filling vacancies due to lack of participation in the current election format and referenced the letter included in the packet that reflects the County Mayor's support of this petition. Mr. Hunter made the motion to determine that the change in method of selection is in the best interest of the District and its customers and requested the Board's counsel to draft an order approving the resolution. Motion was seconded by Mr. Stafford and unanimously approved.

Hearing

Bent Creek Golf Village vs. Webb Creek Utility District

The Board previously decided that if the two sides were not in agreement, briefs were to be filed by March 1, 2014. The briefs were timely received by counsel to the Board. Ms. Butterworth outlined the facts that appeared based on the briefs submitted to be mutually agreed upon by both parties and the various exhibits that had been introduced. Mr. Bob Vance, representing Bent Creek Golf Village ("Bent Creek"), and Mr. Jim Gass, representing Webb Creek Utility District ("District"), agreed to the facts as outlined by Ms. Butterworth.

Mr. Vance stated the position of his client, Bent Creek, is that the District rates are unjust and unreasonable and the District failed to provide material evidence to support their rates. Mr. Vance also stated that the District reclassified 37 units on Bent Creek for the simple purpose of almost doubling their minimum bill in violation of the master deed. Mr. West asked Mr. Vance if the two bedroom units are split into two separate units with two separate kitchens / kitchenettes and washer and dryer. Mr. Vance stated that the units cannot be split into two units for sale, but can be rented separately. Mr. Moss asked Mr. Vance if he was aware that the units are advertised online as separate units. Mr. Vance stated he did not know how the units were advertised, but would not argue that both sides of the units are fully furnished. Mr. Vance stated that the case should have been litigated over a year ago, or there should be a new rate study in this case. Bent Creek is challenging the current rates being charged, as well as asking for a refund for overcharges from 2008-2013.

Mr. Gass, representing the District, then noted several documents to be admitted into the official record. He also noted that all documents in previous hearings before the UMRB should be admitted into the official record. Mr. Gass stated that the District is in the usage business and the fact that state law prohibits the units from being sold separately does not affect how the District views the units. The units that are being used as two separate units should be charged as two units for usage purposes. He also explained how the District has high fixed costs and is a seasonal utility.

Ms. Newton requested the documents that as introduced be recognized for the record. Mr. Gass explained that the first document on behalf of Webb Creek was a memorandum from Raftelis Financial Consultants dated January 16, 2014 (exhibit 1) and the second was a memorandum from Raftelis dated August 2, 2010 (exhibit 2). Mr. Vance identified two documents on behalf of Bent Creek; the first was Mr. Yarborough's updated cost of service analysis, 2005-2011 (exhibit 3) and the second was Bent Creek's water bills from January 2011 to February 2014 (exhibit 4). Ms. Newton asked that the rate study in the current agenda pack (dated July 16, 2009) be labeled as exhibit 5 for the record.

Mr. West asked if the minimum water bill charged to Bent Creek was the same minimum rate charged to the rest of the customer base, and Mr. Gass confirmed this to be true. Mr. West also asked if the units at Bent Creek that went over 3,000 gallons were charged the same rate as the rest of the customer base, and Mr. Gass confirmed this as true.

Mr. Bart Kreps with Raftelis presented an overview of the previously completed rate study. Mr. Kreps outlined the various obstacles the District faces in providing service to its customers such as: an extremely small, seasonal and transient customer base; both water and sewer service are being provided; the topography of the area makes service difficult; the District has been classified as financially distressed. He also explained that these obstacles made it necessary for the District to have high fixed cost, and in return a high minimum bill. He estimated that up to 90% of the costs of the utility were fixed. Mr. Kreps explained the process and methodology by which the rate study was conducted. In the usage data he reviewed, a 3,000 gallon minimum bill was appropriate – not only in the Bent Creek area, but throughout the District. Ms. Butterworth asked if the rates had been adjusted since 2009. The rates were adjusted in both 2011 and 2012 based on the rate study in an attempt to resolve the financially distressed condition of the District.

Mr. Vance clarified that the Raftelis study was based on one meter for the Bent Creek property, and not for each unit as being separately metered. Mr. Kreps confirmed that the usage data for Bent Creek was based on one meter. Ms. Newton asked Mr. Kreps to provide to the Board the underlying data for his analysis, which he agreed to provide. A deadline of April 11, 2014, was agreed upon. Staff will disseminate the information to the appropriate parties.

Ms. Butterworth asked Mr. Kreps if the number of customers (around 720) in the report was based on the number of minimum bills sent. Mr. Kreps confirmed this and said the number of customers has not varied greatly since the study. Ms. Welborn stated that the 2010 audit reflected 744 water customers and 321 wastewater customers. The 384 individual campsites of Outdoor Resorts are counted as one customer for billing purposes. Mr. Kreps stated that Bent Creek is also supplied sewer service which is based on the same volume amounts as the water billing.

Mr. Vance requested that Mr. Richard Yarborough, an engineering consultant hired by Bent Creek, be able to present his analysis to the Board. Mr. Yarborough stated that a cost of service analysis is based on what it actually cost the District to provide the service. He stated that the AWWA Manual says the cost should be tied to the meter – not the population. His opinion was if this had been an industry with one meter, there would be no hearing and the analysis should be based on the cost to serve that one meter, plus usage. Mr. Yarborough explained that his analysis proved that the actual cost for Webb Creek to provide service to Bent Creek is in the \$2,200 per month range, but was being charged a monthly average of \$4,700. Mr. Yarborough agreed that Bent Creek should have a large base rate due to its nature. Mr. Yarborough clarified that the overall cost that the District stated is accurate, but the bulk of the cost should be spread out to the customers – not only to Bent Creek. Mr. Robert Vick, President of the District, stated that Bent Creek has one meter and receives one bill, which is the same as another condominium being served by the District.

Ms. Welborn stated that Bent Creek never had an issue with the fact that they were billed for 42 units on one meter. The issue came when they started being billed for 84 units on one meter.

Mr. Yarborough claimed that in his review of the Raftelis study, he was able to find no supporting documentation to show they did a cost of service analysis. The work Mr. Yarborough did showed that Bent Creek was not being charged based on the cost of service, but double the actual cost of service.

Mr. Kreps rebutted the idea that the Raftelis study was done improperly. He provided that meter readings reflect the average close to 3,000 gallons per unit, the minimum monthly bill for all other District customers.

Mr. Moss moved that the Board defer action to the June 5, 2014, UMRB meeting pending information forthcoming. Mr. Kreps was to have the background information used in the rate study to the Board staff and counsel by April 11, 2014, who would forward it to the Board by the end of April. Counsel for each party agreed to submit findings of fact and conclusions of law to the Board staff by May 15, 2014. The motion was seconded by Ms. Hunter and carried unanimously.

Case

Lone Oak Utility District:

The Commissioners of Lone Oak previously stated they would be present for this meeting. Ms. Welborn received an email the morning of the meeting that no one would be attending and that the District was waiting on legal opinions. When those matters were settled, they would move forth with consolidation.

Mr. West made the motion to subpoena all three Commissioners of Lone Oak Utility District to appear at the June 5, 2014, meeting. Mr. Moss seconded the motion, which was unanimously approved. Ms. Welborn mentioned that legislation pending in the General Assembly allowing the purchase of utility districts by private companies could affect this case.

Investigative Report

Carderview Utility District

The investigative audit for the District was released on March 5, 2014. The Board received and reviewed the report. No other action was taken.

Water Loss Status

Clearfork Utility District

The Board reviewed the information submitted by the District. Mr. Moss stated that the District answered that they do not know in regards to the monetary value of water loss. Ms. Hunter made the motion to send the report back for more clarification and to request TAUD to work with Clearfork to understand the process. Mr. Moss seconded the motion, which carried unanimously.

Miscellaneous

State law requires that utility district **training approvals** be submitted to the Board. One approval was been filed with the Board.

A customer **complaint log**, a list of utility districts under the **jurisdiction** of the Board and a **water loss status** list had been included in the packet.

Compliance reports

Bean Station, Bloomingdale, Chuckey, Cross Anchor, Hampton, Northwest, Northwest Henry County, Shady Grove, Sylvia-Tennessee City-Pond, Tarpley Shop, and West Cumberland Utility Districts have all submitted audits which reflect compliance with financial distress and/or water loss issues.

Ms. Welborn stated there is nothing scheduled past the June meeting.

At 11:40 am Ms. Hunter made the motion to adjourn and Mr. Moss seconded it. The motion carried unanimously.

Respectfully submitted,

Ann Butterworth
Chair

Joyce Welborn
Utilities Board Manager

Utility Management Review Board Case Study

Case: Surgoinsville Utility District, Hawkins County
Manager: Rita Dykes
Customers: 937 water
Validity Score: 66
Non-revenue water: 12.1%

The Surgoinsville Utility District has been reported to the Board as having two consecutive years with a negative change in net position as of April 30, 2013. A financial and rate history is attached.

The District operates a water treatment plant, but also has connections with First Utility District of Hawkins County and the City of Rogersville. Those connections account for 10% to 15% of the water sold.

During 2012, the District paid for an accounting service to get four years of documents prepared for the auditor. During 2013, the audits for FY09 thru FY12 were completed creating audit fees. Since the audits are now current, the annual fees are reduced to normal. Although rates were increased by 25% for the January 2013 billing cycle, an industry also drastically reduced its usage. The reduction offset the rate increase to approximately 7% of the anticipated revenue. In response the District is investigating the possibility of dropping the last tier on the rate schedule. That alone would generate approximately \$19,000 annually in sales.

Simply because the expenses have stabilized, current projections (March 2014) reflect a positive change in net position of approximately \$25,000 for the fiscal year ending April 30, 2014.

The District has agreed to do the billing and collecting for the new Town of Surgoinsville sewer collection system. Any non-payment of sewer charges will result in the disconnection of water.

Staff recommends the Board endorse the actions of the District. Staff will continue to monitor the District until an audit is received which reflects compliance.

**SURGOINSVILLE UTILITY DISTRICT
HISTORY FILE**

	Audited	Audited								
Fiscal Year April 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water revenues	\$ -	\$ 251,705	\$ 249,270	\$ 314,502	\$ 423,659	\$ 386,707	\$ 434,125	\$ 411,187	\$ 440,024	\$ 450,806
Other revenues	\$ -	\$ 11,211	\$ 9,329	\$ 27,411	\$ 50,674	\$ 48,216	\$ 49,621	\$ 58,139	\$ 32,100	\$ 22,747
Contributions				\$ 261,200	\$ 51,823					
Tot Revene	\$ -	\$ 262,916	\$ 258,599	\$ 603,113	\$ 526,156	\$ 434,923	\$ 483,746	\$ 469,326	\$ 472,124	\$ 473,553
Tot Expenses	\$ -	\$ 244,743	\$ 238,717	\$ 292,359	\$ 390,418	\$ 419,595	\$ 412,371	\$ 440,944	\$ 466,132	\$ 513,243
Operating Income	\$ -	\$ 18,173	\$ 19,882	\$ 310,754	\$ 135,738	\$ 15,328	\$ 71,375	\$ 28,382	\$ 5,992	\$ (39,690)
Interest Expense	\$ -	\$ 21,471	\$ 22,232	\$ 21,856	\$ 22,140	\$ 20,926	\$ 20,465	\$ 20,074	\$ 19,583	\$ 19,065
Change net position	\$ (2,284)	\$ (3,298)	\$ (2,350)	\$ 288,898	\$ 113,598	\$ (5,598)	\$ 50,910	\$ 8,308	\$ (13,591)	\$ (58,755)
Additional Info										
Principal payment	\$ -	\$ 6,620	\$ 6,976	\$ 7,352	\$ 7,760	\$ 7,761	\$ 7,641	\$ 9,099	\$ 9,587	\$ 10,104
Depreciation	\$ -	\$ 58,124	\$ 57,372	\$ 60,570	\$ 67,926	\$ 74,181	\$ 77,338	\$ 78,979	\$ 84,228	\$ 85,417
Water Rates										
First 1,000 gallons		\$ 7.00	\$ 7.00	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 10.63
1,001 - 2,000 gallons		\$ 4.00	\$ 4.00							
1,000-20,000 gallons				\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.25
2,001 - 100,000 gallons		\$ 2.50	\$ 2.50							
All Over		\$ 2.20	\$ 2.20	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 5.63
Customers		870	883	877	928	954	987	956	928	937
Water Loss				34.99%	27.472%	32.975%	25.893%	28.998%	22.489%	
Validity Score										66
Non Revenue Water										12.10%

Surgoinsville Utility District
1724 Main Street
P.O. Box 324
Surgoinsville, TN 37873-0325
Phone: 423-345-3187
Fax: 423-345-3186
Email: surgoinsville@bellsouth.net

April 9, 2014

Joyce Welborn
Office of State and Local finance
James K. Polk State Office Building
505 Deaderick Street, Suite 1600
Nashville, TN 37243

Dear Ms. Welborn,

This letter is in reference to the Surgoinsville Utility District being in a distressed state during the two previous fiscal years. As the audit for the fiscal year end of April 30, 2012 shows, we operated at a loss of \$13,591.00 and again at a loss of \$58,755.00 for the following fiscal year end of April 30, 2013. In 2012 we were behind four years in audits due to the state having some of our records tied up and our audit fees doubled plus had to pay another accountant to prepare financial statements prior to the audits. We paid \$8100.00 to our accountant during 2012 just to prepare for the audits. Our interest income also took a large hit of \$4784.00 due to the low rates. By audits not being completed, it was hard to predict the outcome of the year.

Moving on to the larger loss of \$58,755.00 in 2013, again audit fees gave us the largest challenge because five audits were performed during this year along with additional accounting services costing the Utility \$39,775. We raised Rates that took effect on the December 2012 billing (bills due 1-10-13). The increase was 25%; however, we lost an extreme water user (Industry). One building from the industry went from using 6,975,300 gallons to 65,500 gallons. The same industry utilizing another building went from using 7,329,000 gallons to 3,553,000 gallons. The decline started in the last 4 months of the fiscal of April 30, 2013. *FY09-FY12*

The rate increase has only brought in approx. 7% vs the 25% we were hoping to bring in. We have always tried to keep the minimum bills down for the elderly and low income people of our community; however, we now realize that may be a thing of the past. As a first step, we are currently looking at dropping off the last tier of our rate schedule and only have a minimum bill and one other category for everything above the minimum usage. This would increase revenue by approx. \$19,000 a year.

I am projecting that we will come out approx. \$25,000 to the good for the fiscal year ending 4-30-14. I will send you a profit/loss statement in May when our accountant is able to prepare it for the entire fiscal year. If you have any questions, please feel free to contact me by any means listed above.

Sincerely,

Rita H. Dykes, General Manager
Surgoinsville Utility District

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Unicoi Water Utility District, Unicoi County
Manager: Lee Bennett
Customers: 1,806 water
Water loss: 21.94%

The Unicoi Water Utility District has been reported to the Board as having four consecutive years with a negative change in net assets in its water system. A financial and rate history is attached.

Initially the principal reason for the financially distressed condition of the District was related to exploratory drilling for two new water wells in an attempt to be independent of the Town. Drilling for the two "dry" wells cost approximately \$250,000. However, the Board has utilized cash on hand instead of increasing rates as needed.

The search for water being unsuccessful, the District signed a twenty-year contract in July 2011 to continue to purchase water from the Town of Erwin. That purchase price is currently \$2.30 per thousand gallons. Because the rate being charged to the District is higher than the residential customer rate of the Town, the contract has a clause restricting an increase in the District rates until the residential rates of the Town's customers are equal to the District's rate.

At its meeting on April 8, 2014, the Board of Commissioners voted to increase the minimum bill by \$8.00 to \$33.00, and all usage over 1,500 gallons from \$4.50 to \$7.25 per thousand. They also voted to review the rates annually beginning January 1, 2015, and increase them by the cost of living, any increases from the Town of Erwin and/or other special circumstances.

Staff recommends that the Board endorse the actions of the District. Staff will continue to monitor the case until an audit is received which reflects compliance.

UNICOI WATER UTILITY DISTRICT					
HISTORY FILE					
	Audited	Audited	Audited	Audited	
Fiscal Year September 30	2010	2011	2012	2013	
Water revenues	\$ 800,689	\$ 753,661	\$ 818,047	\$ 833,256	
Other revenues	\$ 87,800	\$ 68,712	\$ 55,966	\$ 58,316	
Grant revenue	\$ 108,600				
Total Operating Revenues	\$ 997,089	\$ 822,373	\$ 874,013	\$ 891,572	
Total Operating Expenses	\$ 847,014	\$ 873,887	\$ 887,284	\$ 909,841	
Operating Income	\$ 150,075	\$ (51,514)	\$ (13,271)	\$ (18,269)	
Interest Expense	\$ 30,037	\$ 94,204	\$ 106,098	\$ 107,274	
Exploratory/dry wells expense	\$ (132,766)	\$ (123,821)			
Change in Net Assets	\$ (12,728)	\$ (269,539)	\$ (119,369)	\$ (125,543)	
<u>Supplemental Information</u>					
Principal payment	\$ 549,832	\$ 68,847	\$ 77,480	\$ 82,242	
Depreciation	\$ 75,985	\$ 82,063	\$ 96,248	\$ 114,215	
Water Rates					
Residential					May-14
0-1,500 gallons	\$ 23.50	\$ 23.50	\$ 24.00	\$ 25.00	\$ 33.00
All over	\$ 3.85	\$ 3.85	\$ 3.95	\$ 4.50	\$ 7.25
Water customers	1,799	1,806	1,801	1,834	
Water Loss	20.040%	21.940%	27.800%		COLA as necessary
Validity Score				88	every January 1st
Non revenue water				15.80%	

**UNICOI WATER UTILITY DISTRICT
WATER RATE STRUCTURE
EFFECTIVE MAY 1, 2014**

CONNECTION, USAGE AND OTHER FEES:

Customer Charge (up to 1500 gallons)	\$33.00 (Minimum)
Usage Charge over 1500 gallons	\$7.25 per 1000 gallons
Tap Fee for 5/8" Meter (does not include boring under roadway)	\$1,200.00
Tap Fee for 1" or 2" Meter (does not include boring under roadway)	\$1,700.00
Meter Service Charge for 5/8" Meter: Owner	\$50.00 (Non-Refundable)
Meter Service Charge for 5/8" Meter: Renter	\$100.00 (Non-Refundable)
Meter Service Charge for 1" or 2" Meter	\$65.00 (Non-Refundable)
Renter Transfer Fee Within Same Trailer Park or Apartment Complex	\$50.00 (Non-Refundable)
Water Turn-On after being Cut-Off for Non-Payment	\$75.00
Meter Testing Charge	\$50.00
Meter Reread (No charge if read wrong)	\$15.00
Boring Under Roadway	\$150.00 First 2 hrs, \$50.00 per hr. after 2 hrs
Fee for After Hours Water Turn On	\$75.00 +\$35.00 travel & overtime
Tampering Fee	\$750.00
Construction Connection Fee	\$200.00 per inch

All Customers will be billed monthly for services rendered according to the above rate structure. Water bills shall be paid at the Unicoi Water Utility office. Failure to receive a bill will not release the customer from payment obligation. Customers paying in person at the Utility office without the return portion of their bill will be assessed a \$1 processing fee. Payments made after the due date will be subject to a late payment fee of 10% of the unpaid portion, excluding other charges and sales tax.

Landlords of rental property will be allowed a maximum of three (3) days water usage for cleaning. Arrangements for such usage must be made with the Utility office. Request for water usage to clean rental property more than three days must be approved by the Utility Manager and charges for such use will be assessed by the Manager per each occurrence.

The minimum time for a meter to be on Vacation status is 4 consecutive months.

The Board of Commissioners of the Unicoi Water Utility District shall review this rate structure annually during the September Regular Business Meeting. Services provided by the Utility shall be subject to the rules and regulations of the Unicoi Water Utility District.

Commissioners:

Chairman: *John W. Moody*
 Secretary: *Jane B. ...*
 Treasurer: *Barton G. ...*

April 8, 2014

The regular monthly meeting of the Board of Commissioners was held on April 8, 2014 at 7:00 P.M. at the utility district office. Those in attendance were: John Mosley, Bart Ray, Jerry Byrd, Lee Bennett, Anita Byrd, Judy Radford, Joyce Welborn, Gaye Ervin, Norman O'dell, and Roger Cooper. The meeting was opened in prayer by Lee Bennett.

The minutes of the last meeting were discussed and approved on motion by John, seconded by Jerry. John—Yes, Jerry—Yes, Bart—Yes.

Agenda Items:

1. Joyce Welborn from the State of Tennessee Comptroller's Office, and Gaye Ervin from the Johnson City Field Office of the Tennessee State Dept. of Environment & Conservation, attended the meeting to discuss actions the utility district must take to insure compliance with the Comptroller's Office. Ms. Welborn stated that the utility must raise water rates immediately, or find some other cost cutting measures to insure the utility has sufficient funds to operate. She stated the utility needs a 28% increase in revenue to operate in the black. The Board is to draw up a plan of action ASAP, and forward it to Ms. Welborn. She will review the plan and let the Board know if she thinks it will be sufficient.

Visitors, Mr. Norman O'dell and Roger Cooper attended the meeting as observers.

2. Manager, Lee Bennett, briefly discussed the fence around the new water tank on White Cove Rd.
3. Water rates were discussed and approved as follows on motion by Jerry, seconded by John. Jerry—Yes, John—Yes, Bart—Yes.

Minimum Bill for the first 1500 gallons _____ \$33.00

All over 1500 gallons _____ \$ 7.25 per 1000 gallons

The new rates will go into effect with the May 2014 water billing statements.

This is an increase of \$8.00 on the minimum, and \$2.75 on all over 1500 gallons.

4. On motion by John, seconded by Bart, the petty cash account will be replenished by \$38.84 to bring the balance back up to \$150.00. John—Yes, Bart—Yes, Jerry—Yes.
5. The financial statement was discussed and approved on motion by John, seconded by Bart. John—Yes, Bart—Yes, Jerry—Yes.
6. A motion was made by John, seconded by Bart, to accept John Hall, (Tennessee Utility Assistance, LLC) to be the Dissemination Agent for the utility district. John—Yes, Bart—Yes, Jerry—Yes.
7. On a motion by John, seconded by Bart, beginning January 1, 2015, the water rates will increase consistent with the percentage of the cost of living increase (COLA). This

- will be looked at each year thereafter, and if there is a cost of living increase then the rates will increase. However, if there is no cost of living increase on January 1, then there will be no rate increase unless, Erwin Utility raises their cost to the utility for water purchased. If this happens, then water rates will increase. If there is no cost of living increase (COLA), or if Erwin Utility does not raise the cost charged to the utility for water in the year, there will be no rate increase. Special circumstances could arise with utility costs that would make a water rate increase necessary regardless of the above reasons. The Board of Commissioners will determine each January 1, if there is a need to raise water rates. John—Yes, Bart—Yes, Jerry—Yes.
8. Being no further business, the meeting adjourned at 8:17 P.M. on motion by John, seconded by Jerry. John—Yes, Jerry—Yes,


Respectfully submitted,
Jerry Byrd, Secretary

UNICOI WATER UTILITY DISTRICT
Projections

	Audited	Projected		
	Audited	Audited		
Fiscal Year September 30	2014	2015		
Water revenues	\$ 833,256	\$ 833,256		
Other revenues	\$ 58,316	\$ 58,316		
Projected additional revenue		\$ 556,500		
Total Operating Revenues	\$ 891,572	\$ 1,448,072		
Total Operating Expenses	\$ 937,136	\$ 965,250		
Operating Income	\$ (45,564)	\$ 482,822		
Interest Expense	\$ 103,094	\$ 101,337		
Change in Net Assets	\$ (125,543)	\$ 381,485		
Water Rates				
Residential				
0-1500 gallons	\$ 25.00	\$ 33.00		
All Over	\$ 4.50	\$ 7.25		
Water Customers	1834	1800		

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Cagle-Fredonia Utility District, Sequatchie County
Manager: Lora Farley
Customers: 873 water
Validity Score: 80
Non-revenue water: 6.5%

The Cagle-Fredonia Utility District has been reported to the Board as having two consecutive years with a negative change in net position in its water system as of December 31, 2013. The financial and rate history is reflected on the attached sheet.

The District purchases its water from Big Creek UD. Current cost of the water is \$4.25 per thousand gallons. Water costs have increased approximately \$33,000 between FY 11 and FY 13. Approximately \$30,000 in other expenses have increased during the same time period.

The District is projecting an annual increase in health insurance premiums from \$12,000 to \$40,000 in FY 14. This cost increase was associated in part with adding the commissioners to the plan and changing insurance companies. The current plan is through an affiliate of Tennessee Association of Utility Districts.

The District increased its rates \$1.50 per 1,000 gallons effective April 2014. Due to this increase, the budget has been revised to show a projected positive change in net position of \$24,658 for the 2014 fiscal year.

Staff recommends the Board endorse the actions of the Cagle-Fredonia Utility District. The District will remain under the jurisdiction until an audit is received which reflects compliance.

CAGLE-FREEDONIA UTILITY DISTRICT					
HISTORY FILE					
	Audited	Audited	Audited	Audited	Audited
Fiscal Year December 31	2009	2010	2011	2012	2013
Water revenues	\$ 411,566	\$ 385,134	\$ 376,800	\$ 414,046	\$ 448,114
Other revenues	\$ 77,984	\$ 49,899	\$ 62,820	\$ 40,882	\$ 42,745
Grant revenue	\$ 46,017				
Total Operating Revenues	\$ 535,567	\$ 435,033	\$ 439,620	\$ 454,928	\$ 490,859
Total Operating Expenses	\$ 417,757	\$ 439,391	\$ 395,380	\$ 419,393	\$ 451,639
Operating Income	\$ 117,810	\$ (4,358)	\$ 44,240	\$ 35,535	\$ 39,220
Interest Expense	\$ 49,016	\$ 53,511	\$ 47,369	\$ 46,690	\$ 45,980
Restitution repayment			\$ 32,849		
Change in Net Assets	\$ 68,794	\$ (57,869)	\$ 29,720	\$ (11,155)	\$ (6,760)
<u>Supplemental Information</u>					
Principal payment	\$ 13,535	\$ 9,039	\$ 15,180	\$ 15,857	\$ 16,566
Depreciation	\$ 83,376	\$ 89,995	\$ 88,221	\$ 88,361	\$ 89,120
<u>Water Rates</u>					
<u>Residential</u>					
0 - 1,000 gallons residential	\$ 20.70	\$ 20.70	\$ 22.20	\$ 22.20	\$ 23.70
0 - 1,000 gallons commercial	\$ 27.70	\$ 27.70	\$ 29.20	\$ 29.20	\$ 30.70
1,001 - 10,000 gallons	\$ 6.06	\$ 6.06	\$ 6.56	\$ 6.56	\$ 8.06
All over	\$ 6.56	\$ 6.56	\$ 7.06	\$ 7.06	\$ 8.56
Warren County rates	\$ 4.41	\$ 4.41			
Water customers	804	774	834	857	873
Water Loss	10.300%	10.984%	10.350%		
Validity Score				83	80
Non revenue water				6.80%	6.50%

Cagle-Fredonia Utility District
Monthly Meeting
March 24, 2014

The regular meeting of the Cagle-Fredonia Utility district was called to order at 6:30 PM. All Board Members were present.

The orders of the Day were omitted.

Commissioner Wayne Cox made a motion to accept the February minutes as read. Commissioner Dale Sims seconded the motion. The motion was approved by oral vote with all Commissioners voting in favor of the motion.

Commissioner Don Walker made a motion to accept the Treasurers and Office Manager's Report. Commissioner Wayne Cox seconded this motion. The motion was approved by oral votes with all commissioners voting in favor of the motion.

Commissioner Dale Sims made a motion to accept the Bank Statement, Financial and Adjustment Reports. Commissioner Don Walker seconded the motion. The motion was approved by oral vote with all Commissioners voting in favor of the motion.

Commissioner Don Walker made motion to accept Office Manager's mileage. Commissioner Wayne Cox seconded this motion. The motion was approved by oral vote with all commissioners voting in favor of the motion.

There was a discussion on general maintenance.

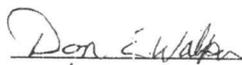
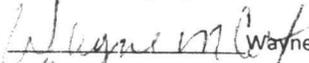
Commissioner Wayne Cox made a motion for Steve to call Cherry Creek Electrical to repair electrical part of pump #1. Commissioner Don Walker seconded the motion. The motion was approved by oral votes with all Commissioners voting in favor of the motion.

Commissioner Don Walker made a motion to approve new Healthcare plan. Commissioner Dale Sims seconded the motion. The motion was approved by oral votes with all Commissioners voting in favor of the motion.

Commissioner Wayne Cox made a motion to increase water rates \$1.50 per 1,000 gallons. The rates effective April billing cycle after much discussion of Audit report. Commissioner Dale Sims seconded the motion. The motion was approved by oral votes with all commissioners voting in favor of the motion.

Commissioner Don Walker made a motion to Revise 2014 Budget with rate increase. Revised Budget will be reviewed for approval at April Meeting. Commissioner Dale Sims seconded the motion. The motion was approved by oral votes with all commissioners voting in favor of the motion.

There being no further business, Commissioner Don Walker made a motion to recess the meeting. Commissioner Dale Sims seconded the motion. The motion was approved by oral vote with all Commissioners voting in favor of the motion.

 Don E. Walker
 Wayne M. Cox
 Roger D. Sims

**CAGLE-FREDONIA UTILITY DISTRICT
BUDGET
2014**

OPERATING REVENUES

WATER SALES	\$460,000.00	+38,297.00
LATE CHARGES	\$ 14,000.00	
FEES: APPLICATION, RECONNECTION, TRANSFER, RENTAL, RETURN CHECK, TAP & ROAD BORE	\$ 43,000.00	-20,000.00
INTEREST INCOME	\$5,000.00	
TOTAL OPERATING REVENUE	\$ 522,000.00	+18,297.00

OPERATING EXPENSES

ADVERTISING	\$780.00	
BAD DEBT	\$6,500.00	
BOARD MEMBERS	\$7,900.00	-2,000.00
CONTRACT LABOR:	\$1,400.00	
CONTRACT LABOR-REPAIR & MAINTENANCE	\$10,000.00	
DEPRECIATION	\$69,600.00	+19,520.00
DUES AND SUBSCRIPTION	\$1,800.00	
FUEL	\$2,000.00	
INSURANCE: AUTO	\$920.00	
LIABILITY	\$3,000.00	
POSITION BOND	\$875.00	
WORKMAN'S COMP	\$2,987.00	
GROUP HEALTH	\$40,800.00	
LEAK ADJUSTMENT	\$2,500.00	+4,500.00
LICENSES AND PERMITS	\$30.00	
MAINTENANCE SUPPLIES	\$8,000.00	-3,000.00
MILEAGE REIMBURSEMENT	\$3,000.00	
MISCELLANEOUS	\$1,400.00	
OFFICE SUPPLIES	\$1,500.00	
OFFICE EXPENSE	\$780.00	
PAYROLL EXPENSE	\$41,000.00	+1,000.00
PAYROLL TAXES	\$15,000.00	
POSTAGE	\$3,200.00	
PROFESSIONAL FEES: ACCOUNTING	\$5,300.00	+300.00
ENGINEERING	\$0	
REPAIRS: BUILDING	\$200.00	
BUILDING EXPENSE	\$300.00	
EQUIPMENT	\$0	
RETIREMENT	\$3,000.00	

RETURN CHECKS	\$1,700.00
RURAL DEVELOPMENT	\$62,580.00
TANK & PUMP MONITORING	\$840.00
TANK INSPECTION	\$2,400.00
TELEPHONE	\$3,750.00
UTILITIES:	\$16,000.00
WATER PURCHASE	\$173,800.00
WATER SAMPLE TESTING	\$2,500.00
TOTAL OPERATING EXPENSE	\$497,342.00

517,662

NET OPERATING INCOME (LOSS)

	\$24,658.00
--	-------------

27,635

APPROVED BY: Don E. Walker
DON WALKER
CHAIRMAN

ATTEST: Roger D. Sims
ROGER D. SIMS
SECRETARY/TREASURER

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: North Utility District of Rhea County
Manager: Sue Durham
Customers: 992
Validity Score: 74
Non-Revenue Water: 10%

The North Utility District of Rhea County has been reported to the Board as having two consecutive years with a negative change in net position as of September 30, 2013. The financial and rate history is attached.

At the end of 2011 Huber Engineered Woods, a specialty building products manufacturer, shut down operations. This followed a 75% layoff of staff the prior year. This plant accounted for five to seven million gallons of water use per month, and approximately 50% of the usage in the entire system. This shut down was a contributing factor to the negative change in net position for FY11-FY12.

Until July 1, 2013, the District purchased all its water from the City of Spring City. On January 1, 2013, Spring City raised the rates that the District purchased its water from \$1.79 per 1,000 gallons (up to 4.5 million gallons) to \$5.09 per 1,000 gallons (up to 4.5 million gallons). The rate for anything over 4.5 million gallons was raised from \$2.20 per 1,000 gallons to \$5.50 per 1,000 gallons. On July 1, 2013, the District began purchasing water from the City of Rockwood for \$1.85 per 1,000 gallons.

Effective May 1, 2014, the District raised its 2,000 gallon minimum bill from \$25.00 to \$26.00. Anything over the minimum was raised from \$8.00 to \$9.50 per 1,000 gallons. Current projections by the District show a positive change in net position for FY 14 due to the increased rates combined with the decrease in water expense.

Staff recommends the Board endorse the actions of the North Utility District of Rhea County. The District will remain under the jurisdiction of the UMRB until an audit is received which reflects compliance.

NORTH UTILITY DISTRICT OF RHEA COUNTY					
HISTORY FILE					
	Audited	Audited	Audited	Audited	Audited
Fiscal Year September 30	2009	2010	2011	2012	2013
Water revenues	\$ 425,752	\$ 453,214	\$ 463,999	\$ 422,789	\$ 525,189
Other revenues	\$ 56,753	\$ 46,977	\$ 41,452	\$ 45,542	\$ 37,318
Grant revenue/donated lines	\$ 492,981				
Total Operating Revenues	\$ 975,486	\$ 500,191	\$ 505,451	\$ 468,331	\$ 562,507
Total Operating Expenses	\$ 344,504	\$ 333,570	\$ 339,467	\$ 344,939	\$ 447,337
Operating Income	\$ 630,982	\$ 166,621	\$ 165,984	\$ 123,392	\$ 115,170
Interest Expense	\$ 126,805	\$ 128,431	\$ 121,629	\$ 123,725	\$ 120,384
Change in Net Assets	\$ 504,177	\$ 38,190	\$ 44,355	\$ (333)	\$ (5,214)
<u>Supplemental Information</u>					
Principal payment	\$ 76,699	\$ 67,622	\$ 61,804	\$ 61,747	\$ 68,875
Depreciation	\$ 109,980	\$ 118,822	\$ 119,444	\$ 121,425	\$ 126,809
Water Rates					
Residential					
0-2,000 gallons	\$ 22.00	\$ 22.00	\$ 22.00	\$ 23.00	\$ 25.00
2,001 - 50,000 gallons	\$ 7.50	\$ 7.50	\$ 7.50		
All over	\$ 6.50	\$ 6.50	\$ 6.50	\$ 7.75	\$ 8.00
Water customers	925	949	971	997	992
Water Loss	12.327%	11.764%	12.350%		
Validity Score				68	74
Non revenue water				6.60%	10.00%

NORTH UTILITY DISTRICT OF RHEA COUNTY

P.O. BOX 1089
23928 Rhea County Highway
Spring City, TN 37381

Telephone (423) 365-2680
Facsimile (423) 365-2681

May 21, 2014

State of Tennessee
Comptroller of the Treasury
James K. Polk State Office Building
505 Deaderick Street, Suite 1600
Nashville, TN 37243

Ms. Joyce Welborn and Mr. John Greer,

RE: Negative Net Change for Fiscal Year End Audits 2011-2012 and 2012-2013

Thank you for meeting with us on Tuesday May 20, 2014. This letter is to confirm that The North Utility District of Rhea County has increased our customer's water rates. Our minimal for the first 2000 gallons was \$25.00 increased to \$26.00 per customer. The rate per 1,000 gallons over the minimal rate was \$8.00 per 1,000 increased to \$9.50 per 1,000 gallons. This rate increase was motioned and approved by the Board of Commissioners on March 20, 2014 making the rate increase effective with our customers May 1, 2014 billing.

NUDRC is about 50% permanent residents and 50% summer vacationer's usage. We provide water service to 4 seasonal marinas' that operate April through October of every year. Cedine Missionary Bible Camp is a large volume water user that provides summer retreats for adults and summer camp for African American Children. We are going into our summer usage period starting April through September.

Our rate increase is projected to bring NUDRC out of the deficient this fiscal year ending September 30, 2014.

Thank You!

Sincerely,



Nancy J Cecil
Office Manager

[Click to access definition](#)

Water Audit Report for: **Mooresburg Utility**

Reporting Year: **2012** 1/2012 - 12/2012

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	?	5	33.296	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	3	0.666	under-registered MG/Yr
Water imported:	?	5	16.887	MG/Yr
Water exported:	?	n/a	0.000	MG/Yr
WATER SUPPLIED:			50.849	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	?	7	21.567	MG/Yr
Billed unmetered:	?	n/a	0.000	MG/Yr
Unbilled metered:	?	n/a	0.000	MG/Yr
Unbilled unmetered:	?	9	0.803	MG/Yr
AUTHORIZED CONSUMPTION:	?		22.370	MG/Yr

Click here: ? for help using option buttons below

Pcnt: Value: 0.03

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

28.479 MG/Yr

Apparent Losses

Unauthorized consumption:	?		0.127	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed				
Customer metering inaccuracies:	?	5	1.135	MG/Yr
Systematic data handling errors:	?		0.000	MG/Yr

Pcnt: Value: 0.25%

5.00%

Systematic data handling errors are likely, please enter a non-zero value; otherwise grade = 5

Apparent Losses: ? 1.262

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 27.217 MG/Yr

WATER LOSSES: 28.479 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 29.282 MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	?	7	35.0	miles
Number of active AND inactive service connections:	?	7	609	
Connection density:			17	conn./mile main
Average length of customer service line:	?	8	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	?	4	90.0	psi

COST DATA

Total annual cost of operating water system:	?	10	\$302,106	\$/Year
Customer retail unit cost (applied to Apparent Losses):	?	10	\$8.97	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	?	10	\$1,193.07	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	57.6%
Non-revenue water as percent by cost of operating system:	14.8%
Annual cost of Apparent Losses:	\$11,322
Annual cost of Real Losses:	\$32,471

Operational Efficiency Indicators

Apparent Losses per service connection per day:	5.68	gallons/connection/day
Real Losses per service connection per day*:	N/A	gallons/connection/day
Real Losses per length of main per day*:	2,130.46	gallons/mile/day
Real Losses per service connection per day per psi pressure:		gallons/connection/day/psi

Unavoidable Annual Real Losses (UARL): ? Not Valid

*** UARL cannot be calculated as either average pressure, number of connections or length of mains is too small: SEE UARL DEFINITION ***

From Above, Real Losses = Current Annual Real Losses (CARL): 27.22

Infrastructure Leakage Index (ILI) [CARL/UARL]: ?

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 62 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources
- 2: Master meter error adjustment
- 3: Water imported

For more information, click here to see the Grading Matrix worksheet

Mooresburg Utility District
272 Holly Road
Mooresburg, Tennessee 37811

April 19, 2014

APR 23 2014

Joyce Welborn
Utilities Board Manager

Dear Joyce,

Here is the completed AWWA worksheet for 2012, see attached worksheet, also I am currently working on the 2013 worksheet as well, I will finish it as soon as I receive the 2013 audit. I will also have the Mooresburg Utility District Auditors to submit a revised annual audited financial statement for the period ending December 31, 2012 uploaded to the Excel spreadsheet into CARS. I have answered the questions for addressing Water Loss, also I have included a revised plan to resolve water loss. (See Attach Plans). The Mooresburg Utility District Is currently working with a third party (TAUD) to increase our current validity score from 62 to 78 which will allow our systems to return to compliance with the standard established by your office.

Thank you for your corporation if you have any questions please contact me (Eddie Douglas @ 423-921-2066 or e-mail me @ Douglas Eddie@att.net)

Sincerely,



Eddie Douglas Dist.II

Mooresburg Utility District

The Mooresburg Utility District Initial Check List for Addressing Water Loss

- #1. Are you billing for all general government water loss? Yes. The M.U.D. has the Mooresburg Elementary School and the Mooresburg Post Office, plus the Mooresburg Utility District, also the Lakeview Fire Department on our District, and each facility receives a water bill each month.
- #2. Are you accounting for the water used by the water and/or sewer department? Yes, The M.U.D. has a water meter installation and is read and recorded each month.
- #3. Do you periodically check or inspect all 2" and larger meters? Yes. The M.U.D. has three 2" meters in our system normally they are checked each month as we read meters.
- #4. Do you have a recalibration policy and procedure in place? No, not at this time. The M.U.D. will adopt a policy at the 4-3-2014 meeting.
- #5. Do you have a meter replacement policy? Is the trigger based on age (length of time in service) or on gallons? It is based on both age and length of time. The M.U.D. is currently replacing 5% each year beginning in 2012.
- #6. Do you have a process to inspect for unauthorized consumption? What are the consequences if unauthorized consumption is discovered? Yes. The M.U.D. personnel are very familiar with the meter route that we service, and it is checked each month as the meters are read for misuse of water.
- #7. Do you have a leak detection program currently in place? Yes.
- #8. Do you have written policies, including a policy for billing adjustments? Are the written policies followed correctly by all levels of staff. Yes.
- #9. Do you have authorized non-customer users (volunteer fire departments, etc.)? Do you account for the use. Do you have a method for the user to report water usage? Yes. The M.U.D. has a Fire Department with access to 6 fire hydrants. The M.U.D. has

provided the fire department with water usage documents to fill out each month. The M.U.D. tries to keep up with this usage the best of its ability.

#10. Is your system "zoned" to isolate water loss? Yes. The M.U.D. has cut off valves on all streets and each off branch of the district.

#11. Do you search for leaks at night when there is little or no traffic or small household usage? Yes. The M.U.D. has installed meters on some mains to monitor usage that has been hot spots for leaks in the past.

#12. Do you or can you control pressure surges? Yes and no. The M.U.D. has pressure reducing valves on some mains and some of the main lines we do not.

#13. Do you have or have access to leak detection equipment? Yes. The M.U.D. has a AQUA-SCOPE listening device and the M.U.D. uses a Magnet-o-matic pipe locator.

#14. What is your policy for notifying customers they have a leak? The M.U.D. notifies customers by phone or by personnel.

#15. Do you have a public relations program to encourage citizens to report a leak. The M.U.D. customers have very good about letting our department if a leak has been suspected.

#16. Do you have a policy to prosecute water theft or meter tampering/damage? Yes. The M.U.D. has adopted the TAUD document Obtaining Utility Service By Fraud Is Unlawful # TCA 65-35-102 (3) and TCA 65-35-104 (a)(b).

#17. What is the monetary value of the lost water? Estimated at approximately \$8.97 per 1000 gallons in 2012.

#18. Is the cost to repair the leak justified based on the amount of the water being lost? Yes. When the M.U.D. is notified of a leak the district reacts quickly and efficiently as possible.

The M.U.D. personnel that is assigned for the cross connection and the water loss program is Eddie Douglas and Patricia (Deb) Douglas.

Mooreburg Utility District Plan of Action To Reduce Water Loss 2014

- #1. The M.U.D. is still using the revised plan that was implemented in 2012 and 2013.
- #2. THE M.U.D. has repaired 14 leaks that was not a major blow out on the main lines.
- #3. The M.U.D. has as of 4-19-14 three other leaks that are not total blow outs which are in the process of being repaired.
- #4. The M.U.D. master meter at the filter plant is a electronic which cannot be calibrated, so the M.U.D. is going to do a drawn down on the clear well with the assistance of a third party to assure accuracy.
- #5. As of 4-19-14 the M.U.D. the water purchase from an alternate has come down to 800 gallons per day.
- #6. The M.U.D. goal is to replace all the old meters in our system and to locate and repair all the leaks that are causing our water loss which are not a major water main break.
- #7.If. Anyone has any questions for M.U.D. please contact Eddie Douglas Dist. II @ 423-921-2066 or Patricia (Deb) Douglas Water Treatment @ 423-921-2065 or President Larry Cook @ 423-327-9805.

Mooresburg Utility District Plan of Action To Reduce Water Loss

#1.M.U.D. has already installed a V.F.D. system on the north side of the system to stabilize water pressure and prevent water hammer it is working, also M.U.D. suspects that the contractor installed inferior pipe on this contract it being investigated.

#2.M.U.D. has already installed a P.R.V. on the south side of the system to also stabilize pressure.

#3.M.U.D. has contracted a third party to help find leaks that is not a total blow out on a main line such as meter leaks, old service lines not on the beaten path, etc. M.U.D. has already found numerous leaks.

#4.M.U.D. will replace 5% of the old meters to begin with in 2013 then instate a policy to replace 10% per year until all old meters are replaced.

#5.M.U.D. will begin testing the master meter at the water plant immediately to insure accuracy then test annually.

#6.M.U.D. goal is to continue to find leaks that is not a total main line blow out M.U.D. has currently located three and were waiting on the weather to fix them.

#7.M.U.D. and the third party goal is to have our water loss down to at least 35% by mid 2013.

#8.M.U.D. has reduced our water purchased from an alternate source 30,000 gallons per day.

#9.M.U.D. has already found and fixed 8 leaks since October 2012.

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

[Back to Instructions](#)

[Click to access definition](#)

Water Audit Report for: **Spring Creek Utility District**
 Reporting Year: **2013** 7/2012 - 6/2013

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	?	n/a	0.000	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	n/a	0.000	MG/Yr
Water imported:	?	3	53.949	MG/Yr
Water exported:	?	n/a	0.000	MG/Yr
WATER SUPPLIED:			53.949	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	?	3	47.203	MG/Yr
Billed unmetered:	?	n/a	0.000	MG/Yr
Unbilled metered:	?	n/a	0.000	MG/Yr
Unbilled unmetered:	?		0.674	MG/Yr
AUTHORIZED CONSUMPTION:			47.877	MG/Yr

Click here: [?](#) for help using option buttons below

Pent: 1.25% Value:

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

6.072 MG/Yr

Apparent Losses

Unauthorized consumption: ? 0.135 MG/Yr
 Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	?	3	3.553	MG/Yr
Systematic data handling errors:	?		0.000	MG/Yr

Systematic data handling errors are likely, please enter a non-zero value; otherwise grade = 5

Apparent Losses: ? 3.688

Pent: 0.25% Value:

7.00% Value:

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 2.384 MG/Yr

WATER LOSSES: 6.072 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 6.746 MG/Yr

= Total Water Loss + Unbilled Metered - Unbilled Unmetered

SYSTEM DATA

Length of mains:	?	7	60.0	miles
Number of active AND inactive service connections:	?	7	1,078	
Connection density:			18	conn./mile main
Average length of customer service line:	?	10	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	?	3	80.0	psi

COST DATA

Total annual cost of operating water system:	?	10	\$399,156	\$/Year
Customer retail unit cost (applied to Apparent Losses):	?	9	\$6.73	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	?	10	\$2,237.91	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	12.5%
Non-revenue water as percent by cost of operating system:	7.9%
Annual cost of Apparent Losses:	\$24,819
Annual cost of Real Losses:	\$5,335

Operational Efficiency Indicators

Apparent Losses per service connection per day:	9.37	gallons/connection/day
Real Losses per service connection per day*:	N/A	gallons/connection/day
Real Losses per length of main per day*:	108.85	gallons/mile/day
Real Losses per service connection per day per psi pressure:		gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	Not Valid	

*** UARL cannot be calculated as either average pressure, number of connections or length of mains is too small: SEE UARL DEFINITION ***

From Above, Real Losses = Current Annual Real Losses (CARL): 2.38

Infrastructure Leakage Index (ILI) [CARL/UARL]:

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 54 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Water imported
- 2: Billed metered
- 3: Customer metering inaccuracies

For more information, click here to see the Grading Matrix worksheet

Initial Check List for Addressing Water Loss

- 1. Are you billing for all general government water use? Examples: City halls, Parks, Community Centers, etc.**

Response: We do not have any of these in our water district.

- 2. Are you accounting for the water used by the water and/or sewer department?**

Response: Yes.

- 3. Do you periodically check or inspect all 2" and larger meters?**

Response: Yes.

- 4. Do you have a recalibration policy and procedure in place?**

Response: No.

- 5. Do you have a meter replacement policy? Is the trigger based on age (Length of time in service) or on gallons?**

Response: No.

- 6. Do you have a process to inspect for unauthorized consumption? What are the consequences if unauthorized consumption is discovered?**

Response: We inspect meter readings and if they are higher than usual we investigate the cause. We also investigate when others report problems. Usually, this is not much of a problem.

- 7. Do you have a leak detection program currently in place?**

Response: No.

- 8. Do you have written policies, including a policy for billing adjustments? Are the written policies followed correctly by all levels of staff?**

Response: Yes

- 9. Do you have authorized non-customer users (volunteer fire departments, etc.)? Do you account for the use? Do you have a method for the user to report water usage?**

Response: Yes. Fire department calls to report gallons used.

- 10. Is your system "zoned" to isolate water loss?**

Response: Yes.

- 11. Do you search for leaks at night when there is little traffic of small household usage?**

Response: Yes, when time permits.

12. Do you or can you control pressure surges?

Response: No. This is not usually a big problem.

13. Do you have or have access to leak detection equipment?

Response: Yes.

14. What is your policy for notifying customers they have a leak?

Response: We notify them by mail, leave a note at the residence or talk to them in person if a leak is suspected.

15. Do you have a public relations program to encourage citizens to report leaks?

Response: No.

16. Do you have a policy to prosecute water theft or meter tampering/damage?

Response: If this is suspected, the proper authorities are notified.

17. What is the monetary value of the lost water?

Response: Unknown.

18. Is the cost to repair the leak justified based on the amount of water being lost:

Response: Yes.

Additional information:

Maintenance supervisor and workers constantly look for leaks when reading meters and when reading customers in and out of the district.

Maintenance supervisor checks the pump stations 3 times a week and records hours that pumps run to determine any rise in consumption of water. On 3/7/13, we discovered a leak in a swampy area that could have been leaking for a year or more.

Our actual water loss was 12.5% FY 7/1/2012-6/30/2013.

From 7/1/2013-2/28/2014 our percentage of water loss was 7%.

It is time to have our tanks inspected and cleaned. We have them inspected and cleaned every 5 years. The last inspection was 4/1/2009.

Utility Management Review Board

History of Lone Oak Utility District, Sequatchie County

A creation petition was presented to the UMRB in December 1999. At the time, the UMRB only had comment authority on the petition – not approval. A utility district was created by the Sequatchie County Executive in accordance with state law. The entire system was built with EPA, CDBG and TAG funds. Except for a \$17,763 bank loan from 2005, the District never had debt. The bank loan was not approved by the Division of Local Finance. Tennessee American also made a “like kind investment in the Company’s system in the amount of \$260,000.”

The District has an Operations and Maintenance (O & M) Agreement, signed in 2002, with Tennessee American Water Company. Tennessee American treats all the District customers as if they were theirs and bills as such. Therefore, the information required to be on utility district bills by statute is not included on the bills received by the District’s customers. That information includes date, time and place of commissioners meetings. The phone number shown on the bill is that of Tennessee American. If someone wants service in the Lone Oak area, they must contact Tennessee American because there is no phone number for Lone Oak.

The O & M Agreement is for a period of forty years and gives Tennessee American the right to install lines and taps within the service area of the District and own those lines and taps. Although Lone Oak water is purchased from Walden’s Ridge Utility District, the agreement provides that Tennessee American is the “exclusive provider for the total water requirements of the customers served” from the Lone Oak system. Walden’s Ridge purchases 100% of their water from Tennessee American. If Tennessee American is required to install, relocate and/or replace capital items (unit of property), “in every such instance, the unit of property shall be and remain the property of” Tennessee American.

The agreement allows Tennessee American to bill and collect on behalf of the District. The accountants of the District are to review – at least annually – the system of accounts maintained by Tennessee American and report the results to both parties. Tennessee American is to pay the District no more than \$12,000 annually in order to pay reasonable costs of: 1) Board of Director expenses, 2) Engineering, Legal and Accounting Expenses, 3) Liability Insurance and Bonds and 4) Miscellaneous Supplies and Expenses.

Around 2004, some water lines which had been installed in an area adjacent to Walden’s Ridge were purchased from Lone Oak for \$123,227. The note was for a lump sum of \$33,227 and payments of \$1,000 per month for ninety (90) consecutive months at zero percent interest. That loan was not approved by the Division of Local Finance.

Lone Oak was first reported to the Board based on three consecutive years with a net loss based on the December 31, 2006, audited financial statements. Based on the December 31, 2006 audit, a revenue increase of approximately 500% would be needed to generate a positive change in net assets.

District officials were notified by mail dated December 15, 2009, that they were scheduled to appear before the UMRB on April 1, 2010, with an update of the status of the District. Mr. John Lyman, Chairman of the District, was e-mailed on February 16, 2010 regarding the April 1 appearance with staff offering to meet with District officials to prepare for the meeting. Staff also spoke with Mr. Lyman on March 15, 2010. During that conversation, the relationship with Walden’s Ridge was discussed and Mr. Lyman stated that he would get information to me regarding the appearance and the relationship.

The Board voted at the April 2010 meeting to require the District to have discussions with Sequatchie County regarding a solution to the financially distressed condition of the District and to require the District to review the possibility of becoming something other than a utility district. A report was to be made to the Board in no longer than one year. At that meeting, the Board was told that the December 31, 2009 audit was received by the District the night before, but had not been filed with the Division of Municipal Audit.

Staff received a call from Tennessee American Water that the Sequatchie County Commission was not convinced that it would take over the District for fear that it would have to repay the State Tribal Assistance Grant that it received when the District was created. The takeover of Lone Oak by Walden's Ridge Utility District is not desirable to Sequatchie County officials.

Staff has been told that nothing has changed in the status of the District. District officials have met with Sequatchie County and the City of Dunlap. It appears that the hindrance in any sort of takeover of the District is prevented by the fact that any assets that must be assumed have a high depreciation expense associated with them.

District officials have told the Board since approximately 2009 that they were working with both Sequatchie County and the City of Dunlap regarding a takeover of the Lone Oak system. Nothing appears to be happening.

Staff has no further suggestions except the consolidation with Walden's Ridge Utility District. That consolidation has been deemed unacceptable by the Lone Oak commissioners and the Sequatchie County commissioners.

LONE OAK UTILITY DISTRICT									
HISTORY FILE									
	Audited								
FYE 12/31	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water revenues	\$ 16,556	\$ 9,174	\$ 9,790	\$ 10,702	\$ 11,588	\$ 12,061	\$ 11,242	\$ 12,508	\$ 25,152
Other revenues	\$ -	\$ -	\$ 19,361	\$ 11,217	\$ 10,480	\$ 10,325	\$ 10,803	\$ 11,167	\$ 650
Total Oper Revenue	\$ 16,556	\$ 9,174	\$ 29,151	\$ 21,919	\$ 22,068	\$ 22,386	\$ 22,045	\$ 23,675	\$ 25,802
Total Oper Expenses	\$ 66,902	\$ 66,717	\$ 70,307	\$ 69,716	\$ 72,309	\$ 69,064	\$ 70,594	\$ 77,623	\$ 51,971
Operating Income	\$ (50,346)	\$ (57,543)	\$ (41,156)	\$ (47,797)	\$ (50,241)	\$ (46,678)	\$ (48,549)	\$ (53,948)	\$ (26,169)
Interest Expense	\$ 1,016	\$ 2,980	\$ 2,368	\$ 1,708	\$ 1,001	\$ 248			
Change in Net Position	\$ (51,362)	\$ (60,523)	\$ (43,524)	\$ (49,505)	\$ (51,242)	\$ (46,926)	\$ (48,549)	\$ (53,948)	\$ (26,169)
<u>Supplemental Information</u>									
Principal payment	\$ 1,800	\$ 7,884	\$ 8,497	\$ 9,156	\$ 9,863	\$ 7,900			
Depreciation	\$ 54,005	\$ 54,765	\$ 54,765	\$ 54,875	\$ 54,885	\$ 54,562	\$ 54,383	\$ 54,113	\$ 35,204
Water Rates									
First 2,000 gallons	\$ 31.39	\$ 31.39	\$ 31.39	\$ 31.39	\$ 31.39	\$ 31.39	\$ 31.39	\$ 31.39	\$ 31.39
over 2,000 gallons	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25
Customers	106	106	101	112	120	120	121	125	129
Water Loss					18.50%	18.27%	18.58%	16.38%	86/15.7%

Lone Oak Utility District						
Projections						
			0%	<i>Growth rate</i>	<i>Growth rate</i>	<i>Growth rate</i>
	Audited	Projected		Projection	Projection	Projection
FYE 12/31	2012	2013		2014	2015	2016
Water revenues	\$ 25,152	\$ 25,152		\$ 25,152	\$ 25,152	\$ 25,152
Other revenues	\$ 650	\$ 650		\$ 650	\$ 650	\$ 650
			128%	\$ 32,195	\$ 32,195	\$ 32,195
Total Oper Revenue	\$ 25,802	\$ 25,802		\$ 57,997	\$ 57,997	\$ 57,997
Total Oper Expenses	\$ 51,971	\$ 53,010	3%	\$ 54,600	\$ 56,238	\$ 57,925
Operating Income	\$ (26,169)	\$ (27,208)		\$ 3,396	\$ 1,758	\$ 71
Interest Expense						
Change in Net Position	\$ (26,169)	\$ (27,208)		\$ 3,396	\$ 1,758	\$ 71
<u>Supplemental Information</u>						
Principal payment				\$ -	\$ -	\$ -
Depreciation	\$ 35,204	\$ 54,885		\$ 54,885	\$ 54,885	\$ 54,885
Water Rates						
First 2,000 gallons	\$ 31.39					
over 2,000 gallons	\$ 5.25					
Customers	129					
Water Loss	86/15.7%					



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF GENERAL COUNSEL**

**Justin P. Wilson
Comptroller**

**James K. Polk State Office Building
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-1402
Phone (615) 401-7786
Fax (615) 741-1776**

**Robert T. Lee
General Counsel**

April 9, 2014

RETURN RECEIPT REQUESTED

Mr. John Lyman, President
Lone Oak Utility District
885 Grandview Road
Signal Mountain, TN 37377

Mr. Bernard Stewart, Commissioner
Lone Oak Utility District
911 Horseshoe Road
Signal Mountain, TN 37377

Mr. Carl Frazier, Commissioner
Lone Oak Utility District
3010 Deerwood Lane
Signal Mountain, TN 37377

Dear Commissioners:

The Utility Management review Board (UMRB) met on April 3, 2014, in part, to discuss the condition of the Lone Oak Utility District. At that meeting, the UMRB voted to issue a subpoena to require your attendance at the next meeting on June 5, 2014.

If you have any questions regarding the attached subpoena, please feel free to contact me at (615) 401-7954 or Betsy.Knotts@cot.tn.gov.

Very truly yours,

A handwritten signature in black ink that reads "B. Knotts".

Betsy Knotts
Assistant General Counsel

COMPTROLLER OF THE TREASURY
STATE OF TENNESSEE

In re Lone Oak Utility District)
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SUBPOENA

To: Mr. John Lyman, President
Lone Oak Utility District
885 Grandview Road
Signal Mountain, TN 37377

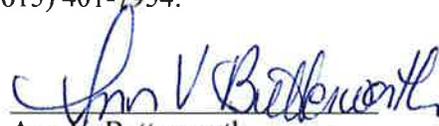
Mr. Bernard Stewart, Commissioner
Lone Oak Utility District
911 Horseshoe Road
Signal Mountain, TN 37377

Mr. Carl Frazier, Commissioner
Lone Oak Utility District
3010 Deerwood Lane
Signal Mountain, TN 37377

The Utility Management Review Board (the "UMRB") is empowered to issue subpoenas to require persons to appear and testify regarding any matter deemed necessary by the UMRB in fulfilling its purpose. Pursuant to Tennessee Code Annotated § 7-82-702(12), you are hereby commanded, in connection with the ongoing status of Lone Oak Utility District as a financially distressed utility district, to appear at 10:00 A.M. Central Standard Time on June 5, 2014, in Room 31, Legislative Plaza, 301 Sixth Avenue North, Nashville, TN 37243.

Failure to obey this subpoena shall result in the chancery court of Davidson County having jurisdiction to issue an order requiring you to appear and testify before the UMRB and failure to obey such order of the court may be punished by such court as contempt, all as prescribed by Tennessee Code Annotated § 7-82-702(12).

If you have any questions regarding this subpoena, please contact Betsy Knotts, Assistant General Counsel, Comptroller of the Treasury, (615) 401-7954.


Ann V. Butterworth
Chair, Utility Management Review Board

4/9/14
Date

Summary of City of Elkton vs. South Giles Utility District

The **City states** fire hydrant rates are unreasonable and unjust based on:

The City allowed the South Giles Utility District to enter its corporate city limits in April 1965

The first contact was signed in February 1966

A water tap was made to City Hall in July 1966

"Knowledgeable" sources say there were approximately 18 hydrants in the City at the beginning.

The City has always been charged the minimum residential customer rate for each fire hydrant. The current rate is \$24.50 for 1,800 gallons on each of the 42 hydrants.

The City buys the hydrant and pays for its installation at a cost of \$2,000 to \$2,500 gallons. The City does all the maintenance and upkeep of the hydrant after paying a \$600 tap fee.

The Elkton Fire Department is required to maintain the amount used for fight fires and report it to the District.

The average monthly usage for all the hydrants in the City is 1,295 gallons, 1,446 gallons and 683 gallons for 2010, 2011, and 2012, respectively.

The City proposed to pay \$24.50 monthly for two residential accounts and \$50 monthly for all hydrants – in total.

The **Utility District states** the fire hydrant rates are neither unreasonable nor unjust:

The South Giles Utility District started in 1965 to serve "drinking" water. The only requirement for a fire hydrant at the time was a six-inch water line and six-inch water lines were installed throughout the system.

During construction, the City asked for and was granted 18 hydrants installed at City expense. The water bill was \$50 per year per hydrant. Before construction was complete, two more hydrants were requested and approved.

Each time there was a fire in Elkton or the hydrants were flushed or opened for any reason, the UD had a leak resulting from water hammer, lines being drained or air in the lines.

In the early 1970s, a factory come to town and needed fire protection. The City and the factory agreed to share the cost in the installation of a 300,000 gallon water tank. Since the factory didn't pay its share, the City did. The leaks in the system decreased after the tank was installed and usage of the hydrants decreased. Two more hydrants were added to the City's system.

Early 1980s, the City and the UD agreed that the City would be responsible for repairs and maintenance on all hydrants.

August 1981 Five more hydrants were added

August 1983 UD raised the rates and started charging a minimum monthly bill instead of the \$50 per hydrant per year.

1988 - 300,000 gallon tank had to be inspected and painted costing \$14,650

1992 - the UD replaced the tank to increase the fire flow for the City, costing \$287,979. The minimum bill was increased to \$12.00

1996 - UD spent over \$20,000 to replace a ten-inch line for fire protection at a factory.

Giles County Rescue Squad is paying the same rate for the hydrant at its Prospect Building plus the normal residential water service. Water rates were increased to \$16.00

2001 - a customer north of the City agreed to pay the same rate for a fire hydrant plus the normal residential water service.

2003 - a BBQ establishment agreed to pay the same rate for a fire hydrant plus the normal residential bill.

July 2005 - 2 hydrants were installed at the State of Tennessee Weigh Station, and the lines were upgraded around the Elkton school, so that a pumper truck could hook to any hydrant around the school with adequate pressure to fight fires.

2009 - minimum bill was changed from 0 – 2,000 gallons to 0 – 1,500 gallons

2010 - State Welcome Center started paying two regular rates for the hydrants plus regular water service. Rates were increased to \$19.00

2012 - UD had second year with a negative change in net assets. Rates increased to \$24.50 and minimum usage was changed to 0-1,800 gallons

The UD has spent over \$915,000 to improve fire protection for the City. Spread over 40 years for depreciation is \$1,906.25 per month. City pays \$1,029 per month. There are 1,150 customers outside the city limits and 250 inside. Only those inside have an ISO rating of 6.

MAY 01 2014

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE
PROSPECT, TN 38477
931-468-2875
931-468-9414 (FAX)

southgilesutilit@mediacombb.net

April 30, 2014

Joyce Welborn, Board Coordinator
State of Tennessee
Utility Management Review Board
James K. Polk State Office Building
505 Deaderick Street, Ste 1500
Nashville, TN 37243-1402

Dear Ms. Welborn,

On April 14th, 2014, our attorney, Joe Henry, received a letter from Betsy Knotts, of the Comptroller's Office directing us on what was asked of the UMRB, back in December of 2013.

I contacted Tennessee Utility Assistance, LLC to ask them to prepare a Cost of Service Review on the Fire Hydrants within the City of Elkton. John Hall came and gathered the information and then preformed the service.

I have also enclosed a map of the City of Elkton, indicating where said fire hydrants are located.

If you need further information, please feel free to contact me on my cell number, 931-638-8338, as I am in and out of the office while undergoing Chemotherapy.

Respectfully,



Cathy J. Dradt
Manager, South Giles Utility District

Enclosures



Tennessee Utility Assistance, LLC
P.O. Box 291924
Nashville, TN 37229-1924
Voice (615) 896-9022
Fax (615) 898-8283

April 29, 2014

Mrs. Cathy Dradt
South Giles Utility District
8114 Elkton Pike
Prospect, TN 38477

Re: Cost of Service Review – Fire Hydrant

Dear Mrs. Dradt,

You requested Tennessee Utility Assistance, LLC (TUA) to assist South Giles Utility District (District) preparing a cost of service analysis of the monthly rate of \$24.50 per fire hydrant, which the District currently charges the City of Elkton for the operation of the fire hydrants within the City. I understand the Utility Management Review Board (UMRB) requested this Cost of Service Review in response to the complaint filed by the City of Elkton with the UMRB against the District. I have enclosed the Cost of Service Review for your submission to the UMRB.

On behalf of TUA, John Hall met with the District and reviewed the financial information provided to him by the District. This information included the District's most recent audit, the cost of the installation of the fire hydrants within the City, the actual and projected amounts of water used by the fire hydrants within the City and certain costs of the District related to the fire hydrants. Mr. Hall requested that TUA Consultant, Dennis Dycus, review the cost information of the District to obtain his comments and recommendation on the \$24.50 rate which the City is currently paying the District per hydrant.

Based upon his review Mr. Dycus finds that the District should recover \$43.30 per fire hydrant per month to recover its operating expenses, including depreciation, for the fire hydrants installed within the City at its request and for the City's benefit.

Thank for you giving TUA the opportunity to assist you with this Cost of Service Review.

Sincerely,

Bob Freudenthal, President

Enclosures



Tennessee Utility Assistance, LLC
P.O. Box 291924
Nashville, TN 37229-9022
Voice (615) 896-9022
Fax (615) 898-8283

South Giles Utility District

Cost of Service Review – Hydrants

Prepared by TUA, LLC

COST OF SERVICE REVIEW-FIRE HYDRANTS
SOUTH GILES UTILITY DISTRICT

At the request of South Giles Utility District (the District), Tennessee Utility Assistance, LLC (TUA) conducted a cost of service review of the costs and expenses of the District related to the operation of fire hydrants which the District installed and operates within the municipal limits of the City of Elkton, Tennessee (the City). To conduct its review, TUA obtained and reviewed the District's most recent audit, the cost of the installation of the fire hydrants within the City, the estimated water used by the fire hydrants within the City and certain costs of the District related to the fire hydrants.

The Operation of the District's System and Costs of Providing Water for Fire Protection

Throughout the years, the District installed 42 fire hydrants within the municipal limits of the City. The City had approached the District about installing fire hydrants within the City to provide water for fire protection within the City and to assist the City in obtaining a better ISO rating for the benefit of its residents. In its review the District provided the following information to TUA.

(1) The District's order of creation authorizes it to provide water service. The District is not authorized to provide fire protection service. Fire protection service is a municipal service which the City provides within the City's limits.

(1) The District has approximately 1400 meter connections on its system, and 250 of these meter connections are located within the City.

(2) The District has a total of 48 fire hydrants installed in its system.

(3) The District has installed and maintains service to 42 fire hydrants on 14 miles of water lines located within the City.

(4) The remaining 6 fire hydrants are installed on 260 miles of water lines located in the District's rural service area outside the City's limits.

(5) Three of the six fire hydrants outside the City limits were paid for by the customers who requested the fire hydrants be installed by the District at a cost of \$2,000 per hydrant. The District depreciates the cost of these three fire hydrants at the rate of \$50 per hydrant per year.

(6) The two remaining fire hydrants located outside of the City limits were installed to a State of Tennessee rest area. The State is charged \$24.50 per month for each of these two fire hydrants.

(7) The District constructed certain water system improvements to increase the amount of water and water pressure within the City to assist it in providing fire protection to the City's residents. The District financed these water system improvements with grants obtained for this project and with the District's own funds. At the time the District made these water system improvements, the District was providing domestic water service within the City to its residents. No additional water system improvements were necessary for the District to continue to provide domestic water service within the City.

(8) The water system improvements constructed to provide the water for fire protection requested by the City included: (1) the upgrade of existing water lines within the City to 10 inch water lines; (2) the installation of fire hydrants, valves and related appurtenances; and (3) the construction of a new water tank. The costs of these improvements were:

Water Lines, hydrants, valve and related appurtenances	\$815,000
Water tank	\$100,000

(9) The new water tank which services the fire protection needs of the City and the domestic water services of the District's 250 customers located inside the City limits and 150 customers located in the District's rural service area.

(10) The direct operational costs of the fire hydrants include the (a) cost of water used for hydrant flushing and fighting fires and (b) cost of electricity to run the booster station to fill tank.

(11) The City began paying the monthly fire hydrant fee of \$24.50 per hydrant in April 2012 and continued to pay these fees without complaint until a change in the City's administration in the fall of 2012.

(12) The City performs routine maintenance for the fire hydrants.

(13) The District depreciates its water lines, hydrants, valves and tanks using a straight line method with 40 year life as set forth in Note 1 of the District's most recent annual audit. Depreciation is shown as an operating expense on page 8 of the District's most recent annual audit.

Findings:

The District's actual cost of providing water for fire protection service within the City is \$45.40 per hydrant per month as shown on Exhibit A to this Cost of Service Review. The District must recover the operating costs of providing water for fire protection service through its rate structure. Tennessee law does not prescribe how a utility district must recover the cost of providing water for fire protection services. Many water utilities in Tennessee have chosen to spread the depreciation cost of water system improvements necessary for fire protection and the expenses of operating public fire hydrants to all of its

how best to recover the costs of providing water for fire protection and has the discretion to do so.

The District upgraded its water distribution system and installed fire hydrants within the City to provide water for fire protection as requested by the City. The majority of the District's customers are located outside of the City's limits and do not have water available for fire protection as do the District's customers located within the City. The District constructed a new water tank which was necessary to provide water for fire protection as requested by the City. The District has allocated 60% of the cost of the new water tank to its water system located inside the City and 40% of its cost to its water system outside of the City. The District decided to collect a little over half of these costs by charging the City a monthly fire hydrant rate of \$24.50 per hydrant. The balance of the operating expenses of the District's water system which is necessary to provide water for fire protection within the City is being borne by all of the District's customers.

The District does not provide fire protection for the residents of City. The City provides fire protection as a municipal service within its City limits. Therefore, setting a monthly rate for the City for each fire hydrant which makes a substantial contribution to the cost of providing water for fire protection is justified and appropriate.

In addition, the monthly fee of \$24.50 per month per hydrant is the same as the District's minimum bill to its customers. The District's minimum bill is the amount which each customer must pay to make water available at each customer's metered connection, regardless of usage. The District has made water service available to the City for its use at each fire hydrant, regardless of usage by the City, at this same rate. Therefore, District's monthly fire hydrant rate is not unjustly discriminatory between these two classes of service.

Additional Information

Please find attached the comments and recommendation of Dennis Dycus, CPA, who was requested on behalf of TUA to review the District's cost of service of providing water for fire protection within the City and the current rate the District is charging the City for per hydrant for this service from the information and findings provided to him by TUA.

Dennis F. Dycus
Certified Public Accountant
Certified Fraud Examiner
102 Fox Hill Court
Franklin, Tennessee 37069

April 25, 2014

Mr. Bob Freudenthal, President
Tennessee Utility Assistance, LLC
840 Commercial Ct.
Murfreesboro, TN 37133

Dear Mr. Freudenthal:

At your request, I have reviewed the *Cost of Service Review* related to the monthly fire hydrant fee charged to the City of Elkton by the South Giles Utility District. As a result of my review, I offer the following comments and recommendation.

For the purpose of my review, I assume all of the financial information I have been provided in the *Cost Of Service Review-Fire Hydrants-City of Elkton* performed by Tennessee Utility Assistance, LLC is correct.

Section 7-82-403, *Tennessee Code Annotated (TCA)*, states in part that: *The board of commissioners of any district shall prescribe and collect reasonable rates, fees, tolls, or charges for the services, facilities and commodities of its system or systems, to ensure that such system or systems shall be and always remain self-supporting.....*

Currently, the South Giles Utility District (SGUD) provides water to the City of Elkton. Based on my understanding of the situation, several years ago representatives of the City approached the SGUD Commissioners and requested that they install fire hydrants to serve the City residents. By statute, utility districts are not required to provide water for fire protection as part of their service, but may do so if they feel it is financially feasible.

The SGUD Board agreed to install the necessary water system improvements, including fire hydrants, provide water requested by the City for fire protection within the City provided that the City pay for all or a substantial portion of the cost to install these improvements and to pay SGUD's cost of operating the fire hydrants. I understand that the SGUD explained that the entire section of its water system that served the City would have to be replaced, including an existing water tank because the original lines were not of sufficient size to accommodate a fire

hydrant and the tank was not of sufficient size to provide the necessary water pressure. After providing the cost to replace the water lines and to install and operate the fire hydrants, the City officials agreed to pay for the costs. For the last several years, the City officials have paid the monthly fire hydrant charge. However, with a recent change of administration, City officials have alleged that the charges were excessive and requested that the basis for the monthly fee be reviewed.

It should be emphasized that all system upgrades necessary to provide water for fire protection, including fire hydrants, to the City (with the exception of the cost of the new tank which was prorated) did not benefit any district customer that did not live within the City limits. Only that portion of the water system that was within the City limits was upgraded.

Following is the result of my review:

Cost the new water lines, hydrants and valve was	\$ 815,000
Cost to replace the tank was \$100,000. Because the new tank did benefit customers outside of the town limits, the cost of the tank was prorated based on the number of customers served. 250 town, 150 rural for a total of 400. $250/400 = 60\%$ town/ 40% rural	<u>60,000</u>
Total cost to depreciate over 40 years	<u>\$875,000</u>
Cost to recover in <u>one year</u> - $\$875,000/40$	\$ 21,875
Cost to recover on a <u>monthly</u> basis over 40 years $\$21,875/12$	\$ 1,823

Cost <u>per hydrant per month</u> $\$1,823/42$ hydrants	\$ 43.40
Estimated cost of water used per hydrant was 10,000 gallons per year ($\$2.40$ per 1,000 = $10 \times \$2.40 = \24 per year X 42 meters = $\$1,008$ per year/ $12 = \$84$ per month or ($\$84/42$ meters) $\$2$ per meter per month	<u>\$ 2.00</u>
Total Cost to Recover Per Hydrant Per Month	\$ 45.40
Current Charge Per Hydrant Per Month	<u>\$ 24.50</u>
Unrecovered Cost Per Hydrant Per Month	<u>\$ 20.90</u>

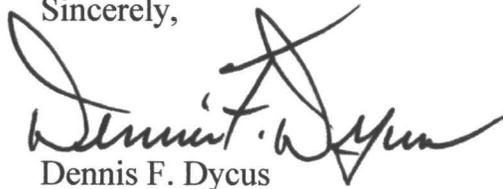
Based on the above calculations, it appears that each month the district's rural service customers outside the City are subsidizing the cost of water for fire protection for customers located in the City limits \$877.80 per month (42 x \$20.90) or \$10,533.60 annually. Therefore, the district customers located outside of the town limits are being charged for a service for which they receive no benefit.

As previously stated, Section 7-82-403, *TCA*, requires the establishment of *reasonable rates* in order to recover the cost of services provided by the district. In this case, the district is charging their customers located outside of the town limits for a service which they are not receiving which is not *reasonable*.

The bottom line is that regardless of a monthly rate that does not recover the district's cost to install and maintain the fire hydrants, someone will pay the costs. With the present rate, the customers outside the town limits are subsidizing to costs of providing the town citizens water for fire protection service in the amount of \$5,225 per month (\$20.90 X 250) or \$62,700 (\$5,225 X 12) per year which equates to a subsidy by each rural district customer of \$418 per year (\$62,700/150).

In order to correct this inequity and to comply with the requirements of the Tennessee Code, it is my recommendation that the district immediately adjust their monthly hydrant charge to reflect the recovery of their actual cost which is \$45.40 per month/per hydrant. Any less rate results in the district subsidizing the cost of providing services to those users located in the City limits. In my opinion, if the rate is not adjusted to reflect the recovery of the district's actual cost, it would result in a basis for the district's users located outside of the City limits to file a formal protest of water rates as provided for in Section 7-82-402, *TCA*.

Sincerely,



Dennis F. Dycus

EXHIBIT 1

Cost of Service Review-Hydrants- City of Elkton
South Giles Utility Districts

Depreciation Expense

	Original Cost	Annual Depreciation	Monthly Depreciation
Line, hydrants and valves	\$ 815,000	\$ 20,375	\$ 1,697.92
Water Tank ¹	\$ 60,000	\$ 1,500	\$ 125.00
Total	\$ 875,000	\$ 21,875	\$ 1,823
Per Hydrant			\$ 43.40

Water Cost per Hydrant²

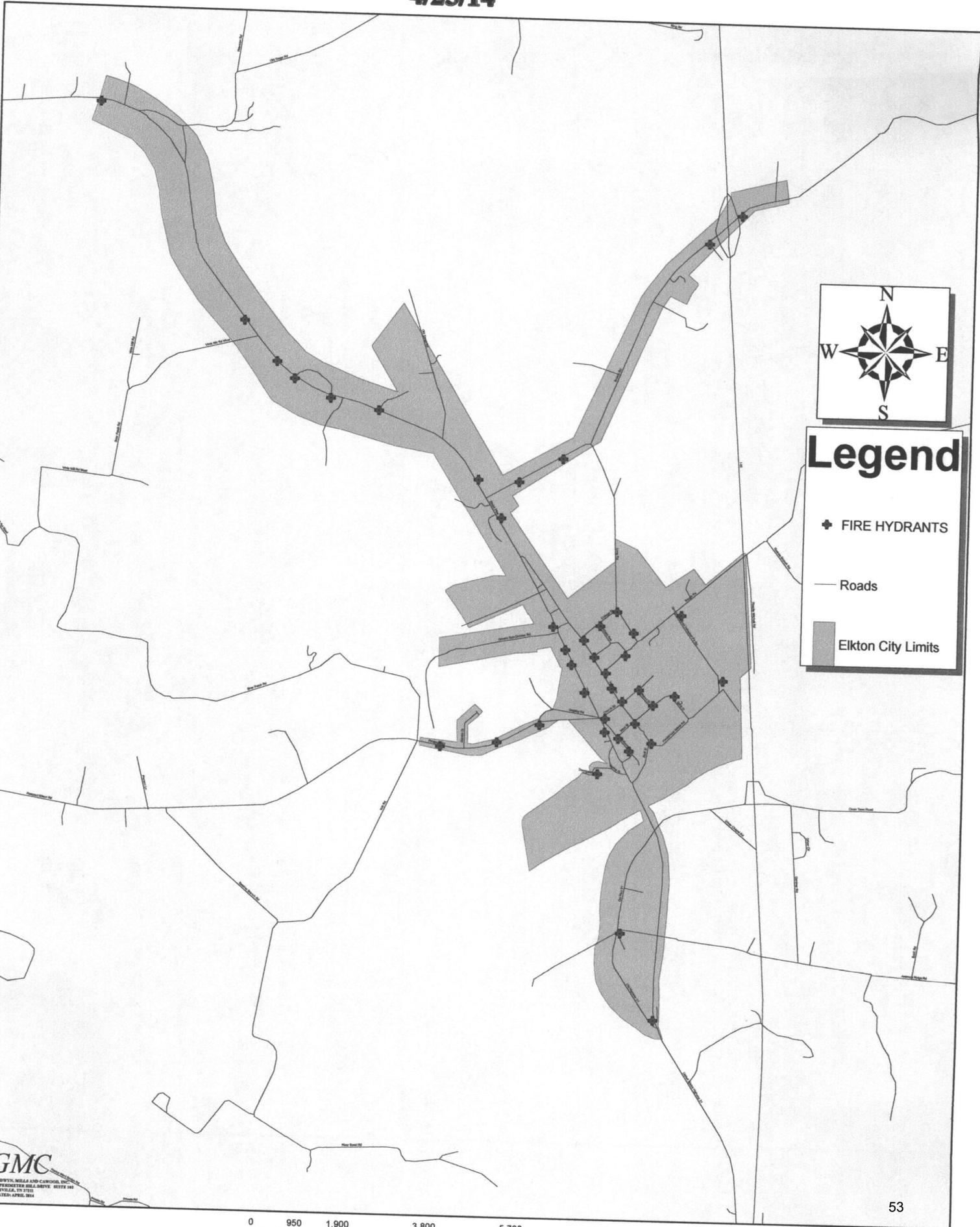
Water use per hydrant - 10,000 gals per year at \$2.40 per 1,000gals. ³	Monthly - \$84	Per Hydrant	\$ 2.00
Unrecovered Cost			\$ 45.40
Utility current charges are per hydrant per month			\$ 24.50
Cost per customer in side city limits	250 customers	\$ 7.63	

¹ Tank cost allocated 60% within City and 40% outside City

² No power cost was included

³ Water used for flushing and fighting fires

SOUTH GILES UTILITY DISTRICT WATER SYSTEM FIRE HYDRANTS IN ELKTON, TENNESSEE CITY LIMITS 4/25/14



Legend

- ◆ FIRE HYDRANTS
- Roads
- █ Elkton City Limits

GMC
GARDNER, MULLA AND CANNON, INC.
3041 PINEBENTON BLVD. SUITE 100
NASHVILLE, TN 37218
UPDATED: APRIL 2014

0 950 1,900 3,800 5,700 7,600
Feet

Mayor Carolyn S. Thompson

City of Elkton

City Recorder
Margie Brooks

Aldermen:

Bill Cary

Jim Caldwell

Doug Turner

Roosevelt Whitfield

Barry Wilburn

168 MAIN STREET, P.O. BOX 157
ELKTON, TN 38455
office 931.468.2506 fax 931.468.2993
www.elktontn.com
cityofelkton@bellsouth.net

Police Chief
Jerry Conner

Fire Chief
Payton Blade

April 24, 2014

APR 30 2014

Ms Joyce Welborn
Comptroller of the Treasury
Division of Local Government Audit
Suite 1500, James K. Polk Bldg
505 Deaderick Street
Nashville, TN 37243-1402

Dear Ms Welborn,

In accordance with conversation with Ms Betsy Knotts, Assistant General Counsel, Comptroller of the Treasury in which she invited the City of Elkton to also submit information for the UMRB, even though the Motion to Clarify did not edict that we do so. I told her I appreciated that and would submit information prior to May 1. I talked with her yesterday, and briefly described what I would be sending to you and she said that would be fine. I left a message on your phone today, stating the same.

Therefore, I have prepared a Fact Paper with attachments of that chronicles this 20-month process from August 2012 until this date. I believe this information shows that the City of Elkton has gone 'beyond the call of duty' to show to the UMRB members that the rate that the South Giles Utility District is charging the City of Elkton is 'unjust' and unreasonable.' The information provided is all 'verifiable;' in the case of the charts, names of the people and/or office, and in some cases the telephone numbers are given.

I respectfully request that the UMRB be provided this information prior to the June 5, 2014 meeting. I also request that I be given the opportunity to address the board at that time. If you need further information, please do not hesitate to call me at 931-468-2506 or my cell at 931-638-9680.

Warm Regards,


CAROLYN S. THOMPSON
Mayor

Attachments as Stated:

FACT PAPER

DATE: April 24, 2014

SUBJECT: Rates for Fire Hydrants in City of Elkton, TN

BACKGROUND:

The City of Elkton was incorporated in the early 1900s and records show they created the Elkton Water Cooperative in **1907**. This cooperative continued to serve the city until approximately **1965**. The South Giles Utility District (SGUD) was officially formed in February 1965 and city minutes of meetings show that in April 1965, the council voted to "grant the South Giles Utility Cooperation the right to enter our Cooperate limits and lay pipe lines, provided that they in no way interfere with the present lines in this town." In February 1966, records show that "a motion was made and carried to accept the contract of the South Giles Utility District and the Town of Elkton for a period of Five Years." No further records mention this contract. In July 1969, the council approved a bill from the South Giles Water Co "...for water tap to Municipal Bldg \$360. Approved."

Records are scarce on this subject for the next several years, however, knowledgeable sources say there were approximately 18 fire hydrants in the City of Elkton when SGUD took responsibility for the water lines (but not the hydrants) in 1966. The SGUD has continued to be the supplier of water to the City of Elkton. The city has always been charged the 'minimum rate' each month for all the fire hydrants in the city. In addition to the fire hydrants the city pays the minimum each month for the Ball Park, Sewage Plant, and the Police Dept/Maintenance Bldg. The City Hall, Post Office & EMT are in the same building and this bill is always a higher usage, therefore, the costs are higher.

The rate for the last three years has been as follows: Apr 2012 to present is \$24.50 (2 years) for 1800 gal (Ltr dtd Mar 27, 2012 attached); Jan 2011 – Mar 2012 (15 months) was \$19.00 for 1500 gal (the attached SGUD Ltr dtd Jan 10 stated \$16.00, however the attached bill shows \$19.00); Jan 2010 – Jan 2011 (12 months) was \$16.00 for 1200 gal (SGUD Audit Rpt & copies of bill attached). (All letters on rates are at Attachment A)

It has been the policy of the South Giles Utility District that the City of Elkton buys each fire hydrant and pays to have it installed. This is verified by minutes of City Council meeting , May 1980, Dec 1980, Aug 81, Oct 81, Nov 81, Dec 81, Aug 85, and Feb 96. (copies of these minutes are at Attachment B) This cost has ranged between \$2,000 and \$2,500 per hydrant. The February 8, 1996 minutes show that SGUD also charged the city \$600 per hydrant just to 'tie on' to the 10' line in addition to the City buying, installing and maintaining the fire hydrants. This is the same charge that a new 'water tap' would cost a resident. The Elkton Fire Department is also responsible for continued maintenance and upkeep of the hydrants. While the service calls on the hydrants are infrequent, the costs will usually range between \$300 –\$400 per call. As the city expanded, the city added more fire hydrants and there are now 42 hydrants within the city limits.

During July and August 2012 the Elkton City Recorder surveyed several small municipalities in our area to determine the amount that they pay to the various water districts for the fire hydrants in their town. (That information is show in the table at Attachment C)

We also surveyed the County Water Departments for Lincoln, Lawrence, & Giles Counties to determine if they charged their counties' Fire & Rescue Squads for the water usage out in the county areas. (Shown on Attachment C) Neither Lincoln nor Lawrence County charge for the water used; they only require a report giving the estimated amount used. The Giles County Fire & Rescue does not pay for any water used in fighting fires in the county. However, they do pay a minimum rate for one fire hydrant at the Prospect Station of the Fire & Rescue which they requested to be installed in order to fill their fire fighting tankers. They prepare a water usage report each month and fax a copy to all five water districts in Giles County.

In September 2012, the undersigned surveyed several larger municipalities in middle Tennessee, the results of that survey are shown in chart at Attachment D. The survey results were also presented to the SGUD November 2012 meeting.

The Elkton Fire Chief is required to keep records of each incident, location, water usage, etc. A report is furnished to the South Giles Utility District each month to show the water usage for that month. Copies of the water usage reports for 2010, 2011, 2012, 2013, & Jan - Mar of 2014 to date are at Attachment E.

DISCUSSION:

August 30, 2012. Since taking office in Sept 2010, the undersigned has attended each monthly meeting of the SGUD. I requested to be on the SGUD August 30, 2012 Agenda to present my analysis. Councilmen Doug Turner and Frances Neal accompanied me to the meeting. Chairman Forest Bates recognized me at the appropriate time in the meeting and I presented the information that is contained here (I essentially read the information from the Aug 2 MFR, Attachment F) and concluded by giving my recommendation of the City of Elkton paying \$50.00 a month which is over twice amount of water that we used and it was in line with what the City of Minor Hill currently pays.

There was a lot of discussion at this point from the Chairman and Commissioner Randy Blade, (Commissioner Chris Edgeman was absent). Mr. Blade asked that I give them 30 – 60 days to look this over and we would discuss later. I specifically told them "30 Days and I will be back."

August 31, 2012 the City of Elkton received the bill for the fire hydrants of \$1,029.

September 13, 2012, based upon **unanimous approval** by the Elkton City Council, we paid \$50.00 for the fire hydrant bill in accordance with my justification and recommendation made in the Aug 30th presentation. (Cy of Aug 2 MFR, Attachment F)

September 20, 2012, I attended the next South Giles Water District meeting and Councilman Bill Cary accompanied me. They had not put me on the agenda. There was a lot of discussion

between Mr Cary and Mr Blade and Mr Bates. I made very few comments but listened to see what their recommendation and/or position would be...**there was none.**

September 27, 2012- We received the Notice of Intention to Discontinue Service (Attachment G) and said the bill must be paid by 0800, Oct 8, or they would discontinue service 'at the earliest possible date thereafter.' It should be noted that they stated we would be charged \$50 Late Fee and also said there would be a 'reconnection' fee of \$50.

September 29, 2012 – We received another water bill; they had charged us \$1,076.90 plus the current charge of \$1,029 for a total of \$2208.80. We paid the bill on October 3 and paid \$50.00 on the fire hydrants. (cys of bill and check stub are at Attachment H)

October 16, 2012 - City of Elkton's Attorney, Joe Fowlkes, received a letter from Attorney Joe Henry, attorney representing SGUD stating that an amount of \$2,055.90 is owed by the City of Elkton. (Copy of Letter at Attachment I)

November 8, 2012 - SGUD Chairman Forest Bates was specifically invited and was placed on the agenda to appear at the November Elkton City Council meeting to discuss the matter further with the whole City Council. He, nor any of the SGUD Commissioners, did not attend.

November 15, 2012 - The undersigned and Aldermen Bill Cary and Jimmy Caldwell, as well as several city residents attended the SGUD monthly meeting. I had requested to be on the agenda and was recognized at the appropriate time. This time I presented data I had collected from several towns showing the 'disparity' in what Elkton is being charged versus other towns. I handed out copies of Attachment D for all SGUD commissioners; they stated they 'didn't need them.'

November 19, 2012 - The City of Elkton sent a letter via Registered Mail to SGUD requesting discussions to arrive at a 'win-win' situation (Attachment J). The letter was never acknowledged by mail nor verbally.

December 4 & 7, 2012 - The undersigned talked with Ms Joyce Welborn regarding procedure to appeal to the Utility Management Review Board. She explained the procedure.

December 7, 2012 - Following through with proper procedures, the undersigned wrote a letter to Ms Welborn requesting to appear before the UMRB and present our case. Her response of December 18, 2012 giving the date to appear at June 6, 2013. Both letters are at Attachment K.

January 22, March 7, 2013 - Letters are at Attachment L

August 1, 2013 - The undersigned was granted permission to make a Power Point Presentation to the UMRB in Room 31, Legislative Plaza. A copy of that presentation is at Attachment M. It is highly recommended that the members re-read this presentation. There was no decision made at that time.

Sept - Nov 2013 - The SGUG and the City of Elkton had to submit Findings of Fact and Conclusions of Law. These were submitted properly and on time.

November 27, 2013 - E-Mail from Ms Rachel Newton, Assistant General Counsel to several addressees, (Attachment N). In the message the statement is made, "**The board is to decide the case based on the evidence presented at the meeting and not to take the statement of fact or conclusions of law as evidence.**"

December 5, 2013 - The City of Elkton & the SGUD attended the UMRB awaiting a decision. The motion made by the board was "to require the District to do a cost of service study related for fire hydrants."

December 23, 2013 - A letter directing the District to perform a "...Cost-of-Services Study as it relates to the hydrants." (Attachment O)

January 22, 2014 - Letter fm District's Attorney Henry requesting 'clarification.' (Attachment P)

February 4, 2014 - Letter from Ms Welborn to the District's Attorney, giving the definition and also requiring the parties to attend another meeting of the UMRB on April 3, 2014, Legislative Plaza, (Attachment Q)

April 3, 2014 - The City of Elkton attended the meeting of the UMRB in Legislaative Plaza where clarification of the cost of service study was given. The SGUD was not present nor represented when the motion was made by the UMRB.

April 9, 2014 - Letter from Ms Welborn to the District's Attorney Henry, giving the motion of the UMRB with more detailed definition and clarification. Reaffirming the date of 1 May 2014 to have the Third Party Cost of Study in and reaffirming the date of June 5, 2014 for the decision of the UMRB. (Attachment R)

SUMMARY:

The Attachment E records show that for **2010**, a total of 15,550 gals were used; or an average of 1,295 gal per month. This is **less than** the 'minimum' for one residential tap which in 2010 was 1500 gal for \$16.00 per mo or \$192 per year. However, the City of Elkton paid the South Giles Utility District for 42 'minimum' water taps (fire hydrants) at a cost of \$672 per mo or \$8,064 per year versus the \$192; an **overcharge of \$7,872.00**.

The **2011** report shows water usage of 17,350 or an average of 1446 per month which was **less than** the minimum for one residential tap. In 2011, the minimum was 1500 gal for \$19.00 per month or \$228 per year. However, the City of Elkton paid the South Giles Utility District for 42 'minimum' water taps (hydrants) at a cost of \$798 per mo or \$9,576 per year. This equates to \$9,576 - \$228 for an **overcharge of \$9,348 for 2011**.

The **2012** report which is from Jan – Dec (the date of the report) shows a water usage of 8200 gal or an average of 683 gal per month. The price of a 'minimum' residential tap for Jan – Mar was \$19.00 for 1500 gal. The price for April – Dec was \$24.50 for 1800 gal used. This is **less than** the 'minimum' monthly for one residential tap. The total costs for Jan –Dec should have

been $\$19.00 \times 3 = \$57 + \$24.50 \times 9 = \220.50 for a total of $\$277.50$ However, the City of Elkton paid SGUD $\$2,394$ for Jan – Mar and $\$9261$ for Apr –Dec 2012 for a total of $\$11,655$ for 2012. This is an **overcharge of $\$11,377.50$ in 2012.**

The 2013 report shows that from Jan - Dec 2013 the water usage was 18,250 gals or an average of 1,521 gals per month. This is well under the monthly charge for one tap of 1800 gals which is $\$24.50$. Therefore, for the 2013, based on the water usage, the City should have paid $\$24.50 \times 12 = \294.00 . However, the City was billed and paid $\$12,348.00$. This is an **overcharge of $\$12,054.00$.**

The 2014 report shows that from Jan - Apr 2014 the water usage has been 2,600 gals or an average of 650 gal per month. This is less than half the gallons for the monthly charge of 1800 gallons. Therefore, for these 4 months, our bill should have been $\$94.00$; yet the City was billed and we paid $\$4,116$. This is an **overcharge of $\$4,022$.**

The above figures record the water usage and charges for only the past 4 years and 4 months **an overcharge of $\$44,673$.** yet the city has been paying the minimum monthly tap for every fire hydrant for at least since 1967, (verified by knowledgeable city personnel). Therefore, the overcharge for those 45 years is **monumental!**

Attachments C & D show very clearly that the City of Elkton is, and has been, charged over twice what any other towns in middle Tennessee are being charged.

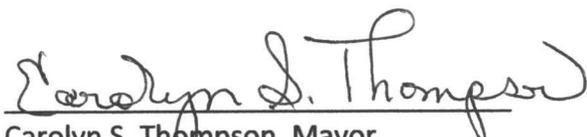
The Summary above also shows that: **The City of Elkton is paying for over 72,000 gallons of water each month that we do not use!**

RECOMMENDATION:

The City of Elkton respectfully requests that the State of Tennessee Management Utility Review Board rule that the South Giles Utility Board's monthly charges for the 42 fire hydrants within the City of Elkton are '**unjust**' and '**unreasonable**' based upon the evidence presented.

Also, the City of Elkton respectfully requests that the Management Utility Review Board would recommend that the SGUB only charge the City of Elkton the same rate that the City of Minor Hill (in Giles County) pays for their fire hydrants which is a flat $\$50.00$ per month.

Respectfully Submitted,



Carolyn S. Thompson, Mayor
City of Elkton
Elkton, TN 38455

A

SOUTH GILES UTILITY DISTRICT

**8114 ELKTON PIKE
PROSPECT, TN 38477
931-468-2875
(FAX) 931-468-9414**

March 27, 2012

Dear Water Customer,

After much review and discussion, the South Giles Utility District Board of Commissions voted unanimously to raise the water rates. The State of Tennessee requires all Utility Districts to maintain an Operating Profit. If the Utility District has an Operating Loss for 2 or more years, the State requires the Utility to increase the current rates so an Operating profit is maintained. The 2009 and 2010 Annual Audits of the South Giles Utility District, have shown an Operating Loss. The last actual rate increase was in February 2011 and it was not enough to cover the Operating Loss.

The District has a very high percentage of Water Loss, which is due to undetected leaks on our system. The South Giles Utility District is doing everything in its power, which includes hiring a Leak Detection Specialist, to locate the leaks for repair. We are actively replacing water lines that continue to be problem areas for leaking, and we have added meters on our system to help locate high use/leak areas to help in locating water leaks. You as a customer of this system are encouraged to report any unusual water you may notice around where the system's water lines are located and around your water meter. Please keep in mind we have approximately 300 miles of water line and 1450 residential water meters in the ground, along with 3 pump stations, to check and maintain.

The Board of Commissioners looked at many different water rate possibilities and came up with the following rate schedule for a 3/4" water service (typical residential):

Minimum bill (0-1800 gallons) \$24.50 (this is an increase of 300 gallons for the minimum)
Next 5000 gallons \$7.50/1000 gallons
Next 5000 gallons \$6.50/1000 gallons
All over 11800 gallons \$4.00/1000 gallons.

Our other rates will be:

New Tap Fee \$1,200.00
Access & Connection Fee \$85.00
Transfer Fee \$40.00
Returned Check Fee \$30.00
Reconnection Fee \$50.00 (during normal hours, weekdays 8-4)
Reconnection Fee After Hours \$65.00 (after 4, and before 8PM weekdays)
Reconnection Fee Late Night \$85.00 (after 8PM and weekends after 8PM on Friday)

The new rates will take effect with the April 2012 meter readings (water bill due 5/15/11).

This rate increase is the equivalent of 3% per year increase since 1998.

Over the past 5 years we have spent \$1.3 Million replacing old water lines that have been on our system since the mid 1960's, and are deteriorating, along with added new lines to supply water to the residents in our area that didn't have "Public Water". We are continuing these efforts as cost effectively as we can, which include acquiring Grants and Rural Development Loans. We anticipate spending an additional \$3.5 Million over the next 5 years on system upgrades.

We at South Giles Utility District try to provide each customer safe affordable drinking water that meets or exceeds the State of Tennessee's water quality standards, along with friendly customer service. In keeping with these standards please keep in mind that you should avoid all cross-connections with our water system.

The following information is a State of Tennessee Regulation, meant to protect the Utility District and the customers on it's system. Cross-connections are the links through which it is possible for contaminating materials to enter a potable

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE
PROSPECT, TN 38477
931-468-2875
(FAX) 931-468-9414

January 10, 2011

Dear Water Customer,

After much review and discussion, the South Giles Utility District Board of Commissions voted unanimously to raise the water rates. The last actual rate increase was in December 1998, and since that time Limestone County Water Authority (our major supplier) has raised their rates several times, Tarpley Shop Utility District (our secondary supplier) has raised their rates, the cost of fuel and electricity along with every other supply that goes into calculating the water rates have increased many times.

The Board of Commissioners looked at many different water rate possibilities and came up with the following rate schedule for a 3/4" water service (typical residential):

Minimum bill (0-1500 gallons) \$16.00 - ~~Bill~~ Bill went to 19.00 Feb 3-
Next 5000 gallons \$6.50/1000 gallons
Next 5000 gallons \$5.00/1000 gallons
All over 11500 gallons \$3.50/1000 gallons.

The new rates will take effect with the January 2011 meter readings (water bill due 2/15/11). - see attached bill on back

We at South Giles Utility District try to provide each customer safe affordable drinking water that meets or exceeds the State of Tennessee's water quality standards, along with friendly customer service. In keeping with these standards please keep in mind that you should avoid all cross-connections with our water system.

Cross-connections are the links through which it is possible for contaminating materials to enter a potable water supply. The contaminants enter the water system when the pressure of the polluted source exceeds the pressure of the potable source. This action may be called back-siphonage, or back-flow. Back-siphonage or back-flow is the reversal of the hydraulic gradient that can be produced by a variety of circumstances. Ironically, the ordinary garden hose is the most common offender as it can be easily connected to the potable water supply and used for a variety of potentially dangerous applications. If you are adding water or filling a water tank or swimming pool, please stop by our office to pick-up a complementary vacuum breaker, before you start the filling process. It is the primary goal of the South Giles Utility District to eliminate all possible cross-connections and ensure that our drinking water remains free of any harmful contaminants. If you have any questions or comments about how you can help prevent cross-connections from happening, please contact your Cross-Connection Officer, Cathy Dradt @ 931-468-2875.

At some point in time, over the next several years, you will receive a "Water System Cross-Connection Survey". Please complete the survey, and return it to our office as quickly as possible, so we can keep everyone on our Water System safe from cross-connection hazards.

Your current South Giles Utility District Board members are; Forrest Bates, Randy Blade, and Chris Edgmon.

Our normal office hours are 8:00 - 4:00; Monday, Tuesday, Thursday, and Friday, and 8:00 - 12:00 noon on Wednesday.

The after hours emergency numbers are Cathy 931-638-8338, and Jerry 931-638-1269.

If you have any questions, please feel free to contact the office during normal business hours.

Thank you,

The South Giles Utility District

General Fund

Water

840.60

01/16

SMALLBUSINESSCHECKS.COM 877-753-2070

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875
FOR SERVICE AT: **MAIN STREET**

RT/ACCT-SUB 1/3400-0		CUSTOMER NO. 32	
BILL DATE 01/31/11	STAT A	DATE DUE 02/15/11	
DATE READ 011211	PREVIOUS READING 9533	CURRENT READING 9534	CONSUMPTION 1
DESCRIPTION WATER SERVICE		AMOUNT DUE 19.00	CODE WTR
20.90 GROSS, DUE AFTER		DUE	
TOTAL DUE		19.00	
UTILITY BILL IS PAYABLE BY DATE DUE.			



SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875
FOR SERVICE AT: **BAUGH ROAD**

RT/ACCT-SUB 4/66900-0		CUSTOMER NO. 881	
BILL DATE 01/31/11	STAT A	DATE DUE 02/15/11	
DATE READ 011611	PREVIOUS READING 2770	CURRENT READING 2770	CONSUMPTION 0
DESCRIPTION WATER SERVICE		AMOUNT DUE 19.00	CODE WTR
20.90 GROSS, DUE AFTER		DUE	
TOTAL DUE		19.00	
UTILITY BILL IS PAYABLE BY DATE DUE.			



**STATEMENT OF REVENUES & EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

Operating Revenue	
Water Sales	\$516,875.00
Miscellaneous Revenues	<u>\$44,955.00</u>
Total Operating Revenues	\$561,830.00

Operating Expenses	
Water Purchases	\$255,751.00
Salaries	\$84,267.00
Director Fees	\$9,900.00
Office Supplies	\$7,264.00
Other Supplies	\$27,953.00
Utilities	\$5,643.00
Insurance	\$11,679.00
Payroll Taxes	\$7,293.00
Required Samples	\$7,277.00
Repair & Maintenance	\$71,346.00
Telephone	\$3,460.00
Bad Debts	\$3,219.00
Bank Charges	\$436.00
Miscellaneous	\$19,594.00
Legal & Audit	\$4,300.00
Engineering Expense	\$2,217.00
Dues & Subscriptions	\$12,200.00
Permits & Fees	<u>\$6,962.00</u>
Total Operating Expenses	\$540,761.00

Operating Profit Before Depreciation \$21,069.00

Less Provision for Depreciation \$95,110.00

Operating Profit (Loss) **(\$74,041.00)**

NON OPERATING REVENUES (EXPENSES)

Reimbursement for Capital Projects	\$327,661.00
Other Non-Operating Income	\$2,604.00
Interest on Reserve & Deposit Funds	<u>\$22,407.00</u>
Total Non-Operating Income (Expense)	\$352,672.00

Total Profit (Loss) Change in Net Assets	\$278,631.00
Beginning Net Assets	<u>\$3,765,130.00</u>
Ending Net Assets	\$4,043,761.00

2010 Water Rates (tax not included)

First 1,500 gallons	\$16.00	Minium Charge per 1,000 gallons per 1,000 gallons per 1,000 gallons
Next 3,500 gallons	\$6.50	
Next 2,000 gallons	\$5.00	
Over 7,000 gallons	\$3.00	

Annual Water Loss 40.74%

SOUTH GILES UTILITY DISTRICT
 8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875
 FOR SERVICE AT: **BAUGH ROAD**

RT/ACCNT-SUB 4/66900-0		CUSTOMER NO. 861	
BILL DATE 02/27/10	STAT A	DATE DUE 03/15/10	
DATE READ 022210	PREVIOUS READING 2740	CURRENT READING 2740	CONSUMPTION 0
DESCRIPTION	AMOUNT DUE	REMARKS	
WATER SERVICE	16.00	WTR	
17.60 GROSS, DUE AFTER DUI			
TOTAL DUE		16.00	

UTILITY BILL IS PAYABLE BY DATE DUE.
1.50

|||||

SOUTH GILES UTILITY DISTRICT
 8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875
 FOR SERVICE AT: **MAIN STREET**

RT/ACCNT-SUB 1/3400-0		CUSTOMER NO. 32	
BILL DATE 02/27/10	STAT A	DATE DUE 03/15/10	
DATE READ 021710	PREVIOUS READING 9497	CURRENT READING 9499	CONSUMPTION 2
DESCRIPTION	AMOUNT DUE	REMARKS	
WATER SERVICE	16.00	WTR	
17.60 GROSS, DUE AFTER DUI			
TOTAL DUE		16.00	

UTILITY BILL IS PAYABLE BY DATE DUE.

|||||

Minimums had are 1500 according to their credit report.

2-8-1996

Atta

B

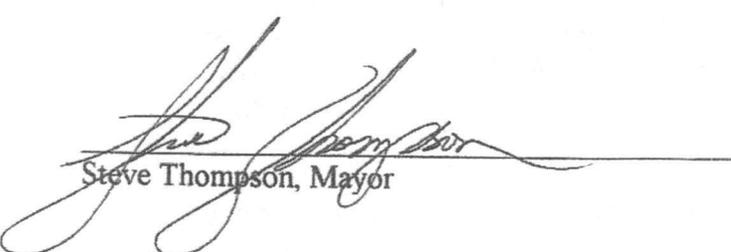
A request from the E-911 agency, that the City pay an estimated \$5,000.00 yearly fee, was tabled.

Alderman Cary told the Council that the South Giles Utility would, in the Spring, run a new 10" line to Anderson Industries starting at the Methodist Church and would connect any fire plugs along their route to the new 10" line but the City would be charged approximately \$600.00 per plug. Council will discuss this at a later date after more information becomes available.

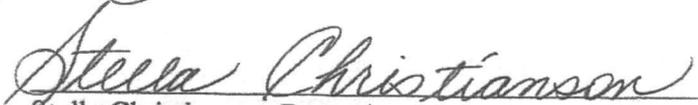
Alderman Fralix suggested that the City consider repaving Main, Market, and Mulberry Street. He was instructed to obtain bids and the Council will discuss it further after bids are presented.

Jerry Yant, representing the Concerned Citizens Organization, thanked the Council for their support and invited everyone to the February 19 meeting at which the guest speaker would be Tennessee Congressman Van Hilleary.

The meeting was adjourned.



Steve Thompson, Mayor



Stella Christianson, Recorder

AUGUST, 1985 REGULAR MEETING

THE REGULAR MEETING OF THE ELKTON CITY COUNCIL WAS HELD AUGUST 5, 1985, AT ELKTON CITY HALL AT 6:00 P.M.. MAYOR BILL WARE PRESIDED.

MEMBERS PRESENT WERE DWAYNE CORNELISON, BUFORD GARDNER, HOUSTON JORDAN, STEVE THOMPSON, AND SAM TURNER. CITY RECORDER CHARLOTTE BONDURANT AND CITY CLERK DELMA THOMAS WAS PRESENT ALSO.

THE MINUTES OF THE JULY MEETING WERE READ AND APPROVED.

POLICE CHIEF THOMAS GATLIN REPORTED 22 ARRESTS FOR THE MONTH OF JULY. (1) VIOLATION MUFFLER LAW, (1) VIOLATION OF LIGHT LAW, (1) VIOLATION OF REGISTRATION LAW, (1) SPEEDING, (1) RECKLESS DRIVING, (1) DRIVING ON REVOLKED DRIVERS LICENSE, (2) NO DRIVERS LICENSE, (1) FAILURE TO YIELD TO EMERGENCY VEHICLE, (1) FAILURE TO REPORT AN ACCIDENT, (1) RESISTING ARREST BY FLEEING. (1) AGGRAVATED ASSULT WITH A VEHICLE, (8) PD'S, (1) OPEN BEER IN PUBLIC,WORKED (4) ACCIDENTS, (3) NO INJURY, AND (1) WITH INJURY.

FIRE CHIEF COLAS MITCHELL WAS ON VACATION AND NO REPORT WAS GIVEN.

STREET COMMISSIONER, LEEROY SOLOMON REPORTED THINGS WERE GOING WELL IN THE STREET DEPARTMENT. HE ALSO REPORTED THE SANDBLASTING AND PAINTING OF THE GARBAGE TRUCK WOULD COST \$1, 100.00. MR. SOLOMON WAS ADVISED BY MAYOR WARE TO PICK UP HEAVY GARBAGE AND TRASH ON THE LAST THURSDAY OF EACH MONTH.

STEVE THOMPSON MADE MOTION TO APPROVE FINANCIAL REPORT FOR THE MONTH OF JULY. BUFORD GARDNER SECOND ADN MOTION CARRIED UNANIMOUSLY.

SAM TURNER MADE A MOTION TO TABLE DISCUSSION OF NAMING STREETS IN HONOR OF RESIDENTS. STEVE THOMPSON SECOND AND MOTION CARRIED UNANIMOUSLY.

MAYOR WARE ADVISED CITY ATTORNEY, JOSEPH FOWLKES TO PREPARE A LETTER TO EACH PERMIT HOLDER, TELLING THEM TO CLEAN UP THEIR LOT IN A CERTAIN LENGHT OF TIME, AND IF THEY DID NOT DO SO, THEY COULD POSSIBLY HAVE THEIR PERMITS REVOLKED.

HOUSTON JORDAN MADE MOTION TO LET CLEVELAND BYRD INSTALL FIRE HYDRANT IN FRONT OF SHADY LAWN MOTEL, FOR THE SUM OF \$2,400.00. STEVE THOMPOSN SECOND AND MOTION CARRIED A. UNANIMOULSY.

DECEMBER 1981 REGULAR MEETING

THE REGULAR MEETING OF THE ELKTON CITY COUNCIL WAS HELD ON DECEMBER 7, 1981 AT 6:00 P.M. AT THE ELKTON CITY HALL. MAYOR BILL WARE PRESIDED.

MEMBERS PRESENT WERE: WAYNE DALY, JOE EAGIN AND VIVIAN ROLAND. CITY RECORDER CHARLOTTE BONDURANT WAS ALSO PRESENT.

THE MINUTES OF THE REGULAR NOVEMBER MEETING WERE READ AND APPROVED.

FIRE CHIEF COLAS MITCHELL REPORTED NO FIRES IN NOVEMBER. HE ALSO REPORTED THAT FIVE FIRE PLUGS HAD BEEN INSTALLED IN "MASSEYTOWN".

*City Paid
For.*

POLICE CHIEF REEDIE MITCHELL REPORTED FIVE DWI'S, 3 P.D.'S AND THREE WRECKS.

ST. COMMISSIONER BILLY ROLAND REPORTED THAT THE SEATS IN THE GARBAGE TRUCK NEED REPAIRING. MAYOR WARE ASK THAT HE GET SOME ESTIMATES ON GETTING THE SEATS REPAIRED.

WAYNE DALY MADE A MOTION TO ACCEPT THE NOVEMBER FINANCIAL REPORT. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY.

WAYNE DALY REPORTED THAT THE CHRISTMAS PARTY WOULD BE AT THE SANDS RESTAURANT ON DECEMBER 12, at 7:00 P.M.

WAYNE DALY REPORTED THAT THE FIRE ALERT EQUIPMENT HAD BEEN INSTALLED.

THE BOARD AGREED UNANIMOUSLY TO ACCEPT THE SAME COVERAGE ON THE FIRE AND LIABILITY INSURANCE.

WAYNE DALY MADE A MOTION TO APPROVE THE AMENDED REVENUE SHARING BUDGET AS FOLLOWS:

ANTICIPATED REVENUE

Revenue Sharing Ent. 13	\$14,200.00
Revenue Sharing-Escrow	5,400.00
TOTAL ANTICIPATED REVENUE	\$19,600.00

ANTICIPATED EXPENDITURES

	<u>BUDGET</u>	<u>AMENDED BUDGET</u>
Park Equipment	\$5,000.00	\$ 2,600.00
Fire Alert Equipment	8,000.00	4,750.00
Fire Plugs (Masseytown)	6,600.00	12,250.00
TOTAL ANTICIPATED EXPENDITURES		\$19,600.00

VIVIAN ROLAND SECOND AND THE MOTION CARRIED UNANIMOUSLY.

NOVEMBER 1981 REGULAR MEETING

THE REGULAR MEETING OF THE ELKTON CITY COUNCIL WAS HELD ON NOVEMBER 2, 1981 AT 6:00 P.M. AT THE ELKTON CITY HALL. MAYOR BILL WARE PRESIDED.

MEMBERS PRESENT WERE: BILL CARY, WAYNE DALY, JOE EAGIN AND VIVIAN ROLAND. CITY RECORDER CHARLOTTE BONDURANT WAS ALSO PRESENT.

THE MINUTES OF THE REGULAR OCTOBER MEETING WERE READ AND APPROVED.

WAYNE DALY REPORTED ONE GRASS FIRE IN OCTOBER FOR THE FIRE DEPT.

POLICE CHIEF MITCHELL REPORTED 7 ARREST AND 5 WRECKS. VIVIAN ROLAND COMMENDED THE POLICE DEPT. FOR A GOOD JOB ON HALLOWEEN.

ST. COMMISSIONER REPORTED THAT THE TOWN SPRING HAD BEEN CLEANED AND WAS WORKING.

WAYNE DALY REPORTED THAT SOUTH GILES UTILITIES COMMISSIONERS GAVE THEIR APPROVAL TO PUT IN FIVE MORE FIRE PLUGS.

BILL CARY MADE A MOTION TO ACCEPT THE FINANCIAL REPORT. WAYNE DALY SECOND AND THE MOTION CARRIED UNANIMOUSLY.

WAYNE DALY MADE A MOTION TO ACCEPT THE \$12,250.00 BID FROM CLEVELAND BYRD TO INSTALL FIVE FIRE PLUGS IN "MASSEYTOWN". WORK WILL BEGIN AFTER THE CONTRACT FOR INSTALLATION IS SIGNED. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY.

A DISCUSSION ON THE BEEPERS FOR THE FIRE DEPT. WAS TABLED PENDING MORE INFORMATION.

BILL CARY MADE A MOTION TO REHIRE JOE R. WHITE OF COLUMBIA AS AUDITOR FOR 1981-82 AT A FEE OF \$2,200.00. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY.

WAYNE DALY MADE A MOTION TO APPROVE A RESOLUTION TO APPROVE A CONTRACT WITH THE TML INS. POOL FOR WORKMEN'S COMP. VIVIAN ROLAND SECOND AND THE MOTION CARRIED UNANIMOUSLY.

WAYNE DALY MADE A MOTION TO HAVE A CHRISTMAS PARTY FOR THE FAMILIES ~~OF~~ OF THE CITY PERSONNEL.

BILL CARY MADE A MOTION TO GIVE THE ST. DEPT. EMPLOYEES A TURKEY FOR CHRISTMAS. VIVIAN ROLAND SECOND AND THE MOTION CARRIED

3 1/2 years ago -

AUGUST 1981 REGULAR MEETING

THE REGULAR MEETING OF THE ELKTON CITY COUNCIL WAS HELD ON JULY 6, 1981 AT 6:00 P.M. AT THE ELKTON CITY HALL. MAYOR BILL WARE PRESIDED.

MEMBERS PRESENT WERE: BILL CARY, WAYNE DALY, JOE EAGIN, AND VIVIAN ROLAND. CITY RECORDER CHARLOTTE BONDURANT WAS ALSO PRESENT.

THE MINUTES OF THE REGULAR MEETING WERE READ AND APPROVED BY THE COUNCIL

FIRE CHIEF COLAS MITCHELL REPORTED NO FIRES IN JULY. WAYNE DALY MADE A MOTION TO ACCEPT FIRE CHIEF MITCHELL'S REQUEST TO DONATE \$30.00 TOWARD BUYING A BICYCLE FOR THE CEREBAL PALSY BIKE-A-THON. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY.

ST. COMMISSIONER ROLAND REPORTED THAT HE HAD BOUGHT FOUR NEW TIRES FOR THE GARBAGE TRUCK AND TWO FOR THE FIRE DEPT. CAR.

POLICE CHIEF MITCHELL REPORTED FOUR ARREST AND FOUR WRECKS IN JULY. FOUR NEW TIRES HAD BEEN PUT ON THE BLUE POLICE CAR AND TWO ON THE GRAY CAR.

BILL CARY MADE A MOTION TO ACCEPT THE FINANCIAL REPORT. WAYNE DALY SECOND AND THE MOTION CARRIED UNANIMOUSLY.

WAYNE DALY MADE A MOTION TO ACCEPT CITIZEN WAYNE PIERSON'S REQUEST FOR \$150.00 DONATION TO THE ELKTON POP WARNER FOOTBALL TEAM. VIVIAN ROLAND SECOND AND THE MOTION CARRIED UNANIMOUSLY. WAYNE DALY MADE A MOTION TO POSPONE ACTION ON THE INSTALLATION OF FIRE PLUGS IN MASSEY TOWN AND SEND LETTERS TO AREA CONTRACTORS AND ASK FOR BIDS ON THE INSTALLATION OF THE FIRE PLUGS. BILL CARY SECOND AND THE MOTION UNANIMOUSLY.

WAYNE DALY MADE A MOTION TO BUY A MOTOROLA PAGING SYSTEM CONSISTING OF TEN PAGERS FOR THE FIRE DEPT. THAT WILL BE DISPATCHED BY THE GILES CO. SHERIFF'S DEPT. BILL CARY SECOND AND THE MOTION CARRIED UNANIMOUSLY.

FOUR BIDS FOR A NEW ROOF ON CITY HALL WERE OPENED BY MAYOR WARE. BIDS WERE: L.W. BISHOP \$7,712.50, MICKEY EMERSON \$6,334.50, LESTER TOMBERLIN \$6,474.00 AND S. W. STANFORD \$6,993.04. WAYNE DALY MADE A MOTION TO ACCEPT LESTER TOMERLIN'S BID OF \$6,474.00 TO PUT A BLACK ROOF ON CITY HALL. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY.

THE COUNCIL PASED THE TWO FINAL READINGS ON .40 ON \$100.00 TAX RATE UNANIMOUSLY.

WAYNE DALY MADE A MOTION TO PAY THE ADJUSTMENT AMOUNT ON THE WORKMEN'S COMP. INSURANCE FOR MAY '80 TO MAY '81. BILL CARY SECOND AND THE MOTION CARRIED UNANIMOUSLY.

OCTOBER 1981 REGULAR MEETING

THE REGULAR MEETING OF THE ELKTON CITY COUNCIL WAS HELD ON OCTOBER 5, 1981 AT 6:00 P. M. AT THE ELKTON CITY HALL. MAYOR BILL WARE PRESIDED.

MEMBERS PRESENT WERE: BILL CARY, WAYNE DALY, JOE EAGIN AND VIVIAN ROLAND. CITY RECORDER CHARLOTTE BONDURANT WAS ALSO PRESENT.

THE MINUTES OF THE REGULAR SEPTEMBER MEETING WERE READ AND APPROVED.

MAYOR WARE REPORTED TO THE BOARD THAT DR. YOUNG WAS WILLING TO LEASE A SPRING AND A SMALL PORTION OF LAND FORMERLY KNOWN AS THE TOWN SPRING TO THE CITY FOR \$1.00 PER YEAR.

MAYOR WARE PRESENTED CERTIFICATES OF RECOGNITION TO CINDY MITCHELL FOR HEADING THE CYSTIC FIBROSIS BIKE-A-THON AND MINNIE AND LISA SELF AS BELL RINGERS IN THE MENTAL HEALTH DRIVE.

FIRE CHIEF COLAS MITCHELL REPORTED THREE FIRES IN SEPTEMBER. ONE CAR, ONE BRUSH, AND ONE STRUCTURE. BILL CARY MADE A MOTION TO SEND FOUR FIREMEN TO SOUTH PITTSBURG TO A BURN SCHOOL PER FIRE CHIEF MITCHELL'S REQUEST. COST \$300.00. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY. FIRE CHIEF MITCHELL REPORTED THE BEEPERS WERE ON THE WAY.

A DISCUSSION ON SWAN HOSE GARBAGE WAS TABLED PENDING MORE INFORMATION.

POLICE CHIEF MITCHELL REPORTED 6 ARREST, 1 WRECK, AND 2 COMPLAINTS.

WAYNE DALY MADE A MOTION TO ACCEPT THE FINANCIAL REPORT. VIVIAN ROLAND SECOND AND THE MOTION CARRIED UNANIMOUSLY.

MAYOR WARE OPENED A BID ON FIVE FIRE PLUGS TO BE INSTALLED IN MASSEY TOWN. THE ONLY BID RECEIVED WAS FROM CLEVELAND BYRD IN THE AMOUNT OF \$12,250.00. MAYOR WARE ASK BILL CARY TO CHAIR A COMMITTEE OF THE ALDERMEN AND MEET WITH SOUTH GILES UTILITIES AND GET THEIR SPECIFICATIONS.

MAYOR WARE OPENED A BID FROM PULASKI GLASS CO FOR \$60.63 ON THE FRONT WINDOW OF CITY HALL. THE BOARD SUGGESTED CHECKING WITH DONALD MCNEESE IN ARDMORE AND GO WITH THE LESSOR BID.

MAYOR WARE OPENED TWO BIDS ON PAINTING THE GRAY POLICE CAR. SCOTT'S BODY SHOP \$350.00 AND BREEDING BODY SHOP \$250.00. WAYNE DALY MADE A MOTION TO ACCEPT THE LOW BID OF \$250.00 FROM BREEDING BODY SHOP. BILL CARY SECOND AND THE MOTION CARRIED UNANIMOUSLY.

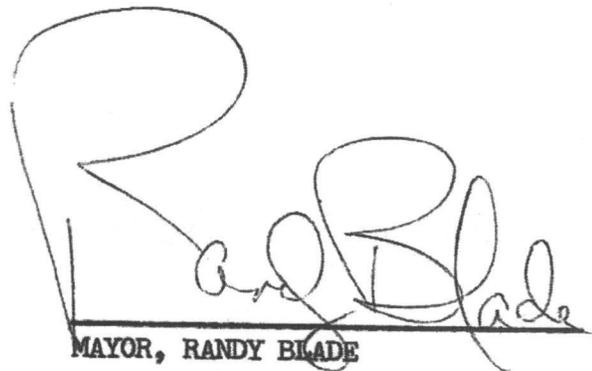
BILL CARY MADE A MOTION TO BUY A TWO-WAY RADIO FOR THE FIRE DEPARTMENT FROM EVELYN DALY FOR \$40.00. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY.

May 1980

IN A JOINT MOTION FORREST BATES MADE THE MOTION TO APPLY THE \$8,537.00 IN THE GENERAL REVENUE SHARING FUND AND TO APPLY THIS TO DEBT SERVICE DUE AND TO PAY THE INTEREST YEAR TO DATE AND TO APPLY THE NEXT FISCAL YEAR MONIES: 50% TO DEBT SERVICE AND 50% TO AN ESCROW ACCOUNT FOR EXTENDED CITY LIMITS FOR FIRE PLUGS. GEORGE STOREY SECOND THE MOTION AND THE MOTION WAS UNANIMOUS.

MAYOR BLADE SUGGESTED THAT THE NEXT REGULAR MEETING BE THE SECOND MONDAY, JUNE 9, 1980, WHICH IS AFTER THE ELECTION.

FORREST BATES MADE THE MOTION TO ADJOURN THE MEETING AND JIMMY SCOTT SECOND THE MOTION. THE MOTION WAS UNANIMOUS AND THE MEETING WAS ADJOURNED.



MAYOR, RANDY BLADE

CITY RECORDER, ROOSEVELT WHITFIELD

DEC--80-REGULAR MEETING CONT'D.

WAYNE DALY MADE A MOTION TO ADOPT A PROPOSED CHARTER CHANGE REGULATING THE RATE OF PAY FOR THE MAYOR, ALDERMEN, RECORDER AND CITY JUDGE. JOE EAGIN SECOND AND THE MOTION CARRIED UNANIMOUSLY. COPY ATTACHED. ATTORNEY FOWLKES WILL PRESENT THE AMENDMENT TO REPRESENTATIVE SPOT LOWE.

MAYOR WARE REPORTED THAT AN EXCROW ACCOUNT FOR THE FIRE PLUGS HAD BEEN OPENED AT THE ELKTON BRANCH BANK.

MAYOR WARE SUGGESTED THAT THE DRUG FUND BE PUT INTO A SAVINGS ACCOUNT. THE BOARD APPROVED.

THE MEETING WAS ADJOURNED.

chb

Billy W. Ware
MAYOR

Charlotte H. Boudurant
RECORDER

Name of City	Owns Water System	Charge per Fire Hydrant	Mo/Yr Total	Comments
Elkton, TN	No	\$24.50	\$1029/\$12,348	Buys, pays for installation & maintains fire hydrants; submits monthly usage report.
Minor Hill, TN	No	\$1.56	\$50/\$600	Has 32 fire hydrants
Ardmore, TN	No	No charge	No charge	Has 49 fire hydrants on TN side
Cornersville, TN	No	No charge	No charge	
Lynnville, TN	Yes	No Charge	No Charge	Buys water; reads Master Meter
Petersburg, TN	Yes	No Charge	No Charge	
Lewisburg, TN	Yes	No Charge	No Charge	
St Joseph, TN	Yes	No Charge	No Charge	Vol FD maintains fire hydrants
Loretto, TN	Yes	No Charge	No Charge	Sends monthly usage report
Etheridge, TN	No	No Charge	No Charge	Same as Lawrenceburg
Lincoln County Fire & Rescue *	No	No Charge	No Charge	Sends monthly usage report to County Water Department
Lawrence Co Fire & Rescue*	No	No Charge	No Charge	Only send report if water used Maintains their hydrants
Giles County Fire & Rescue *	No	No Charge	No Charge	Sends monthly usage report to each water district in county

FIRE HYDRANT RATES FOR TOWNS IN MIDDLE TENNESSEE

<u>City/Town</u>	<u>Own Water System</u>	<u>Yearly Charge per Fire Hydrant</u>	<u>Charge Per Month</u>	<u>Comments</u>
Tullahoma	No	\$135.27 Avg per hydrant, per year \$294 - Elkton	\$11.27 per hydrant per month \$24.50 - Elkton	Has 1,024 hydrants , Monthly bill attached (Sue Wilson, Finance Dir) ✓
Franklin	No	No Charge	No Charge	Different model/Developer bears installation cost (Vernon Gerth)
Winchester	Yes, Separate Board	\$58.94 Avg per hydrant per year. \$294 - Elkton	\$4.91 per hydrant per month. \$24.50 - Elkton	Budgets \$30,000 per yr for 509 fire hydrants (M.C. Luttrell & Tim Solomon)
Brentwood	Yes	\$10.91 Avg per hydrant, per year \$294 - Elkton	.91 cents avg per hydrant \$24.50 - Elkton	Fire Dept budgets \$100,000 per yr for 9,166 hydrants . Outlying areas of Brentwood serviced by several other water districts to include Metro Water; do NOT pay anything to other districts (Todd Sprangler)
Fayetteville	Yes, Separate Board	\$47.61 per hydrant per yr. \$294 - Elkton	\$3.97 avg per hydrant \$24.50 - Elkton	City pays FPU \$21,375 per year; has 449 hydrants . City buys and installs Fire Hydrants, Does Flow rates, FPU maintains. (Tonya Steelman, Finance Dir)
Columbia	Yes, Separate Board, Council member sits on board	No Charge	No Charge	City has 1,694 hydrants (yrs ago, paid \$6.00 per mo. Per hydrant, negotiated that out) (Steve Cross, Dep Fire Ch)
Shelbyville	Yes, Separate Bd, Own Administration, City Council appoints Bd	\$126.71 Avg per hydrant per yr. \$294 - Elkton	\$10.56 per hydrant per month \$24.50 - Elkton	Fire Dept Budget \$148,000 for hydrants (Vickie Haskins) 1,168 hydrants , Water Bd buys, installs, & maintains the fire hydrants. (Brian Nichols, County Fire Marshall)
Pulaski	Yes; City Bd of Mayor & Alderman are the Water Dept Board	\$2.17 Avg per hydrant per yr \$294 - Elkton	.18 cents avg per hydrant per month \$24.50- Elkton	Pay a flat fee of \$1,033 per yr for 476 hydrants . (Terry Harrison, City Administrator) Water Dept has responsibility for hydrants installation, maintenance & conducts flow tests.

INVOICE
September 18, 2012

PAID

SEP 21 2012

CHECK # 85875

To: CITY OF TULLAHOMA
ATTENTION: RICHARD SHASTEEN
P. O. BOX 807
TULLAHOMA, TN 37388

IN ACCOUNT WITH

TULLAHOMA POWER, WATER AND SEWERAGE SYSTEMS

TO BILL IN ACCORDANCE WITH RENTAL AGREEMENT DATED 8/9/1965
FIRE HYDRANT RENTAL AND LETTER DATED 11/10/2010 **APPROVED FOR**

FIRE HYDRANT FLOW CAPACITY AT 20PSI PAYMENT

499 gpm or less	\$ 66.00	1250 -- 1499 gpm	\$ 99.00
500 --- 749 gpm	\$ 66.00	1500 -- 1749 gpm	\$110.50
750 --- 999 gpm	\$ 77.00	1750 -- 1999 gpm	\$143.50
1000 -- 1249 gpm	\$ 88.00	2000 gpm or more	\$165.50

pkw

<u>FLOW @ 20PSI</u>	<u>FIRE HYDRANTS</u>	<u>COST PER</u>	<u>ANNUAL COST</u>
0 ---- 499	4	\$ 66.00	\$ 264.00
500 ---749	16	\$ 66.00	\$ 1,056.00
750 -- 999	80	\$ 77.00	\$ 6,160.00
1000 -1249	96	\$ 88.00	\$ 8,448.00
1250 -1499	105	\$ 99.00	\$ 10,395.00
1500 -1749	155	\$110.50	\$ 17,127.50
1750 -1999	102	\$143.50	\$ 14,637.00
2000 or greater	<u>486</u>	\$165.50	\$ 80,430.00

RECEIVED

TOTAL 1024

\$138,520.50 SEP 20 2012

TOTAL MONTHLY BILLING:
AUGUST 2012

\$ 11,543.38 *cost = 11.27 per fire hydrant per mo*

TULLAHOMA UTILITIES BOARD
ATTENTION: MARY MEALER
P. O. BOX 788
TULLAHOMA, TN 37388

RECEIVING REPORT

DATE REC'D _____
P. O. NUMBER _____
ACCOUNT # 110-42200-246-020
REFERENCE _____
REC'D BY _____
APPROVED BY _____

SAW

h D

E

Carolyn Thompson

From: Elkton Fire Department [elktonfire@gmail.com]
Sent: Thursday, April 24, 2014 1:23 PM
To: Carolyn S. Thompson
Subject: water usage

2/28/2013	1371	Bryson Rd.	Emergency			F Spill
3/11/2013	1371	Bryson Rd.	Non-Emergency			Keys
3/12/2013		Elkton Pike	Non-Emergency			Keys
3/13/2013	161	Main St	Emergency			Structure
3/14/2013	1371	Bryson Rd.	Non-Emergency			Keys
3/22/2013	6670	Elkton Pike	Emergency	750		Structure
4/15/2013	1014	Old Hwy 31	Non-Emergency	250		Grass
4/29/2013	1144	Market St.	Non-Emergency	1250		Structure
4/30/2013	170	College St.	Emergency			Alarm
5/22/2013	7500	Elkton Pike	Emergency			MVA
6/5/2013		Ardmore Ridge Rd.	Emergency			MVA
6/7/2013	6330	Elkton Pike	Emergency	3000		Structure
6/8/2013	2730	Baugh Rd.	Non-Emergency			Keys
6/18/2013	172	Drivers Subdivision	Emergency			Grease
6/21/2013	7 mile	I 65	Emergency			MVA
6/24/2013		Elkton Pike	Emergency			MVA
8/1/2013		Elkton Pike	Emergency			MVA
8/10/2013		Elkton Pike	Emergency			MVA
8/24/2013		Old Hwy 31	Non-Emergency			Tree
8/27/2013		I 65	Emergency	AFD		Vehicle
8/28/2013	309	Old Hwy 31	Emergency			Alarm
8/30/2013		Ardmore Ave.	Emergency	AFD		Vehicle
9/2/2013	800	Whitt Rd.	Emergency	1		MVA
9/8/2013		Stevenson Rd.	Emergency	AFD		Train
9/10/2013	188	Drivers Subdivision	Emergency			Grease
9/14/2013		Delrose Rd.	Emergency			MVA
9/23/2013		I 65	Emergency			MVA
10/10/2013		I65	Emergency			Vehicle
10/13/2013		Brair Patch Rd.	Emergency	1250		Field
11/2/2013		Pleasant Hill Rd.	Emergency			MVA
11/4/2013		Hwy 53	Emergency	AFD		Grass
11/11/2013	3187	Newman Rd.	Emergency	350		Skidder
11/11/2013		Barns rd.	Emergency	300		Grass
11/12/2013		Bryson Rd.	Non-Emergency			Keys
11/14/2013	33346	Ardmore Ridge Rd.	Emergency			Tractor
11/22/2013	235	College St.	Emergency	500		Structure

11/23/2013		Pleasant Hill Rd.	Emergency			MVA
11/27/2013		Baugh Rd.	Emergency	300		MVA
12/3/2013	1486	Whitt Rd.	Emergency	10000		Structure
12/7/2013	2384	Prospect Elkton Rd.	Emergency			MVA
12/13/2013	398	Newman Rd.	Emergency			Skidder
12/14/2013	3000	Newman Rd.	Emergency	300		Vehicle
12/20/2013		31 South	Emergency			MVA
12/28/2013		Ardmore Ridge Rd.	Emergency			MVA
1/1/2014		I 65	Emergency			MVA
1/4/2014	7965	Elkton Pike	Non-Emergency			Spill
1/8/2014	940	Lake Logan	Emergency	750		Structure
1/13/2013	751	Holt Hollow Rd.	Emergency	750		Structure
1/15/2014		Elkton Pike	Emergency			MVA
2/25/2014		I65	Emergency	350		Vehicle
2/25/2014		I65	Emergency	100		Grass
3/7/2014	411	Holt Hollow Rd.	Emergency	150		Grass
3/27/2014	182	Persimmon Island Rd.	Non-Emergency			Alarm
4/9/2014	6360	Elkton Pike	Emergency	500		Structure
4/19/2014	1919	Pleasant Hill Rd.	Emergency			MVA

-18,230 ÷ 12 months = 1,521 average per mo

= 2600 ÷ 4 months = 650 avg per mo.

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Chief Blade
Elkton Fire

Water Usage For Elkton, TN Fire Hydrants - 2012

Inc #	Date	St #	Location of Incident	City	NO Response	Disp	Enrt	#FFs	DOA#	Water	Nature
2001	1/7/2012		Bunker Hill Rd.	N	Emergency	15:41	15:50	4			MVA
2002	1/15/2012		Pleasant Hill Rd.	N	Emergency	2:21	2:30	3			MVA
2003	2/16/2012	1495	Prospect Elkton Rd.	N	Downgraded	19:00	19:10	3			Flase
2004	2/22/2012		Lewter Hollow	N	Emergency	3:27	3:40	3		100	Train
2005	3/16/2012		31 South	N	Emergency	14:10	14:19	4		500	Grass
2006	3/20/2012		prospect Elkton Rd.	N	Emergency	11:26	11:31	6	1		MVA
2007	4/1/2012		165	N	Emergency	14:42	14:51	5			MVA
2008	4/12/2012	26550	4 th St. Ardmore	N	Emergency	8:46	8:58	5		1000	Structure
2009	4/14/2012	432	Vinta Mill Rd.	N	Emergency	10:30	10:36	5			MVA
2010	4/26/2012	741	Brair Patch Rd.	N	Emergency	9:46	9:54	4		700	Tree
2011	4/27/2012	8299	Elkton Pike	Y	Non-Emergency	7:45	7:46	1			Keys
2012	5/3/2012	741	Lake Logan	N	Downgraded	7:51	8:00	4			Smoke
2013	5/6/2012	4453	Bunker Hill Rd.	N	Emergency	21:51	22:04	5			Arson
2014	5/8/2012	170	College St.	Y	Emergency	8:59	9:03	1			EMS
2015	5/12/2012		165	N	Downgraded	1:42	1:46	3			Flase
2016	5/18/2012		2 nd st. Ardmore	N	Emergency	12:15	12:18	1			Vehicle
2017	5/21/2012		165	N	Emergency	17:45	17:52	5			MVA
2018	5/23/2012		31 South	N	Emergency	5:55	5:58	4			MVA
2019	5/23/2012		Weigh Station	Y	Non-Emergency	13:30	13:35	1			Keys
2020	5/23/2012	7150	Elkton Pike	Y	Non-Emergency	14:25	14:31	1			Keys
2021	6/4/2012	26425	Main St. Ardmore	N	Non-Emergency	12:05	12:10	1			Keys
2022	7/9/2012	170	College St.	Y	Non-Emergency	8:30	8:32	4			LZ
2023	7/9/2012		main St. Ardmore	N	Emergency	18:15	18:20	3			Gas leak
2024	7/20/2012	170	College St.	Y	Emergency	23:50	23:55	5			Alarm
2025	7/21/2012	27535	Main St. Ardmore	N	Emergency	20:19	20:24	4		100 AFD	Structure
2026	7/22/2012		Dixon Town Rd.	N	Non-Emergency	7:50	7:56	2			C.Assist
2027	7/23/2012	5 mile	165	N	Emergency	12:12	12:20	4			MVA
2028	7/30/2012	3 mile	165	N	Emergency	15:44	15:50	5		300	MVA
2029	7/30/2012	148	Wright Rd.	N	Emergency	19:48	19:57	4			MVA
2030	8/2/2012		Baugh Rd.	Y	Non-Emergency	16:30	16:36	5			Tree
2031	8/3/2012	7798	Elkton Pike	Y	Emergency	16:35	16:42	3			Stove
2032	8/3/2012		Elkton Pike	N	Downgraded	18:31	18:36	5			Lightenin
2033	8/4/2012	24315	Main St. Ardmore	N	Emergency	4:08	4:14	5			MVA
2034	8/17/2012	199	College St.	Y	Non-Emergency	17:55	18:00	5		1000	Structure
2035	8/18/2012	2885	Bryson Rd.	N	Emergency	4:55	5:01	3			Electrical
2036	9/12/2012	7605	Elkton Pike	Y	Emergency	10:50	10:55	5			MVA
2037	9/27/2012		Bee Spring rd.	N	Non-Emergency	16:00	16:10	3		1000	Vehicle
2038	9/27/2012		Gatlin rd.	N	Emergency	18:21	18:26	2			MVA
2039	9/28/2012	124	Spring st.	Y	Non-Emergency	19:13	19:19	5			Smoke

Water

12043	10/7/2012		Bryson Rd.	Y	Non-Emergency	6:30	6:38	1			Keys
12044	10/13/2012	537	Baugh Rd.	Y	Emergency	8:32	8:39	4			Alarm
12045	10/17/2012	6656	Elkton Pike	Y	Emergency	16:30	16:35	4			MVA
12046	10/18/2012		Ardmore Ridge Rd.	N	Emergency	21:01	21:16	2			MVA
12047	10/28/2012	2977	Pleasant Hill Rd.	N	Emergency	18:30	18:36	4		1500	Grass
12048	11/3/2012	808	Lake Logan	N	Emergency	19:06	19:10	4		300	Grass
12049	11/5/2012		Elkton Pike	Y	Emergency	18:30	18:36	4		100	Illegal
12050	11/6/2012	299	Old Hwy 31	Y	Non-Emergency	18:13	18:15	3		100	Illegal
12051	11/10/2012	1300	Delrose Rd.	N	Emergency	2:06	2:12	4		1500	Hay
2052	11/10/2012		31 South	N	Emergency	5:13	5:19	4			MVA
2053	12/5/2012	1932	Elkton Prospect Rd.	N	Non-Emergency	9:00	9:06	1			C.Assist
2054	12/21/2012		31 South	N	Emergency	11:30	11:38	5			MVA
2055	12/25/2012	5 mile	I65	Y	Non-Emergency	7:30	7:36	2			C.Assist

Total Gals 8200.

$8200 \div 12 \text{ mo} = 683 \text{ gals}$
average mo.

Joanck Toledo 750



2010

Run #	Date	St. #	Location of Incident	In City	NO Response	Disp.	Enrt.	#FFs	DOA #	H2O Used	Nature	\$\$\$
10001	1/9/2010	9305	Elkton Pike	Y	Emergency	10:30	10:39	5			Rescue	
10002	1/16/2010	170	College St.	Y	Emergency	15:32	15:34	4		500	Gas leak	
10003	1/23/2010	33343	Ardmore Ridge Rd.	N	Non-Emergency	12:53	12:58	2			EMS Asst.	
10004	1/27/2010		Prospect Elkton Rd.	Y	Emergency	19:27	19:31	5			MVA	
10005	1/29/2010	1989	Prospect Elkton Rd.	N	Emergency	6:18	6:25	6		750	Structure	
10006	2/16/2010	537	Liberty Rd.	N	Emergency	11:36	12:01	4		1250	Structure	
10007	3/16/2010	165		N	Emergency	10:24	10:31	5		750	Vehicle	
10008	4/3/2010	6606	Elkton Pike	Y	Emergency	1:29	1:36	5		2500	Structure	375
10009	4/5/2010		Vinta Mill Rd.	N	Non-Emergency	15:18	15:21	5		500	Tree Fire	
10010	4/6/2010	253	Bryson Rd.	Y	Emergency	13:22	13:26	5		350	P. line	
10011	4/6/2010	253	Bryson Rd.	Y	Non-Emergency	10:10	10:14	5		350	Tree Fire	
10012	4/20/2010	7000	Elkton Pike	Y	Emergency	7:26	7:36	4			MVA	371.25
10013	4/21/2010	32121	Price Rd.	N	Non-Emergency	13:36	13:44	2			EMS Asst.	
10014	4/23/2010	165		N	Emergency	15:12	15:18	4		750	Vehicle	
10015	4/26/2010		Bryson Rd.	N	Emergency	19:24	19:29	4		750	Vehicle	
10016	4/28/2010	165		N	Emergency	16:40	16:50	3			Flase	
10017	5/14/2010		Old Stage Rd.	N	Emergency	18:07	18:12	5		750	Vehicle	
10018	6/10/2010	1076	Holt Hollow Rd.	N	Emergency	17:24	17:31	3			Alarm	
10019	6/14/2010	24230	Pleasant Hill Rd.	N	Emergency	14:19	14:28	4		350	Grass	
10020	6/18/2010	165		N	Emergency	14:41	14:46	4		750	Vehicle	356.25
10021	7/7/2010	170	College St.	Y	Emergency	12:15	12:17	4			Alarm	
10022	7/8/2010		Bryson Rd.	Y	Emergency	1:42	1:46	4		250	Vehicle	375
10023	7/9/2010	165		N	Emergency	20:16	20:24	4		750	Vehicle	
10024	8/25/2010		Old Hwy 31	Y	Emergency	16:12	16:16	4		250	Tractor	
10025	9/14/2010		Market St.	Y	Emergency	11:40	11:42	3			MVA	
10026	9/14/2010		Drivers Chapel	N	Emergency	15:29	15:35	4		750	Vehicle	250
10027	9/22/2010	307	Adams Rd.	N	Emergency	11:08	11:15	4		500	Grass	
10028	9/22/2010	165		N	Emergency	12:34	12:39	4			MVA	1050
10029	9/25/2010	6240	Elkton Pike	Y	Emergency	19:36	19:41	6			Flase	
10030	10/6/2010	4741	Baugh Rd.	N	Emergency	16:06	16:11	5		500	Grass	
10031	10/11/2010	696	Long Rd.	Y	Emergency	15:16	15:19	3			Alarm	
10032	10/23/2010	1293	Dixon Town Rd.	N	Emergency	15:21	15:23	5		500	Grass	
10033	10/23/2010	165		N	Emergency	18:09	18:19	4		500	Grass	
10034	10/24/2010	246	Pleasant Hill Rd.	N	Emergency	14:07	14:19	5		750	Structure	
10035	10/30/2010	273	West	Y	Emergency	13:01	13:06	3		500	Grass	
										15,550	12 mo. 1296 gal	

per mo.

1000 x 12 = 12000 - For the surveillance
 100 x 12 = 1200 x 12 # 9-5-16

F

MEMORANDUM FOR RECORD

DATE: August 2, 2012

SUBJECT: Water Charges for Fire Hydrants in City of Elkton, TN

BACKGROUND: South Giles Utility District (SGUD) is the supplier of water to the City of Elkton. The city has always been charged the 'minimum rate' each month for all 42 fire hydrants in the city. In addition to the fire hydrants the city pays the minimum for the Ball Park, Sewage Plant; and the Police Dept/Maintenance Bldg. The City Hall, Post Office & EMT are on one meter and it is always a higher usage, therefore, the costs are higher. This rate for the last three years has been as follows: Apr 2012 to present is \$24.50 (3 months) for 1800 gal (Ltr dtd Mar 27, 2012 attached); Jan 2011 – Mar 2012 (15 months) was \$19.00 for 1500 gal (the attached SGUD Ltr dtd Jan 10 stated \$16.00, however the attached bill shows \$19.00); Jan 2010 – Jan 2011 (12 months) was \$16.00 for 1200 gal (SGUD Audit Rpt & copies of bill attached).

It has been the policy of the South Giles Utility District that the City of Elkton buys each fire hydrant and pays to have it installed. (This is supported by minutes of Aug 1981 which indicates the city was buying fire hydrants and paying for the installation, cy attached) This cost has ranged between \$1500 and \$2000 per hydrant. The Elkton Fire Department is also responsible for the maintenance and upkeep of the hydrants. While the service calls on the hydrants are infrequent, the costs will usually range between \$300 – 400 per call.

DISCUSSION: These rates have increased to the point that the City of Elkton struggles to pay these rates, especially for the 42 fire hydrants. The current rate for the 42 fire hydrants is \$1029 per month or \$12,348 per year.

The Elkton City Recorder has surveyed several small municipalities in our area to determine the amount that they pay to the various water districts for the fire hydrants in their town. That information is show in the table below.

We have also surveyed the County Water Departments for Lincoln County and Lawrence County to determine if they charged their counties' Fire & Rescue Squads for the water usage out in the county areas. Neither Lincoln nor Lawrence County charge for the water used; they only require a report giving the estimated amount used. The Giles County Fire & Rescue does not pay for any water used in fighting fires in the county. However, they do pay a minimum rate for one fire hydrant at the Prospect Station of the Fire & Rescue which they requested to be installed so they could fill their tankers. They prepare a water usage report each month and fax a copy to each water district in the county.

The Elkton Fire Chief is required to keep records of each incident, location, water usage, etc. A report is furnished to the South Giles Utility District each month to show the water usage for that month. A copy of the reports for 2010, 2011, and 2012 to date are attached.

Those records show that for 2010, a total of 15,550 gals were used; or and average of 1,295 gal per month. This is less than the 'minimum' for one residential tap which in 2010 was 1500 gal for \$16.00 per mo or \$192 per year. However, the City of Elkton paid the South Giles Utility

Giles County Fire & Rescue *	No	No Charge	No Charge	Sends monthly usage report to each water district in county

RECOMMENDATION:

Based on the above information, it is recommended that the City of Elkton pay the South Giles Utility District the minimum rate of \$24.50 for two residential taps (hydrants) for a total monthly charge of \$49 or \$50.00. (This greatly exceeds the estimated water usage.)

Respectfully Submitted:

Carolyn S. Thompson, Mayor

*Lincoln County = Ronnie Bradon, County Water Department
 Giles County Fire & Rescue = Marcus Harney
 Lawrence County = Shawn

Prospect, Tennessee 3847

G

NOTICE OF INTENTION TO DISCONTINUE SERVICE

OUR RECORDS SHOW THAT AN UNPAID ACCOUNT IN THE AMOUNT SHOWN FOR SERVICES AT THE ADDRESS GIVEN BELOW IS PAST DUE.

WE REGRET THE NECESSITY OF THIS NOTICE, BUT THE ABOVE ACCOUNT MUST BE PAID ON OR BEFORE 8:00 AM 10/08/12 OR WE WILL CONSIDER THAT YOU NO LONGER DESIRE SERVICE AND WE WILL, THEREFORE, DISCONTINUE IT AT THE EARLIEST POSSIBLE DATE THEREAFTER.

A RE-CONNECTION CHARGE, IN NO CASE LESS THAN \$ 50⁰⁰ WILL BE MADE FOR RESTORING SERVICE AFTER DISCONTINUANCE BECAUSE OF FAILURE TO PAY BILL WHEN DUE.

THIS WILL BE YOUR ONLY NOTICE DURING THE NEXT 6 MONTHS.

HP09516

IMPORTANT NOTICE



DATE 9/26/12

AMOUNT PAST DUE

\$ 1076⁹⁰

113500-0 # 33

City of Elkton - Fire Hydrants

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE
PROSPECT, TN 38477

NASHVILLE TN 370

26 SEP 2012 PM 7 L



CITY OF ELKTON
FIRE HYDRANTS
PO BOX 157
ELKTON, TN 38455

38455015757



G

South Giles Utility District
 Police: Utilities: Water
 Fire: Utilities: Water
 General Gov't: Utilities: Fire Hydrants
 General Gov't: Utilities: Water

10/3/2012

24.50
 24.50
 50.00
 47.75

ck stub

H

General Fund

146.75

Pa 10-11

SOUTH GILES UTILITY DISTRICT
 8114 ELKTON PIKE • PROSPECT, TN 38477 • 468-2675

FOR SERVICE AT: **MAIN STREET**

RT-ACCOUNT-SUB: **1/3500-0** CUSTOMER NO.: **33**

BILL DATE: **09/28/12** SWM: **A** DATE DUE: **10/15/12**

DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
091012	0	0	0

DESCRIPTION	AMOUNT DUE	CODE
BALANCE FORWARD	1076.90	
WATER SERVICE	1029.00	WT
2208.80 GROSS, DUE AFTER		

*10 credit for the \$100
 we have paid*

TOTAL DUE: **2105.1**

UTILITY BILL IS PAYABLE BY DATE DUE.

SOUTH GILES UTILITY DISTRICT
 8114 ELKTON PIKE • PROSPECT, TN 38477 • 468-2675

FOR SERVICE AT: **BAUGH ROAD**

RT-ACCOUNT-SUB: **4/66900-0** CUSTOMER NO.: **861**

BILL DATE: **09/28/12** SWM: **A** DATE DUE: **10/15/12**

DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
091312	2799	2799	0

DESCRIPTION	AMOUNT DUE	CODE
WATER SERVICE	24.50	WT
26.95 GROSS, DUE AFTER D		

TOTAL DUE: **24.50**

UTILITY BILL IS PAYABLE BY DATE DUE.

SOUTH GILES UTILITY DISTRICT
 8114 ELKTON PIKE • PROSPECT, TN 38477 • 468-2675

FOR SERVICE AT: **BAUGH RD SEWER METE**

RT-ACCOUNT-SUB: **4/66950-0** CUSTOMER NO.: **2276**

BILL DATE: **09/28/12** SWM: **A** DATE DUE: **10/15/12**

DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
091312	447	448	

DESCRIPTION	AMOUNT DUE	CODE
WATER SERVICE	24.50	
26.95 GROSS, DUE AFTER		

TOTAL DUE: **24.5**

UTILITY BILL IS PAYABLE BY DATE DUE.

|||||

|||||

|||||

SOUTH GILES UTILITY DISTRICT
 8114 ELKTON PIKE • PROSPECT, TN 38477 • 468-2675

FOR SERVICE AT: **MAIN STREET**

RT-ACCOUNT-SUB: **1/3400-0** CUSTOMER NO.: **32**

BILL DATE: **09/28/12** SWM: **A** DATE DUE: **10/15/12**

DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
091012	9747	9752	5

DESCRIPTION	AMOUNT DUE	CODE
WATER SERVICE	24.50	WT
26.95 GROSS, DUE AFTER D		

TOTAL DUE: **24.50**

UTILITY BILL IS PAYABLE BY DATE DUE.

SOUTH GILES UTILITY DISTRICT
 8114 ELKTON PIKE • PROSPECT, TN 38477 • 468-2675

FOR SERVICE AT: **MAIN STREET**

RT-ACCOUNT-SUB: **1/2775-0** CUSTOMER NO.: **25**

BILL DATE: **09/28/12** SWM: **A** DATE DUE: **10/15/12**

DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
091012	5636	5683	47

DESCRIPTION	AMOUNT DUE	CODE
WATER SERVICE	46.25	WT
OTHER CHARGES	141.50	OT
192.37 GROSS, DUE AFTER		

TOTAL DUE: **187.7**

UTILITY BILL IS PAYABLE BY DATE DUE.

Attachment 4

Mailed 13 Sept '12

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875

FOR SERVICE AT: **MAIN STREET**

RT/ACCT-SUB		CUSTOMER NO.	
1/3400-0		32	
BILL DATE	STAT	DATE DUE	
08/31/12	A	09/15/12	
DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
081312	9744	9747	3
DESCRIPTION		AMOUNT DUE	CODE
WATER SERVICE		24.50	WT
26.95 GROSS, DUE AFTER D			
TOTAL DUE		24.50	

UTILITY BILL IS PAYABLE BY DATE DUE.

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875

FOR SERVICE AT: **MAIN STREET**

RT/ACCT-SUB		CUSTOMER NO.	
1/2775-0		25	
BILL DATE	STAT	DATE DUE	
08/31/12	A	09/15/12	
DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
081312	5566	5636	70
DESCRIPTION		AMOUNT DUE	CODE
WATER SERVICE		63.30	WT
OTHER CHARGES		140.50	OT
210.13 GROSS, DUE AFTER I			
TOTAL DUE		203.80	

UTILITY BILL IS PAYABLE BY DATE DUE.

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875

FOR SERVICE AT: **BAUGH ROAD**

RT/ACCT-SUB		CUSTOMER NO.	
4/66900-0		861	
BILL DATE	STAT	DATE DUE	
08/31/12	A	09/15/12	
DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
081612	2799	2799	
DESCRIPTION		AMOUNT DUE	CODE
WATER SERVICE		24.50	WT
26.95 GROSS, DUE AFTER			
TOTAL DUE		24.50	

UTILITY BILL IS PAYABLE BY DATE DUE.

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875

FOR SERVICE AT: **MAIN STREET**

RT/ACCT-SUB		CUSTOMER NO.	
1/3250-0		30	
BILL DATE	STAT	DATE DUE	
08/31/12	A	09/15/12	
DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
081312	0	0	0
DESCRIPTION		AMOUNT DUE	CODE
WATER SERVICE		1.50	WT
1.65 GROSS, DUE AFTER DUF			
TOTAL DUE		1.50	

UTILITY BILL IS PAYABLE BY DATE DUE.

SOUTH GILES UTILITY DISTRICT
8114 ELKTON PIKE - PROSPECT, TN 38477 - 468-2875

FOR SERVICE AT: **MAIN STREET**

RT/ACCT-SUB		CUSTOMER NO.	
1/3500-0		33	
BILL DATE	STAT	DATE DUE	
08/31/12	A	09/15/12	
DATE READ	PREVIOUS READING	CURRENT READING	CONSUMPTION
081312	0	0	0
DESCRIPTION		AMOUNT DUE	CODE
WATER SERVICE		1029.00	WT
1131.90 GROSS, DUE AFTER			
TOTAL DUE		1029.00	

UTILITY BILL IS PAYABLE BY DATE DUE.

\$ 50.40

Did not give us credit



HENRY, HENRY & UNDERWOOD, P.C.

JOSEPH W. HENRY, JR. ■ ROBERT C. HENRY ■ TIMOTHY P. UNDERWOOD

October 15, 2012

Honorable Joseph F. Fowlkes, Esq.
Fowlkes & Garner
109 West Madison Street
P.O. Box 677
Pulaski, TN 38478

**RE: South Giles Utility District/City of
Elkton**

Dear Mr. Fowlkes:

I understand that you currently serve as the city attorney of Elkton. Assuming that is true, then this letter is addressed to you in that capacity. If for some reason I am misinformed then please do me the courtesy of forwarding this letter to the appropriate person(s).

As you know, South Giles Utility District ("The District") provides water services to a variety of customers one of which is the City of Elkton. Elkton currently has forty-two (42) water hydrants and is billed monthly at the rate of \$24.50 per hydrant. This total water bill comes to \$1,029.00 on a monthly basis.

While I am uncertain whether the City of Elkton has approved this action or not, the Mayor has elected to not pay the correct monthly bill to the District but has reduced the same to \$50.00 per month which has been paid for two (2) consecutive months.

Currently the City owes \$2,055.90 to the District on the water account.

Please speak with your client and ask that this bill be brought current immediately.

FOWLKES & GARNER
AN ASSOCIATION OF ATTORNEYS
P. O. Box 677
109 West Madison Street
Pulaski, Tennessee 38478
e-mail: joefowlkes@fowlkesgarner.com

931-363-6116

TO: Carolyn

PHONE: _____
FAX: 468-2993
DATE: 10-16-12
RE: _____

FROM: JOE F. FOWLKES
ATTORNEY-AT-LAW
PHONE: (931) 363-6116
FAX: (931) 424-1707

NUMBER OF PAGES INCLUDING THIS COVER PAGE _____

COMMENTS: This is the letter I received
this morning.
Joe

The information contained in this facsimile is attorney privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this facsimile is not the intended recipient, or the employee or agent of the recipient responsible to deliver it to the intended recipient, you are notified that any reading, dissemination, distribution, or copying of this facsimile is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, and return the original facsimile message to us at the address via the U.S. Postal Service and you will be reimbursed for any reasonable expense incurred. Thank you.

check

Mayor Carolyn S. Thompson

City of Elkton

J

Aldermen:

- Bill Cary
- Jim Caldwell
- Doug Turner
- Roosevelt Whitfield
- Barry Wilburn

168 MAIN STREET, P.O. BOX 157
 ELKTON, TN 38455
 office 931.468.2506 fax 931.468.2993
www.elktontn.com
cityofelkton@bellsouth.net

Fire Chief
Payton Blade

Police Chief
Rodger D. Craft

November 19, 2012

Directors Bates, Blade, & Edgmon
 South Giles Utility District
 8114 Elkton Pike
 Prospect, TN 38477

Dear Sirs,

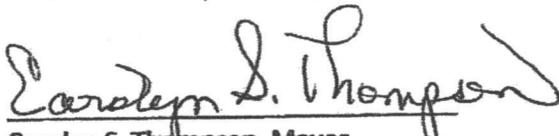
Reference: Memorandum for Record, dated Aug 12, 2012 (cy attached); Memorandum for Record dated Oct 31, 2012 (cy attached), South Giles Utility District meetings, Aug 30, Sep 20, and Nov 15.

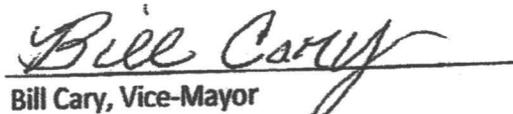
Based on the analysis and data presented in the referenced Memoranda for Record, the undersigned Elkton City Council members feel the rates charged by the South Giles Utility District are unjustified and unreasonable. Because our recommendation made on Aug 30 of \$50 per month, which we paid, for the fire hydrants was unacceptable to you, we have paid the previous three months charges of \$1,029, plus penalty.

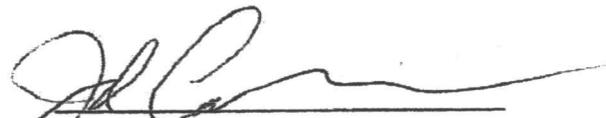
At the meeting on November 15, you stated your position as "we cannot accept any less than the \$1,000 per month." We understood this to mean the \$1,029. We respectfully request that you reconsider your position.

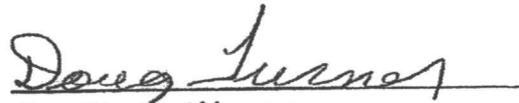
The City of Elkton is committed to continue discussions which could result in a 'win-win' situation for both parties. However, we are committed to pursuing a just & reasonable reduction in these rates.

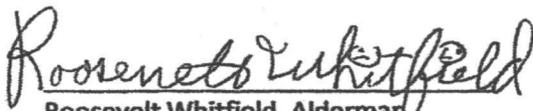
Respectfully Submitted:


 Carolyn S. Thompson, Mayor


 Bill Cary, Vice-Mayor


 Jim Caldwell, Alderman


 Doug Turner, Alderman


 Roosevelt Whitfield, Alderman


 Barry Wilburn, Alderman

Copy Furnished: Attorney Joe Fowlkes; Attorney Joe Henry

Mayor Carolyn S. Thompson

City of Elkton

Attachments
K
Recorder
Margie Brooks

Aldermen:
Bill Cary
Jim Caldwell
Doug Turner
Roosevelt Whitfield
Barry Wilburn

168 MAIN STREET, P.O. BOX 157
ELKTON, TN 38455
office 931.468.2506 fax 931.468.2993
www.elktontn.com
cityofelkton@bellsouth.net

Fire Chief
Payton Blade
Police Chief
Rodger D. Craft

Ms. Joyce Welborn
Comptroller of the Treasury
Division of Local Government Audit
Suite 1500, James K. Polk Bldg
505 Deaderick Street
Nashville TN 37243-1402

December 7, 2012

DEC 10 2012

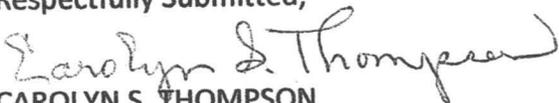
Dear Ms Welborn,

In accordance with our conversation of this date, the City of Elkton is officially requesting to appear before the Utility Management Review Board. Based on the 'Complaint procedure' for 'Customer Complaint' posted on the Board's website, it states "Complaints also include the justness and reasonableness of fees...." The purpose of this complaint will be to show the 'unjustness & unreasonableness' of the fees that the South Giles Utilities District charges the City of Elkton for each fire hydrant each month.

On August 30, 2012, the undersigned appeared before the South Giles Utility District Board and requested lowering the rates for the fire hydrants. No action was taken by the board at that time. On Thursday, November 15, the undersigned again presented information to the SGUD Board and asked for 'their position.' The Chairman of the SGUD Board verbally stated their position. A certified letter from the City of Elkton was mailed to the board on November 20, along with a copy to their attorney and a copy to the city's attorney, reaffirming their 'stated position.' A copy of that letter is attached. No written or verbal reply has been received as of this date.

The City of Elkton respectfully requests the opportunity to appear before the Utility Management Review Board and present our case to reduce or alleviate the rates on the fire hydrants. If more information is needed, please feel free to call me at 931-468-2506

Respectfully Submitted,


CAROLYN S. THOMPSON

Attachment as stated

Attachment K



STATE OF TENNESSEE
Utility Management Review Board
James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

December 18, 2012

RETURN RECEIPT REQUESTED

Mayor Carolyn S. Thompson
City of Elkton
P. O. Box 157
Elkton, TN 38455-0157

Dear Mayor Thompson:

We have received the complaint filed against the South Giles Utility District. The complaint states that the fire hydrant fees are "unjust and unreasonable."

In order to fully investigate the allegation, please submit documentation to our office which will support the statement. The documentation should include, but not be limited to, research prepared to verify the "unjustness and unreasonableness."

All information should be submitted to our office no later than February 1, 2013. A tentative date for the UMRB to hear the complaint is June 6, 2013.

If you have any questions, please feel free to contact me at Joyce.Welborn@cot.tn.gov or 615-401-7864.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joyce Welborn".

Joyce Welborn
Board Coordinator

Cc: Cathy Dradt, Manager, South Giles Utility District

Mayor Carolyn S. Thompson

Aldermen:

Bill Cary

Jim Caldwell

Doug Turner

Roosevelt Whitfield

Barry Wilburn

City of Elkton

168 MAIN STREET, P.O. BOX 157
ELKTON, TN 38455
office 931.468.2506 fax 931.468.2993
www.elktontn.com
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City Recorder
Margie Brooks

Fire Chief
Payton Blade

Police Chief
Rodger D. Craft



Ms. Joyce Welborn
Comptroller of the Treasury
Division of Local Government Audit
Suite 1500, James K. Polk Bldg
505 Deaderick Street
Nashville TN 37243-1402

December 7, 2012

DEC 10 2012

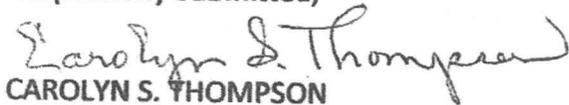
Dear Ms Welborn,

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On August 30, 2012, the undersigned appeared before the South Giles Utility District Board and requested lowering the rates for the fire hydrants. No action was taken by the board at that time. On Thursday, November 15, the undersigned again presented information to the SGUD Board and asked for 'their position.' The Chairman of the SGUD Board verbally stated their position. A certified letter from the City of Elkton was mailed to the board on November 20, along with a copy to their attorney and a copy to the city's attorney, reaffirming their 'stated position.' A copy of that letter is attached. No written or verbal reply has been received as of this date.

The City of Elkton respectfully requests the opportunity to appear before the Utility Management Review Board and present our case to reduce or alleviate the rates on the fire hydrants. If more information is needed, please feel free to call me at 931-468-2506

Respectfully Submitted,


CAROLYN S. THOMPSON

Attachment as stated

City of Elkton

168 MAIN STREET, P.O. BOX 157
ELKTON, TN 38455
office 931.468.2506 fax 931.468.2993
www.elktontn.com
cityofelkton@bellsouth.net

Albermarle

Bill Cary

Jim Caldwell

Doug Turner

Roosevelt Whitfield

Barry Wilburn

Margie Brooks

Fire Chief
Payton Blade

Police Chief
Rodger D. Craft

January 22, 2013

State of Tennessee
Utility Management Review Board
ATTN: Ms Joyce Welborn, Board Coordinator
505 Deaderick St, Suite 1500
Nashville, TN 37243-1402

Reference: Letter dated Dec 18, 2012, from Utility Management Review Board (Attached)
Letter dated Dec 7, 2012, from City of Elkton (Attached)

Dear Ms Welborn,

In accordance with your request, I have prepared full documentation to support our claim that the water rates paid for each fire hydrant each month for the City of Elkton are 'unjust and unreasonable.'

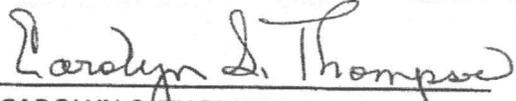
Attached is a "Fact Paper" giving the background, discussion, & summary to justify the purpose of our request for a hearing before the Utility Management Review Board. Each item mentioned in the Fact Paper is authenticated with an attached copy of the item. ✓

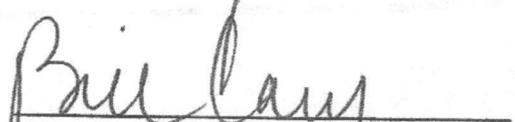
I respectfully request that we be able to appear before the board prior to June 2013 to appeal our case. Our 2012-2013 budget year ends in June and if we cannot get the rates alleviated prior to that time, we will have spent over \$12,000 just for the fire hydrants...monies that desperately are needed to replace 16 year-old turn-out gear for our firemen, perform repairs on current fire equipment, etc. When I had talked with you previously, you said there would be a board meeting in February. Is there a possibility we could present our case in February?

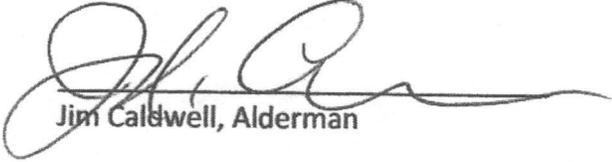
Page 2

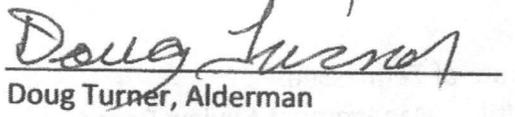
Should you need further information 'to fully investigate the allegation,' please let me know. I will be happy to furnish whatever additional information you may need.

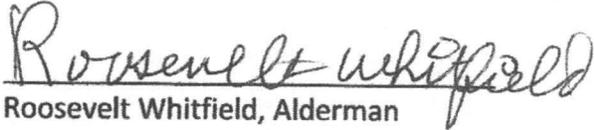
Respectfully Submitted

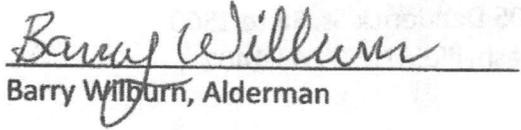

CAROLYN S. THOMPSON, Mayor


Bill Cary, Vice Mayor


Jim Caldwell, Alderman


Doug Turner, Alderman


Roosevelt Whitfield, Alderman


Barry Wilburn, Alderman

Attachments: a/s



STATE OF TENNESSEE
Utility Management Review Board
James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

March 7, 2013

RETURN RECEIPT REQUESTED

Mayor Carolyn Thompson
City of Elkton
P. O. Box 157
Elkton, TN 38455-0157

And

Ms. Cathy Dradt, Manager
South Giles Utility District
8114 Elkton Pike
Prospect, TN 38477

Dear Mayor Thompson and Ms. Dradt:

The information enclosed with this letter is the response of the other party regarding the City of Elkton complaint against the South Giles Utility District files with the Utility Management Review Board (UMRB) concerning the fire hydrant fees being charged by the District.

Also enclosed is the staff's streamlined summary of both parties taken from the information presented.

The complaint is scheduled to be heard by the UMRB on June 6, 2013, at a regularly scheduled meeting. The meeting will begin at 10:00 am in Room 31 of the Legislative Plaza in Nashville. At that meeting both sides should be available for any questions the Board may have.

It is my understanding that the Mayor wishes to address the UMRB and include a power point presentation.

If you have any questions, please feel free to contact me at Joyce.Welborn@cot.tn.gov or 615-401-7864.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joyce Welborn".

Joyce Welborn
Board Coordinator

M

The Utility Management Review Board

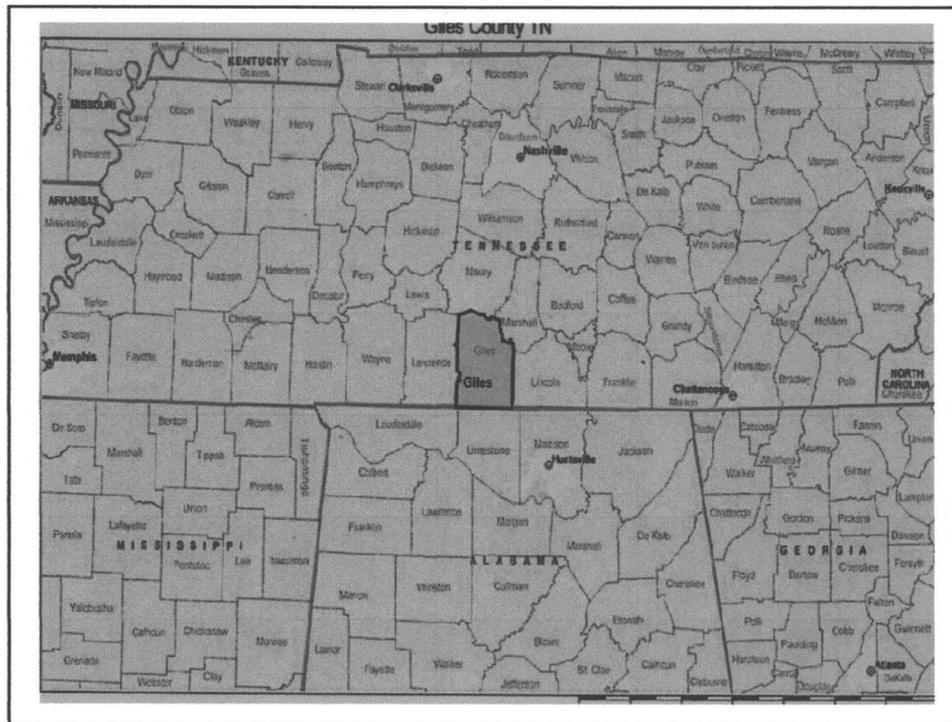
August 1, 2013
Nashville, Tennessee

Presented by
Mayor Carolyn S. Thompson



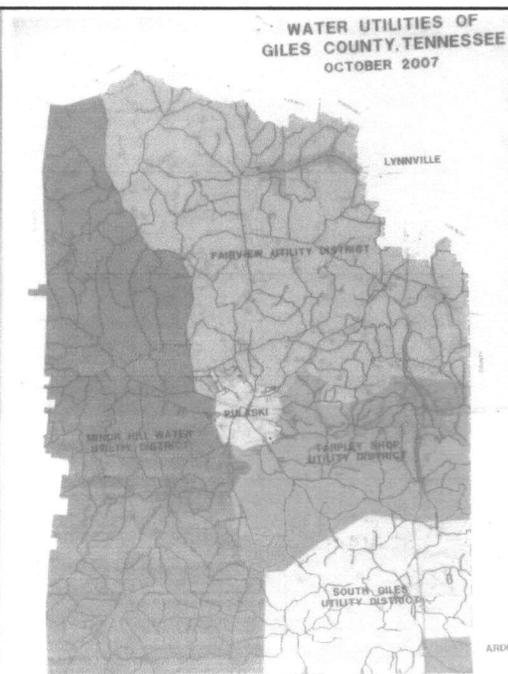
ELKTON TENNESSEE

...a nice little town that sits on the banks of the Elk River...



Five Utility Districts in Giles County:

- Fairview**
- Minor Hill**
- Pulaski**
- South Giles**
- Tarpley Shop**



PURPOSE OF APPEAL

TCA, SEC 7-82-701, Chapter 1715-01-.01 - .06

- 1715-01-.01 "This Board ... determines...adequate user rates..." "The Board shall ... be acting for the public welfare..."
- Complaint Procedure: Customer Complaints: "...include the justness & reasonableness of fees,..." (reference letter to UMRB, dated Nov 19, 2012, "...rates are unjustified and unreasonable."

Burden of Proof on City of Elkton

- Show evidence that City of Elkton is paying excessively more than 'adequate' user rate for fire hydrants
- SGUD not acting in best interest of public welfare
- Show evidence that the user rates for Elkton's fire hydrants are 'unjustified and unreasonable.'

BACKGROUND & HISTORY

- Elkton's Charter is dated 1907
- Preamble: "...in or about the year 1907 a few citizens...need a water system..."
- Minutes, 1964 mentions 'grant the Elkton Water System money to improve..."
- Feb 65, SGUD created
- Apr 5, '65, Resolution: "...we grant the South Giles Utility Corporation the right to enter our corporate limits and lay pipe lines, provided that they in no way interfere with the present lines in this town."

History & Background (con't)

- **Jan 4, '66, SGUD met w/Council, "...regarding the installation in the corporate limits...to put in the Fire Protection Lines"**
- **Feb 7, '66, minutes: "Motion made & carried to accept the contract of the SGUD & the Town of Elkton for *a period of five years.*"**
- **Jan 6, '69 minutes: City paid SGUD \$360 for water tap to municipal building.**

History & Background (con't)

- **Jan 3, '72 Minutes – Elkton a 'Good-Faith Neighbor' assisted SGUD to complete plans "...for erection for a city water tank...& necessary easements..."**
- **Jan 20, '72, Minutes: discussion on 'drastic change' in cost of 'new water tank.'**
- **Sep 4, '73, Minutes: "...authorize the Mayor Forrest Bates to borrow an amount not to exceed \$33,000 for the purchase of financing the city share of the contract of the Fire Protection and Improvement Project for the City of Elkton, TN. The note to be retired from the General Revenue Fund."**

History & Background (con't)

- **Sep 9, '74, Minutes: "Motion...to tie on to the six inch water line for fire protection for the City of Elkton."**
- **Oct 14, '74, Minutes: City of Elkton paid "\$65,000...in payment on water storage tank and water system..." (City borrowed \$45K of that)**
- **Nov '74, Minutes: "...the water system including the tank and lines...be dedicated to the SGUD."**

History & Background (con't)

- **Aug 4, '75 Minutes: "...A Conveyance of said water system together with the easements, right-of-way and Real Estate used in connection therewith to the South Giles Utility District of Giles County, TN for the consideration of the Sum of \$1.00 and the further consideration that said Utility District will provide water to the City of Elkton at such rate or rates as may hereafter be determined between said Utility District and said City."**
- **No Record of rates ever being negotiated
"*...between said Utility District and said City.*"**

Purchase, Installation, & Maintenance of Fire Hydrants

- **Minutes of City Council Meetings**
Nov 74, Dec 76, Jan 77, Feb 78, Sep 80, Oct 80,
Nov 80, Mar 81, Apr 8 ,Feb 89, Dec 06,
- **All above minutes verify that from the creation of the SGUD, the City of Elkton has purchased and paid for the installation of all fire hydrants. Since Oct 80 the City has handled the maintenance of the fire hydrants.**

City/County	Own Water Sys	Charge Per Fire Hydrant	Mo/Yr Total	Comments
Elkton	No	\$24.50/Mo	\$1,029 \$12,348	City buys, installs, & Maintains 42 hydrants
Minor Hill	No	\$1.56/Mo	\$50/\$600	32 hydrants
Ardmore, TN	No	No Charge	No Charge	49 hydrants
Cornersville	No	No Charge	No Charge	
Lynnville	Yes	No Charge	No Charge	Buys water, reads Master Meter
Petersburg	Yes	No Charge	No Charge	
Lewisburg	Yes	No Charge	No Charge	
St Joseph	Yes	No Charge	No Charge	Vol FD maintains hydrants
Loretto	Yes	No Charge	No Charge	Submits water usage rpt
Ethridge	No	No Charge	No Charge	

Fire Hydrant Rates Middle TN Towns

CITY / TOWN	OWN WATER SYSTEM	MTHLY CHARGE PER HYDRANT	YRLY CHARGE PER Hydrant	COMMENTS
Tullahoma	No	\$11.27 \$24.50 Elkton	\$134.27 \$294 Elkton	1,024 hydrants
Franklin	No	No Charge	No Charge	Developer installs
Winchester	Yes, Separate Bd	\$4.91 Avg \$24.50 Elkton	\$58.94 \$294 Elkton	509 Hydrants
Brentwood	Yes	\$.91 Avg \$24.50 Elkton	\$10.91 \$294 Elkton	9,166 Hydrants
Fayetteville	Yes, Separate Bd	\$.91 Avg \$24.50 Elkton	\$47.61 \$294 Elkton	449 hydrants
Columbia	Yes, Separate Bd	No Charge	No Charge	1,694 hydrants
Shelbyville	Yes, Separate Bd	\$10.56 Avg \$24.50 Elkton	\$126. Avg \$294 Elkton	1,168 hydrants, buy, install, main

Fire Hydrant Installation Maintenance & Fees UT MTAS Research & Information Center

April 2013

City & Contact	Utility District	Hydrants attached to UD lines	Fee for Hydrants	Amount of Fee	Who Maintains	Who Pays Installation
Harrogate Finance Ofc 423-869-0211	Arthur Shawnee UD	Yes	No	N/A	UD	UD
Morrison Fire Chief 931-635-2363	West Warren UD	Yes	No	N/A	UD	Usually UD, City shares sometimes
Red Bank – Fire Chief 423-877-7252	2 UD; Hixson, TN American	Yes	TN American – No Hixson – Yes	Hixson - \$50 per yr x 55 hydrants	UD	TN American UD pays; Hixson pays unless new developer
White House Fire Chief 615-672-5338	White House UD	Yes	NO	N/A	UD	Usually developers, who ever requests pays
Eagleville Fire Chief 615-274-2922	Consolidated UD	Yes	NO	N/A	UD	Not sure, upgrading all hydrants being considered
Millersville – Fire Chief 615-859-0880	White House UD	YES	NO	N/A	UD	Usually Developers

Fire Hydrant Installation Maintenance & Fees UT MTAS Research & Information Center April 2013						
City & Contact	Utility District (Water)	Fire Hydrants Attached	Fee for Hydrants	Amount of Fee	Who Maintains	Who Pays Installation
Pegram – Fire Chief 615-646-6800	3 UD Second South Harpeth Valley, River Road	Yes	No	N/A	UD	UD or Developer
Sunbright – Fire Chief 423-628-5316	Plateau UD	Yes	No	N/A	UD	UD
Cleveland – Cleveland UD 423-472-4521	Cleveland UD	Yes	No	N/A	UD	Requesting Entity, usually Developer

Fire Hydrant Fees, Installation, & Maintenance UMRB Home Towns and Counties May 2013						
City & Contact	Utility District	Hydrants attached to UD lines	Fee for Hydrants	Amount of Fee	Who Maintains	Who Pays Installation
Chattanooga Interim Fire Chief, 423-643-5615	3 UD TN American Hixson UD East Side UD	YES	TN American UD NO Hixson UD YES East Side - NO	Hixson UD- \$4.58 per mo x 700 hydrants = \$3,206 per mo		
Murfreesboro, Fire Chief, 615-893-1422	Consolidated UD	YES	NO	N/A	UD, (turns in Usage Rpt)	95% Developer
Bolivar Mayor Stevens 731-658-2020	Bolivar UD (City owns)	YES	NO	N/A	UD	UD
Ashland City Fire Ch Walker 615-792-4211	Ashland City UD Pleasant View UD – 1 Subdiv	Yes	NO	N/A	UD	UD Buys & Installs
Pegram City Recorder 615-646-0773 Chief Stewart	2 nd South Cheatham UD	Yes	No	N/A		

Fire Hydrant Fees, Installation, & Maintenance
UMRB Home Towns and Counties
May 2013

City & Contact	Utility District (Water)	Fire Hydrants Attached	Fee for Hydrants	Amount of Fee	Who Maintains	Who Pays Installation
Kingston Springs, City Recorder 615-952-2110	2 nd South Cheatham UD	Yes	No (Pays for 1 hydrant @ FD to fill tanker)	N/A	UD	UD buys & Installs
Blountville Sullivan Co Mayor, 423-323-6417	Blountville UD Kingston UD Bristol UD	Yes	No	N/A		
Danridge Lt Holland, Fire Dep 865-397-3192	Shady Grove UD	Yes	No	N/A		

Water Usage for Elkton Fire Dept

DATES	RATE FOR MINIMUM BILL	WATER USAGE FOR DATES	SHOULD COST FOR USAGE	AMOUNT ACTUALLY PAID	OVER CHARGE BY SGUD
Jan – Dec 2010	1500 Gal \$16.00	1295 Gal average per month	\$16.00 per month	\$16.00 x 42 fire hydrants = \$672	\$656 per mo x 12 mo = \$7872 per yr
Jan 2011 – Mar 2012	1500 Gal \$19	1445 Gal average per month	\$19.00 per month	\$19.00 x 42 fire hydrants = \$798	\$779 per mo x 15 mo = \$11,685
Apr 2012 – July 2013	1800 Gal \$24.50	931 average per month	\$24.50 per month	\$24.50 x 42 fire hydrants = \$1,029	\$1,004 per mo x 16 mo = \$16,064
TOTAL OVER CHARGE FOR 45 MONTHS					<u>\$35,621</u>

BOTTOM LINE

The 'Water Usage' records show that the City of Elkton pays for over 72,000 gallons of water each month that they do not use!

CONCLUSION

- **The data verifies that the rates the South Giles Utility District charges the City of Elkton are "Unfair" and "Unreasonable"**
- **In accordance with the charter/mandate of the Utility Management Review Board, you have authority & responsibility to recommend SGUD to change the rate for fire hydrants in City of Elkton**

JUSTIFICATION FOR APPEAL

- **SGUD asserts they “... have spent over \$915,000 to improve fire protection for the City.”**
- **All other towns & cities we surveyed have shown that the Utility Districts across the state have also spent thousands of dollars installing lines, water tanks, hydrants, etc to support neighborhoods & the districts they serve; yet the majority do NOT charge the cities for fire hydrants.**

RECOMMENDATION

- **The Utility Management Review Board direct the South Giles Utility District to change the rate for the fire hydrants to \$50 per month to cover all the cost of the hydrants.**
- **SGUD to reimburse the City of Elkton for overcharging of hydrants from January 2010 to present.**

Summary

Name of Charts	Towns Surveyed	Utility Districts Surveyed	Nr of UD that Charge	Percentage
Small Towns	10	10	2	20%
Middle TN Towns	9	9	6	66%
UT MTAS Report	9	12	1	.08
Towns/UD of UMRB Members	8	13	1	.07%
Total	36	44	10	23%

Of the 10 UD that charge anything, only 3 charge over \$10 per hydrant and yet Elkton pays over TWICE what the highest town surveyed pays. \$24.50 per hydrant is 'unfair' and 'unjustified!'

N

Carolyn Thompson

From: Rachel Newton [Rachel.Newton@cot.tn.gov]
Sent: Wednesday, November 27, 2013 11:17 AM
To: Joe Henry; Carolyn Thompson; Joyce Welborn; Greg Cothron; Ann Butterworth
Subject: RE: City of Elkton and South Giles Utility District

All,

I spoke to both Mayor Thompson, Mayor for the City of Elkton, and Joe Henry, attorney for South Giles Utility District, this morning. To the best of my recollection of the conversations, both plan to attend the December 6 UMRB meeting but do not plan to request additional time in front of the board.

If it is the will of the board, the members may certainly ask questions of each party or may decide to discuss the matter without seeking additional information. Both parties submitted materials for the complaint at the last meeting, which were included in the packet for that meeting. In addition Mayor Thompson made a presentation at the meeting which included PowerPoint slides. Subsequent to the meeting, both parties submitted proposed findings of fact and conclusions of law, which are included in the board packet for the December meeting, along with the materials previously submitted. The findings and conclusions are meant to serve as a guide in the decision making process and to help create a solid record of parties' positions regarding the complaint. The board is to decide the case based on the evidence presented at the meeting and not to take the statements of fact or conclusions of law as evidence.

I will be out of the state at training all next week. My colleague Greg Cothron, Assistant General Counsel for the Comptroller of the Treasury, will serve as the board's counsel for that meeting. Mr. Cothron was the board's attorney for two years prior to my taking over in January of this year, so the matter is in good hands.

I hope this addresses everyone's questions.

Thank you to all and have a happy holiday.

Rachel Newton
Assistant General Counsel
Comptroller of the Treasury
Office of General Counsel
615-401-7887 phone
615-741-1551 fax
Rachel.Newton@cot.tn.gov

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STATE OF TENNESSEE
Utility Management Review Board
James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

December 23, 2013

RETURN RECEIPT REQUESTED

Ms. Cathy Dradt, Manager
South Giles Utility District
8114 Elkton Pike
Prospect, TN 38477

Dear Ms. Dradt:

At its meeting on December 5, 2013, the Utility Management Review Board (Board) reviewed the information submitted by both parties. The Board voted that neither party had shown the cost of service of the rates being charged for the fire hydrants and required the District to have a cost of service study prepared as it relates to the hydrants. The study - including the cost of service study and all supporting documentation - is to be submitted to staff no later than May 1, 2014, for presentation to the Board at its June 5, 2014, meeting.

If you have any questions, please feel free to contact me at Joyce.Welborn@cot.tn.gov or 615-401-7864.

Sincerely,

Joyce Welborn
Utility Board Manager

Cc: Mayor Carolyn Thompson, City of Elkton
Joe Henry, attorney, South Giles UD



HENRY, HENRY & UNDERWOOD, P.C.

JOSEPH W. HENRY, JR. ■ ROBERT C. HENRY ■ TIMOTHY P. UNDERWOOD

January 22, 2014

Mayor Carolyn S. Thompson
168 Main Street
P.O. Box 157
Elkton, TN 38455

Rachel Newton
Assistant General Counsel
State of Tennessee
Comptroller of Treasury
Office of General Counsel
James K. Polk State Office Building
505 Deadrick Street, Suite 1700
Nashville, TN 37243-1402

Cathy Dradt
South Giles Utility District
P.O. Box 262
Elkton, TN 38455

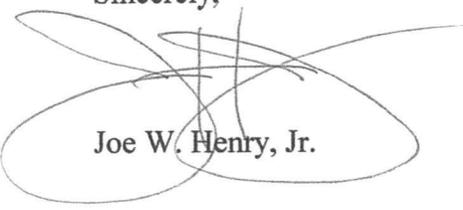
RE: *City of Elkton v. South Giles Utility District*

Dear Ladies:

Please find enclosed herein a Motion to Clarify in reference to the above.

With best wishes,

Sincerely,


Joe W. Henry, Jr.

JWH:clw
Enclosure
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P.O. BOX 458 ■ 119 SOUTH FIRST STREET ■ PULASKI, TENNESSEE 38478 ■ TEL: 931.363.4571 ■ FAX: 931.363.4592

EST. 1941

JOE W. HENRY (1916-1980)

UTILITY MANAGEMENT REVIEW BOARD

STATE OF TENNESSEE

In the matter of:)
)
CITY OF ELKTON, TENNESSEE,)
)
 PETITIONERS)
)
V.) **NO.** _____
)
SOUTH GILES UTILITY DISTRICT,)
)
 RESPONDENT)
)
_____)

MOTION TO CLARIFY

Comes now the South Giles Utility District and would move the Utility Management Review Board (UMRB) as follows:

- A. Relief Sought:
 - 1. For clarification of a directive from the UMRB relative to a cost study to be performed by the South Giles Utility District.

- B. Grounds:
 - 1. That both parties were directed by the UMRB to submit Findings of Fact and Conclusions of Law by a certain date and to reconvene for consideration of the issues raised on December 5, 2013.

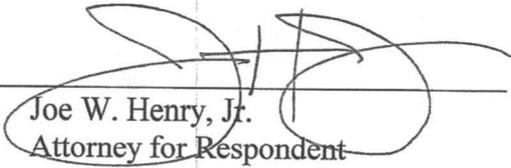
 - 2. That all parties were present at the meeting of the UMRB on December 15, 2013 and after certain statements were offered by the City of Elkton through its Mayor and the South Giles Utility District through its manager, the Board opined that the "cost of service" was not presented by either side and that it would be beneficial to the Board to have those numbers.

3. That the Motion to require a "Cost of Service" was carried unanimously and the District was given a directive to submit the results to Joyce Welborn on or before May 1, 2014.
4. That it is unclear what the "cost of service" is to entail, what specific numbers the Board is interested in covering and what specific services.
5. That the District wants to comply with the directive of the Board, however, does not want to incur unnecessary costs for the preparation of the numbers which might be in excess or different of what the Board actually wants nor does it want to leave out numbers or explanation of the numbers that the Board needs.
6. The District, therefore, asks the Board for clarification of what exactly is meant by the "cost of service" and an explanation of what services and what costs need to be prepared and presented by the District.

Respectfully Submitted,

HENRY, HENRY & UNDERWOOD, P.C.

By: _____


Joe W. Henry, Jr.

Attorney for Respondent

Reg #2613

P. O. Box 458

Pulaski, TN 38478

CERTIFICATE OF SERVICE

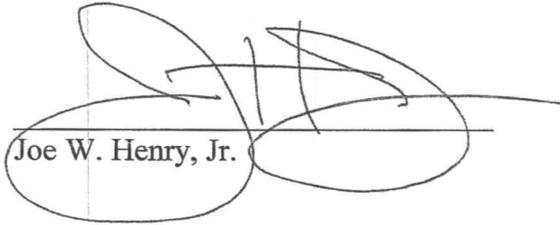
The undersigned hereby certifies that a true and exact copy of this pleading has been served upon all parties of interest in this cause by delivering a true and exact copy of said pleading to said parties or to the offices of their counsel of records or by placing a true and exact copy of said pleading in the United States mail, first class, proper postage prepaid, addressed to said parties or their respective counsel at (his/her/their) respective addresses shown, to wit:

Mayor Carolyn S. Thompson
168 Main Street
P.O. Box 157
Elkton, TN 38455

Rachel Newton
Assistant General Counsel
State of Tennessee
Comptroller of Treasury
Office of General Counsel
James K. Polk State Office Building
505 Deadrick Street, Suite 1700
Nashville, TN 37243-1402

Cathy Dradt
South Giles Utility District
P.O. Box 262
Elkton, TN 38455

This the 22 day of January, 2014


Joe W. Henry, Jr.



STATE OF TENNESSEE
Utility Management Review Board

James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

February 4, 2013

Mr. Joe W. Henry, Jr.
Henry, Henry & Underwood, P.C.
P. O. Box 458
Pulaski, TN 38478-0458

Dear Mr. Henry:

This is in response to your January 22, 2014, letter regarding the Motion to Clarify submitted on behalf of South Giles Utility District.

The motion approved at the December 5, 2013, meeting of the Utility Management Review Board (UMRB) was to require the District to do a cost of service study related to fire hydrants.

The American Water Works Association describes cost of service to mean "A method to equitably allocate the revenue requirements of the utility between the various customer classes of service." In this case, that would appear to mean the revenue requirements to provide fire hydrant service.

However, counsel for the Board has determined that the desires of the UMRB were not sufficiently expressed and the matter is to be placed on the agenda for the April 3, 2014, UMRB meeting. That meeting will begin at 10:00 am in Room 31 of the Legislative Plaza in Nashville.

If you have any questions or need further information, please contact me at (615) 401-7864 or Joyce.Welborn@cot.tn.gov

Sincerely,

A handwritten signature in cursive script, appearing to read "Joyce Welborn".

Joyce Welborn
Utilities Board Manager

✓ Cc: Mayor Carolyn Thompson, City of Elkton
Ms. Cathy Dradt, South Giles Utility District

R



STATE OF TENNESSEE
UTILITY MANAGEMENT REVIEW BOARD
505 DEADERICK STREET, SUITE 1500
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841
FAX (615) 741-6216

April 9, 2014

Mr. Joe W. Henry, Jr.
Henry, Henry & Underwood, P.C.
119 South First Street, P.O. Box 458
Pulaski, Tennessee 38478

Dear Mr. Henry:

At the Utility Management Review Board (the "UMRB") meeting on April 3, 2014, the UMRB reviewed your Motion to Clarify relating to a former directive of the UMRB for South Giles Utility District (the "District") to perform a cost of service study and to submit the results to Joyce Welborn on or before May 1, 2014.

The UMRB determined that the District must have an independent third party consultant perform a cost of service study relating either to the entire utility system or just the fire protection component of the system. The UMRB is allowing the District to determine whether it wants to complete a cost of service study of the entire system or just the fire protection component. The UMRB looked to the following definitions of "cost of service" and "customer class cost-of-service study" in the American Water Works Association M1: Principles of Water Rates, Fees, and Charges:

Cost of service –

The total annual operation and maintenance expense and capital-related costs incurred in meeting various aspects of providing water utility service.

Customer class cost-of-service study –

The process of determining the cost of providing water service to each of the defined customer classifications. This includes the functionalization and allocation of water system revenue requirements (the system cost of service) followed by the distribution of costs by customer classification based on the annual usage, peak demands, and customer-related costs for which each class of service is responsible.

Please submit the results of such study to Joyce Welborn on or before May 1, 2014.

If I can be of further assistance to you, please feel free to contact me at (615) 401-7954.

Very truly yours,

A handwritten signature in black ink that reads "B. Knotts". The signature is written in a cursive style with a large, looped "B" and a stylized "Knotts".

Betsy Knotts
Assistant General Counsel
Comptroller of the Treasury

Cc: Mayor Carolyn S. Thompson
Cathy Dradt



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF GENERAL COUNSEL**

**Justin P. Wilson
Comptroller**

**James K. Polk State Office Building
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-1402
Phone (615) 401-7786
Fax (615) 741-1776**

**Robert T. Lee
General Counsel**

May 21, 2014

To: Members of the Utility Management Review Board

From: Betsy Knotts, Assistant General Counsel

Subject: Brief synopsis of the underlying data submitted by Raftelis Financial Consultants, Inc. to the Utility Management Review Board related to the 2009 Webb Creek Utility District rate study

You should have received a disk with all the underlying data used by Bart Kreps, a rate consultant with Raftelis Financial Consultants, Inc., when he prepared the Webb Creek Utility District Cost of Service Study dated July 16, 2009. As you know, the disk has *many* files on it. I have divided the files into two categories of information: Analysis and Data. I would recommend reading the analysis and referencing the backup data as needed.

Analysis

- ATT0027_2009Budget: This is a 2009 Budget Trend Analysis for Webb Creek Utility District.
- Consumption Analysis: Average flow amounts for Bent Creek are referenced on pages three, four, and seven.
- Exhibit 2: Follow-up memorandum to the 2009 Cost of Service Study. Pages two and three have a useful summary of the Water Rate Structure Review and Recommendations of Raftelis Financial Consultants, Inc.
- Exhibit 3: Bent Creek's argument that a rate analysis containing an estimated customer cost component and a system depreciation factor is the most accurate method.

- Exhibit 5: Water and Wastewater Rate and Cost of Service Study prepared by Raftelis Financial Consultants, Inc. dated July 16, 2009.
- Webb Creek Rate Model: Schedule 1 on page six shows projected revenues, costs, usage, and water rates of Webb Creek Utility District.

Data

- 2009 Budget Allocation for Webb Creek Utility District
- Capital Asset Allocation for Webb Creek Utility District
- 2007 Budget Allocation for Webb Creek Utility District
- Customer Turn Offs for Webb Creek Utility District
- Exhibit 4: Bent Creek Golf Village invoices from January 31, 2011, through January 31, 2014.
- Monthly High: Calculation pertaining to monthly usage.
- Back up for Rate Review: Compilation of the most important data used to prepare the study.
- RTF 2008 Budget for Webb Creek Utility District
- Water Totals By Month: The last page has a useful table that shows what Bent Creek was billed in 2007 and 2008.
- DOC041014-002 through DOC04014-046: These are primarily usage schedules and breakdowns for the years 2008 through 2011; please note that the information relevant to Bent Creek Golf Village is highlighted, so you can scan the documents for the relevant highlighted sections.

WEBB CREEK UTILITY DISTRICT											
HISTORY FILE											
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
FYE 12/31	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water revenues	\$ 324,204	\$ 384,198	\$ 409,952	\$ 417,914	\$ 424,986	\$ 443,932	\$ 479,836	\$ 492,462	\$ 482,810	\$ 482,683	\$ 594,595
Sewer revenues	\$ 266,905	\$ 315,743	\$ 279,766	\$ 250,462	\$ 244,570	\$ 253,194	\$ 310,250	\$ 389,433	\$ 418,307	\$ 429,971	\$ 520,961
Other revenues	\$ 21,947	\$ 19,672	\$ 14,370	\$ 8,758	\$ 27,368	\$ 65,009	\$ 25,911	\$ 13,451	\$ 16,327	\$ 34,670	\$ 13,874
Total Revenue	\$ 613,056	\$ 719,613	\$ 704,088	\$ 677,134	\$ 696,924	\$ 762,135	\$ 815,997	\$ 895,346	\$ 917,444	\$ 947,324	\$ 1,129,430
Total Operat Exp	\$ 551,575	\$ 587,239	\$ 692,919	\$ 742,312	\$ 772,461	\$ 827,817	\$ 796,242	\$ 880,870	\$ 941,119	\$ 1,048,735	\$ 1,044,821
Operating Income	\$ 61,481	\$ 132,374	\$ 11,169	\$ (65,178)	\$ (75,537)	\$ (65,682)	\$ 19,755	\$ 14,476	\$ (23,675)	\$ (101,411)	\$ 84,609
Interest Expense	\$ 24,971	\$ 8,876	\$ 31,372	\$ 63,062	\$ 59,841	\$ 57,280	\$ 55,411	\$ 54,526	\$ 54,044	\$ 52,771	\$ 52,282
Change/Net A	\$ 36,510	\$ 123,498	\$ (20,203)	\$ (128,240)	\$ (135,378)	\$ (122,962)	\$ (35,656)	\$ (40,050)	\$ (77,719)	\$ (154,182)	\$ 32,327
Add'l info											
Principal payme	\$ 388,409	\$ 51,378	\$ 62,942	\$ 56,756	\$ 57,925	\$ 49,962	\$ 15,858	\$ 16,586	\$ 17,348	\$ 18,144	\$ 18,829
Depreciation	\$ 91,239	\$ 89,486	\$ 122,649	\$ 159,281	\$ 159,069	\$ 148,561	\$ 145,190	\$ 138,401	\$ 143,989	\$ 142,733	\$ 131,216
Water Rates										7/1/2011	1/1/2012
Water minimum bill		\$ 52.70	\$ 52.70	\$ 52.70	\$ 52.70	\$ 52.70	\$ 52.70	\$ 52.70	\$ 52.70	\$ 52.70	\$ 61.93
over 3,000 galls					\$ 3.77	\$ 3.77	\$ 3.77	\$ 3.77	\$ 3.77	\$ 3.77	\$ 4.03
over 4,000 galls		\$ 3.77	\$ 3.77	\$ 3.77							
Water customer		610	610	610	610	683	742	738	738	744	\$ 761.00
Sewer minimum bill		\$ 45.54	\$ 45.54	\$ 45.54	\$ 45.54	\$ 45.54	\$ 45.54	\$ 45.54	\$ 59.41	\$ 62.54	\$ 75.05
over 4,000 galls		\$ 2.63	\$ 2.63	\$ 2.63							
over 3,000 galls					\$ 2.63	\$ 2.63	\$ 2.63	\$ 2.63	\$ 8.84	\$ 3.70	\$ 3.70
Sewer customers		395	395	253	239	253	334	320	320	321	\$ 324.00
Outdoor Rsorts		\$ 8,744	\$ 8,744	\$ 8,744	\$ 8,744	\$ 8,744	\$ 17,487	\$ 17,487	\$ 14,258	\$ 15,010	\$ 18,013
Outdoor Resorts units		400	400	400	400	400	384	384	384	384	384
Water Loss						13.818%	15.966%	19.280%	22.238%	17.292%	
Validity Score											77
Non-revenue water											4.90%

**W
M** | **WOOLF · McCLANE**

WOOLF, McCLANE, BRIGHT, ALLEN & CARPENTER, PLLC

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DARSI NEWMAN SIRKKNEN
M. AARON SPENCER
ROBERT L. VANCE
LOUIS C. WOOLF (RETIRED)

May 14, 2014

Via Federal Express

Ms. Betsy Knotts
Assistant General Counsel
Comptroller of the Treasury
Suite 1700, James K. Polk Building
505 Deaderick St.
Nashville, TN 37243

**Re: Bent Creek Golf Village Condominium Association, Inc. v.
Webb Creek Utility District**

Dear Ms. Knotts:

Please find enclosed Bent Creek Golf Village Condominium Association, Inc.'s Proposed Findings of Fact and Conclusions of Law in the above-referenced matter.

If you have any questions, or if there are any issues you would like to discuss, please do not hesitate to contact me.

Sincerely,



Robert L. Vance

RLV:dw

Enclosures

cc: Ms. Joyce Wellborn (Via U.S. Mail)
Jason Hale, Esq. (Via U.S. Mail)
Jim Gass, Esq. (Via U.S. Mail)

UTILITY MANAGEMENT REVIEW BOARD

BENT CREEK GOLF VILLAGE)
CONDOMINIUM ASSOCIATION, INC.)
)
v.)
)
WEBB CREEK UTILITY DISTRICT)

BENT CREEK GOLF VILLAGE CONDOMINIUM ASSOCIATION, INC.’S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

Bent Creek Golf Village Condominium Association, Inc. (“Bent Creek”), by and through counsel, respectfully submits this Proposed Findings of Fact and Conclusions of Law regarding Bent Creek’s Complaint against the Webb Creek Utility District (“Webb Creek”).

FINDINGS OF FACT

1. Bent Creek is a Tennessee corporation that operates a resort in Sevier County, Tennessee created pursuant to the Tennessee Horizontal Property Act, Tenn. Code Ann. §§ 66-27-101, *et seq.*, and the Tennessee Time-Share Act of 1981, Tenn. Code Ann. §§ 66-32-101, *et seq.*
2. Webb Creek is a utility district created pursuant to the Utility District Law of 1937, Tenn. Code Ann. § 7-82-101, *et seq.* Webb Creek provides water service to Bent Creek.
3. Webb Creek provides water to Bent Creek through a single meter.
4. Prior to 2008, Bent Creek received a water bill based upon 47 minimum bills.
5. Webb Creek reclassified Bent Creek’s two-bedroom units as separate units for billing purposes, and Webb Creek now bills Bent Creek based upon 84 minimum bills, which has nearly doubled Bent Creek’s water rates.
6. Webb Creek’s cost of providing water to Bent Creek was the same before and after the reclassification of Bent Creek’s two-bedroom units.

7. Webb Creek's actual cost of providing water to Bent Creek is approximately \$2,205 per month. (See April 3, 2014, testimony of Engineer Richard Yarbrough and supporting documents submitted to the UMRB).

8. Webb Creek is charging Bent Creek an average monthly water bill of over \$5,700. This rate continues to rise. (See water bills introduced during April 3, 2014 hearing).

9. Bent Creek protested Webb Creek's new water rates to Webb Creek's Board of Commissioners, and following a hearing, the district denied relief on August 11, 2008.

10. On September 2, 2008, Bent Creek filed a Notice of Appeal to the UMRB.

11. In order to support the new rate structure it had adopted, Webb Creek retained a rate study consulting firm, Raftelis Financial Consultants, Inc. ("Raftelis"), to perform a rate study which was completed on July 16, 2009 (the "Raftelis Study").

12. The Raftelis Study found that a high fixed charge assessed on a monthly basis is necessary due to Webb Creek's small size, seasonal customer base and significant capital costs.

13. Bent Creek does not take issue with this finding. Instead, Bent Creek takes issue with the fact that Webb Creek is charging it more than double what it costs Webb Creek to provide its water.

14. Although the Raftelis Study states on the first page that it is a "Cost of Service Study," the Raftelis Study does not even purport to include findings with regard to the actual cost of providing water to Bent Creek.

15. Nor does the Raftelis Study contain information sufficient to allow someone to determine Webb Creek's cost of providing water to Bent Creek.

16. Following numerous hearings before the UMRB, the UMRB entered an Order denying Bent Creek's request for relief on March 2, 2011, and Bent Creek filed a Petition for

Writ of Certiorari in the Chancery Court for Sevier County, Tennessee (the “Chancery Court”) on May 2, 2011.

17. While this action was pending, the Chancery Court heard the case of Outdoor Resorts, another Webb Creek customer.

18. In the Outdoor Resorts matter, Webb Creek relied upon the same Raftelis Study upon which it relies in the Bent Creek case.

19. In reviewing the Outdoor Resorts case, the Tennessee Court of Appeals in *Outdoor Resorts at Gatlinburg, Inc. v. Utility Management Review Board*, 2012 WL 1267858 (Tenn. Ct. App. April 13, 2012), held that the Raftelis Study did not constitute “substantial and material evidence” to support the rate structure recommended by the study.

20. Despite the fact that the Outdoor Resorts case involved sewer rates, Webb Creek requested that the Chancery Court remand the Bent Creek case to the UMRB “for a redetermination of Bent Creek’s water rates consistent with the Court of Appeals’ decision in *Outdoor Resorts*.” (See Respondents’ Joint Motion for Remand in Chancery Court for Sevier County, Tennessee Case No. 11-5-225, ¶11, attached to Bent Creek’s UMRB Complaint as **Exhibit B**).

21. Despite taking the position in Chancery Court that the Court of Appeals had invalidated the Raftelis Study making it necessary to “redetermine” Bent Creek’s water rates, Webb Creek now takes the inconsistent position before the UMRB that the Raftelis Study is valid.

22. Despite its representations to the Chancery Court, Webb Creek has not sought to “redetermine” Bent Creek’s water rates.

23. Bent Creek is a horizontal property regime formed pursuant to the Tennessee Horizontal Property Act, Tenn. Code Ann. §§ 66-27-101, *et seq.*

24. As set forth in Bent Creek's Master Deed, Bent Creek's units are classified as follows: one-bedroom golf villas (6); two-bedroom golf villas (9); two-bedroom cabins (4); and two-bedroom villas (28). (Master Deed, at Section 1.34) (A copy of Bent Creek's Master Deed is attached to its UMRB Complaint as **Exhibit A**).

25. Pursuant to Bent Creek's Master Deed, Bent Creek's nine two-bedroom golf villas and 28 two-bedroom villas are specifically defined as single units. (*See* Master Deed, Section 1.34).

26. According to the Master Deed, these units cannot be purchased, sold, or owned as separate units. (*Id.*, Section 4.1).

27. Webb Creek's reclassification of these units directly contradicts the legal description of the units contained in the Master Deed.

28. Webb Creek's cost of providing water to Bent Creek is approximately \$2,205 per month, but Webb Creek charged Bent Creek an average of \$4,700 per month for water in 2011 and Webb Creek is currently charging Bent Creek over \$5,700 per month for water. (*See* water bills submitted during April 3, 2014 hearing).

29. During the 72 months from 2009 through 2013, Webb Creek charged Bent Creek over \$2,500 per month more than it cost the district to provide water to Bent Creek.

CONCLUSIONS OF LAW

1. The water rates being charged by Webb Creek to Bent Creek are not just and reasonable.

UTILITY MANAGEMENT REVIEW BOARD

BENT CREEK GOLF VILLAGE
CONDOMINIUM ASSOCIATION, INC.,

vs.

WEBB CREEK UTILITY DISTRICT.

PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

Comes now Webb Creek Utility District (hereinafter referred to as “Webb Creek” or “WCUD”), by and through counsel, and submits the following Proposed Findings of Fact and Conclusions of Law:

PROPOSED FINDINGS OF FACT

1. Webb Creek Utility District is a small utility district servicing only 721 water customers and 702 sewer customers, and it is subject to the Utility District Law of 1937 which is codified as Tenn. Code Ann. §7-82-101, et seq.

2. Webb Creek Utility District has been before the Utility Management Review Board (hereinafter referred to as the “UMRB” or the “Board”) as a financially distressed utility district under Tenn. Code Ann. §7-82-401 and §7-82-703.

3. Webb Creek has the need for a specially designed rate structure due to its small and seasonal customer base to meet its financial obligations year-round. The current rate structure incorporates a high minimum bill, allowing each customer a specific gallon usage allotment per month, and implements additional charge for water usage about that allotment.

Law Offices

OGLE, GASS & RICHARDSON

James L. Gass
Cynthia Richardson Wyrick
Anna C. Penland

OGLE BUILDING
103 BRUCE ST.
SEVIERVILLE, TENN.
37862

4. Bent Creek Golf Village Condominium Association, Inc. (hereinafter referred to as "Bent Creek") is a customer of the Webb Creek Utility District.

5. Bent Creek is a horizontal property regime subject to the Horizontal Property Act and is a timeshare property.

6. Bent Creek is currently issued a minimum bill for each of its units which increased from forty-seven (47) to eighty-four (84) in 2008 after a representative from WCUD personally visited the property for the purpose of rate structuring. Upon review, the WCUD representative noted that nine two-bedroom golf villas and twenty-eight two-bedroom villas were designed in such a way that they could be divided into two separate units, each with a kitchen, bathroom facilities, and a door to the outside. These units were designed with a "lockout door" so that each unit could function privately and independently and could be rented simultaneously to separate customers. The nature of these units resulted in a recommendation that the property be divided for billing purposes into Equivalent Residential Units (ERUs) which in turn increased the number of minimum bills.

7. The prime contention in this matter has been Bent Creek's objection to the 2008 re-classification of nine two-bedroom golf villas and twenty-eight two-bedroom villas as two ERUs each, increasing the total number of minimum bills issued to Bent Creek from forty-seven (47) to eighty-four (84).

8. Bent Creek first requested a hearing before the board of commissioners regarding the re-classification of the ERUs, which was held on July 11, 2008. The board of commissioners issued its opinion on August 11, 2008 approving the implementation of the ERU classification used by WCUD.

9. Bent Creek then requested a review of the board of commissioners' decision before the UMRB on September 2, 2008, and the matter was heard for the first time by the UMRB on February 5, 2009. At that time a rate study had not yet been completed, and the Board deferred the matter until its April 2009 to allow for its completion and discussion. Bent Creek Agreed to this deferral.

10. Webb Creek then employed Raftelis Financial Consultants, Inc. (hereinafter referred to as "Raftelis") to complete a rate study evaluating the current rate structure and suggesting any recommended changes to ensure an equitable and justified method of recovering costs and ensuring an appropriate revenue stream. This rate study encompassed both the rate structure for Webb Creek's water and sewer customers.

11. The Board ultimately deferred the hearing until October 2009 to allow for the completion of the rate study and review of its conclusions. Upon completion, the rate study found that the rate structure implemented by Webb Creek was appropriate and supported its continued usage.

12. On October 1, 2009, the UMRB upheld the rate structure used by Webb Creek, but delayed a final decision to give the parties an opportunity to negotiate a settlement.

13. The parties attempted but were unable to reach a settlement even after the passage of a year's time, and on November 2, 2010, the matter was set for hearing at the request of counsel for Bent Creek.

14. A hearing was held on February 3, 2011, and the UMRB issued its decision on March 2, 2011 reaffirming its approval of the district's billing rate structure and the use of ERUs for billing purposes.

15. On May 2nd, 2011, Bent Creek filed a petition requesting judicial review of the UMRB's decision in the Chancery Court for Sevier County, Tennessee, and Webb Creek and the UMRB filed briefs in response assert that Bent Creek's request for a Writ of Certiorari be denied due to the UMRB's extensive hearing process and its final conclusion based on testimony, statements of counsel, the rate study results, and the record as a whole.

16. Before the matter came before the Chancellor, the Tennessee Court of Appeals issued an opinion in *Outdoor Resorts at Gatlinburg, Inc. v. Utility Management Review Board, et. al.*, 2012 Tenn. App. LEXIS 236 (Tenn. Ct. App. Apr. 13, 2012), which addressed Webb Creek Utility District's rate structure in relation to its sewage service. In that case, Webb Creek had supported its rate structure using the same study performed by Raftelis. Citing concern with the amount and reliability of the evidence used to form the study's conclusion about the district's sewage service, the Court of Appeals remanded the case back to the trial court, holding that, contrary to normal circumstances, in that case, the rate study alone did not constitute sufficient evidence to support a rate change. The Court of Appeals also held that the UMRB did have the authority to order payments of the difference between a pendente lite rate established during the pendency of a hearing and a permanent rate established after a final hearing.

17. On October 23, 2012, the UMRB and Webb Creek filed a joint motion for remand to allow the UMRB to reconsider the evidence in this matter to ensure consistency with the holding of the Tennessee Court of Appeals prior to judicial review.

18. On December 7, 2012 the Sevier County Chancery Court entered an Order for Remand for this action to be reheard before the UMRB.

19. On August 20, 2013, the State of Tennessee Comptroller of the Treasury, Office of General Counsel set forth scheduling deadlines in this matter. After which both parties then had the opportunity to submit briefs and supporting documentation as well as appear for oral argument before the Board.

20. On April 3, 2014 the rate study was presented before the Board and expert testimony was presented by both Bent Creek and WCUD. In addition, on this date, the parties stipulated to the record including all previously submitted data and to all previously submitted testimony in all prior UMRB hearings relating to this matter, including the original trial. On April 12th, 2014 supporting documentation and data relied upon by Raftelis in reaching its conclusion in the previously submitted rate study was provided to the Board.

21. Based upon the briefs and supporting documentation filed by both parties, the rate study and supporting documentation and data submitted by Raftelis on April 12th, as well as the arguments presented by counsel and the record as a whole, the UMRB finds that the conclusions reached in rate study completed by Raftelis Financial Consultants, Inc. are well supported by evidence and adequately support the use of the current rate structure being implemented by Webb Creek and WCUD's classification of ERUs.

CONCLUSIONS OF LAW

1. Courts have consistently recognized that ratemaking is a complex process carried out by administrative officials who exercise their own expertise, technical competence, and specialized knowledge. *CF Industries v. Tennessee Pub. Serv. Comm'n*, 599 S. W. 2d, 536, 543-544 (Tenn. 1980). In this case, the Board issuing the first decision was a highly experienced conglomeration of capable professionals, the majority of whom were themselves utility district

commissioners and/or managers, and therefore great deference is owed to their opinion in this matter. Bent Creek has failed to bear its burden in providing a basis for the prior decision of the Board to be overturned.

2. Under the Utility District Law of 1937, codified at Tenn. Code Ann. §7-82-101, *et. seq.*, Webb Creek is authorized to “[f]ix, maintain, collect and revise rates and charges for any service.” T.C.A. §7-82-403(a)(6). The District is also required to ensure that its rates are prescribed in such a way that the system remains self-supporting. *See* T.C.A. §7-82-403(a). As such, Webb Creek was within lawful bounds when setting rates and designing a rate structure for the customers in its district. Further, because of its small size and seasonal customer base, Webb Creek appropriately considered numerous factors in deciding upon the current rate structure at issue in this matter, and its implementation of the rate structure as a result of these factors is appropriate and justified.

3. The Horizontal Property Act and/or the Time-Share Act do not prohibit the reclassification of property after a description has been applied in a master deed. *See* Time Share Act, Tenn. Code Ann. §§66-32-101 *et. seq.*; Horizontal Property Act, Tenn. Code Ann. §§66-27-101 *et. seq.* As such, given that each of the two bedroom units at issue can be rented as two distinct units, Webb Creek is permitted to reclassify these units as ERUs in designing and maintaining an appropriate rate structure. Therefore, WCUD was justified in its classification of the two-bedroom units at issue, and the use of ERUs is appropriate under the circumstances.

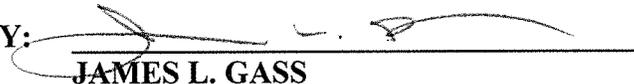
4. The rate study performed by Raftelis Financial Consultants, Inc. and the supporting documentation produced to this Board, which substantiates the rate structure for water service used by WCUD, is appropriate and well supported by evidence in this matter. As

such, use of the rate study as a basis in the Board's decision-making process, in addition to its consideration of additional evidence and testimony, does not conflict with the holding of the Court of Appeals in *Outdoor Resorts at Gatlinburg, Inc. v. Management Review Board, et. al.*, 2012 Tenn. App. LEXIS 236 (Tenn. Ct. App. Apr. 13, 2012).

Based on the foregoing proposed findings of fact and conclusions of law, Webb Creek Utility District respectfully requests that the Board find in its favor.

RESPECTFULLY SUBMITTED THIS THE 15 DAY OF May, 2014.

WEBB CREEK UTILITY DISTRICT

BY: 

JAMES L. GASS

BPR #: 010451

OGLE, GASS & RICHARDSON, P.C.

103 Bruce Street

Sevierville, TN 37862

(865) 453- 2866

Attorney for Webb Creek Utility District

CERTIFICATE OF SERVICE

I, James L. Gass, hereby certify that a true and exact copy of the foregoing **PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW** was served upon the following counsel via e-mail and by delivering the same by U.S. Mail, with sufficient postage thereon to carry the same to its destination:

Betsy Knotts
Assistant General Counsel
Comptroller of the Treasury
Suite 1700, James K. Polk Building
505 Deaderick St.
Nashville, TN 37243
Phone: (615) 401-7954
Betsy.Knotts@cot.tn.gov

Robert L. Vance, Esq.
Woolf, McClane, Bright, Allen & Carpenter, PLLC
P.O. Box 900
Knoxville, TN 37901-0900
bvance@wmbac.com

M. Jason Hale
Assistant Attorney General
Office of the Attorney General, Financial Decision
P.O. Box 20207
Nashville, TN 37202-0207
Jason.Hale@ag.tn.gov

This the 15th day of May, 2014.



JAMES L. GASS



STATE OF TENNESSEE
Utility Management Review Board

James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

May 9, 2014

Commissioner Charles Taylor
Powell-Clinch Utility District
153 Pine Knoll Lane
Lafollette, Tennessee 37766

Dear Commissioner Taylor:

The Utility Management Review Board (the "Board") is planning discuss the case referenced in the attached Order of the Chancery Court at its next meeting on June 5, 2014. The Board will be presented a case status summary and then given the option to voluntarily dismiss the matter or to refile it. If you would like to attend, the meeting starts at 10:00 AM and is held in Room 31, Legislative Plaza, 301 Sixth Avenue North, Nashville, Tennessee.

If you have any questions, please feel free to contact me at Betsy.Knotts@cot.tn.gov or (615) 401-7954.

Very truly yours,

A handwritten signature in black ink, appearing to read "Betsy Knotts".

Betsy Knotts
Assistant General Counsel



STATE OF TENNESSEE
Utility Management Review Board

James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

May 9, 2014

Commissioner Charles Oldham
Powell-Clinch Utility District
240 Island Ford Road
Lake City, Tennessee 37769

Dear Commissioner Oldham:

The Utility Management Review Board (the "Board") is planning discuss the case referenced in the attached Order of the Chancery Court at its next meeting on June 5, 2014. The Board will be presented a case status summary and then given the option to voluntarily dismiss the matter or to refile it. If you would like to attend, the meeting starts at 10:00 AM and is held in Room 31, Legislative Plaza, 301 Sixth Avenue North, Nashville, Tennessee.

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Betsy Knotts
Assistant General Counsel



STATE OF TENNESSEE
Utility Management Review Board

James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

May 9, 2014

Commissioner Jerry Shattuck
Powell-Clinch Utility District
322 Edgewood Circle
Clinton, Tennessee 37719

Dear Commissioner Shattuck:

The Utility Management Review Board (the "Board") is planning discuss the case referenced in the attached Order of the Chancery Court at its next meeting on June 5, 2014. The Board will be presented a case status summary and then given the option to voluntarily dismiss the matter or to refile it. If you would like to attend, the meeting starts at 10:00 AM and is held in Room 31, Legislative Plaza, 301 Sixth Avenue North, Nashville, Tennessee.

If you have any questions, please feel free to contact me at Betsy.Knotts@cot.tn.gov or (615) 401-7954.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Betsy Knotts".

Betsy Knotts
Assistant General Counsel

**IN THE CHANCERY COURT FOR THE STATE OF TENNESSEE
TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY, PART IV**

IN THE MATTER OF:)
)
 UTILITY MANAGEMENT REVIEW BOARD,)
)
 Pctitioner,)
)
 v.)
)
 THE COMMISSIONERS OF THE POWELL-)
 CLINCH UTILITY DISTRICT,)
)
 Respondents.)

NF
 No. 11-1608-IV

2013 NOV 21 AM 11:39
 11-1608-IV

ORDER

Pursuant to the Court of Appeals' Mandate, filed with this Court on November 14, 2013, this Court hereby REMANDS this case to the Utility Management Review Board for further proceedings consistent with the Court of Appeals' Opinion entered July 31, 2013. *See The Comm'rs of the Powell-Clinch Util. Dist. v. Utility Mgmt. Review Bd.*, No. M2012-01806-R3-CV (filed July 31, 2013) (copy attached hereto as Exhibit A).

IT IS SO ORDERED.


 CHANCELLOR RUSSELL T. PERKINS

cc: Ann Louise Vix, Esq.

Charles Oldham, *pro se*
 240 Island Ford Road
 Lake City, TN 37769

Charles Taylor, *pro se*
 153 Pine Knoll Lane
 LaFollette, TN 37766

Jerry Shattuck, *pro se*
 322 Edgewood Circle
 Clinton, TN 37716

Exhibit A

WCD

FILED

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CLERK & MASTER
DAVIDSON CO. CHANCERY CT.

D.C. & M.

MANDATE
STATE OF TENNESSEE

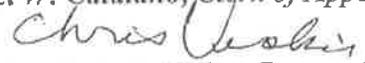
To the Honorable Judge of the Davidson County Chancery Court

*Whereas, in our Court of Appeals, Middle Division at Nashville, it was adjudged and ordered in the cause of **IN RE: UTILITY MANAGEMENT REVIEW BOARD v. THE COMMISSIONERS OF THE POWELL-CLINCH UTILITY DISTRICT** appealed to our said Court that the same be remanded thereto for further proceedings and final determination therein.*

These are, therefore, to require you, the Davidson County Chancery Court as aforesaid, that you proceed with the execution of this Judgment of our said Court of Appeals by such further proceedings in your Court as shall effectuate the objects of this order to remand, and attain the ends of justice.

Witness, Michael W. Catalano, Clerk of said Court at office in Nashville.

Michael W. Catalano, Clerk of Appellate Courts



By Chris R. Vicker, Deputy Clerk

IN THE COURT OF APPEALS OF TENNESSEE
AT NASHVILLE
March 26, 2013 Session

FILED
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CLERK & MASTER
DAVIDSON CO. CHANCERY CT
D.C. & M.

THE COMMISSIONERS OF THE POWELL-CLINCH UTILITY
DISTRICT v. UTILITY MANAGEMENT REVIEW BOARD

Chancery Court for Davidson County
No. 111608-IV

No. M2012-01806-COA-R3-CV

FILED
JUL 31 2013
Clerk of the Courts

JUDGMENT

This cause came on to be regularly heard and considered by this Court, and for the reasons stated in the Opinion of this Court, of even date, it is Ordered:

1. The judgment of the trial court is reversed in part, affirmed in part and this cause remanded for further proceedings consistent with this opinion.
2. Costs of this appeal are taxed one-half against the Appellee, the Utility Management Review Board, and one-half to the Appellants, Charles Taylor, Charles Oldham and Jerry Shattuck, for which execution may issue if necessary.

PER CURIAM

Michael W. Catalano, Clerk, hereby certify that this is a true and exact copy of the original
Judgment
This 13th day of November, 2013
By: Christina D.C.

IN THE COURT OF APPEALS OF TENNESSEE
AT NASHVILLE
March 26, 2013 Session

FILED
2013 NOV 14 PM 1:56

CLERK & MASTER
DAVIDSON CO. CHANCERY CT
D.C. & M.

THE COMMISSIONERS OF THE POWELL-CLINCH UTILITY
DISTRICT v. UTILITY MANAGEMENT REVIEW BOARD

Direct Appeal from the Chancery Court for Davidson County
No. 111608-IV Russell T. Perkins, Chancellor

No. M2012-01806-COA-R3-CV

FILED

JUL 31 2013

Clerk of the Courts

Respondent utility district commissioners appeal the trial court's determination that a ground for removal from office added to Tennessee Code Annotated § 7-82-307(b)(2), as amended effective June 2009, may be applied retrospectively to acts occurring prior to the effective date of the amendment to remove them from office. They also appeal the trial court's determination that the additional ground for removal of commissioners, "failing to fulfill the commissioner's or commissioners' fiduciary responsibility in the operation or oversight of the district," is not unconstitutionally vague. We reverse retrospective application of the additional ground for removal contained in the statute, as amended; hold that the statute is not void for vagueness; and remand.

Tenn. R. App. P. 3 Appeal as of Right; Judgment of the Chancery Court Reversed in Part, Affirmed in Part, and Remanded

DAVID R. FARMER, J., delivered the opinion of the Court, in which HOLLY M. KIRBY, J., and J. STEVEN STAFFORD, J., joined.

Charles Taylor, *Pro Se*.

Charles Oldham, *Pro Se*.

Jerry Shattuck, *Pro Se*.

Robert E. Cooper, Jr., Attorney General and Reporter, William E. Young, Solicitor General and Ann Louise Vix, Senior Counsel, for the Appellee, Utility Management Review Board.

OPINION

This dispute requires us to determine whether a 2009 amendment to Tennessee Code Annotated § 7-82-307(b)(2), which adds “failing to fulfill the commissioner’s or commissioners’ fiduciary responsibility in the operation or oversight of the district” as a ground for the removal of a commissioner from a utility district, may be applied retrospectively to remove utility district commissioners from office for acts allegedly committed prior to the effective date of the amendment. The facts relevant to our disposition of the issues raised on appeal are not disputed.

Charles Taylor (Mr. Taylor), Charles Oldham (Mr. Oldham) and Jerry Shattuck (Mr. Shattuck, collectively, “the Commissioners”) are members of the Powell-Clinch Utility District (“the District”), a gas utility district. On June 15, 2011, the Tennessee Utility Management Review Board (“the UMRB”) initiated a contested case hearing seeking to remove the Commissioners from office pursuant to Tennessee Code Annotated § 7-82-702(13) and § 7-82-307(b). In its petition, the UMRB stated that, pursuant to section 7-82-307(b)(2)(A), the Comptroller of the Treasury (“the Comptroller”) had forwarded the results of an October 2010 investigative audit report concerning the District to the UMRB for review, and that on April 7, 2011, the UMRB unanimously voted to conduct a contested case hearing to remove the Commissioners from office. The UMRB specified multiple findings of the Comptroller in its petition, including the District’s failure to reconcile bank accounts and customer accounts receivable on a timely basis; reimbursement to the Commissioners for unnecessary transportation costs; the failure to review or oversee charges and purchases; the failure to adequately supervise the former District manager, resulting in the misappropriation of approximately \$100,000 from the District; the failure to supervise employee receivables and purchasing programs; the failure to implement adequate safeguards to prevent abuse of District assets and property; the failure to adequately supervise and review adjustments to customer bills; over-spending for parties and unapproved conferences; payment for spouses and guests to travel to a Costa Rica resort; and retaliation against individuals providing information leading to the Comptroller’s audit. The UMRB alleged 28 separate counts of the failure to fulfill fiduciary responsibilities in the operation and oversight of the District as grounds for removal from office pursuant to Tennessee Code Annotated § 7-82-301(b)(2)(B).

Acting *pro se*, the Commissioners answered in July 2011, denying allegations of wrong-doing. The Commissioners also filed six motions to dismiss the UMRB’s petition. In their motions, the Commissioners asserted that the UMRB lacked jurisdiction to remove them from office because the Administrative Procedures Act (“APA”) is not applicable to utility districts, and that an April 2011 UMRB vote rescinded the decision to remove them from office and was final and binding. The Commissioners also asserted that the alleged

ground for removal “constitute[d] impermissible disparate treatment [of the Commissioners] from other similarly situated public officials,” and that the terms “fiduciary responsibility” and “fiduciary responsibility in the context of the operation or oversight of a utility district” were not defined by the statute. They further submitted that, under Tennessee Code Annotated § 8-47-101, public officials in Tennessee may be removed from their positions only upon a finding that they knowingly or willfully committed misconduct in office, or knowingly or willfully neglected to perform a required duty. The Commissioners asserted that, prior to June 11, 2009, the effective date of the amendment to section 7-82-307, utility district commissioners likewise could be removed from office only for knowingly or willfully committing misconduct in office, or knowingly or willfully neglecting to fulfill any duty imposed by law. The Commissions moved to dismiss the UMRB’s petition on the basis that the UMRB impermissibly sought to apply the June 2009 amendments retroactively to acts that allegedly occurred prior to the effective date of the amendment. They further asserted that, prior to the June 2009 amendment, a contested case proceeding before the UMRB could be brought only upon a request for removal brought by twenty percent of the district customers, and that the 2009 amendment provided that a contested case proceeding also could be commenced based upon an investigative audit report from the Comptroller. The Commissioners asserted that the amendments to the section were substantive where they altered the procedural mechanism for bringing a contested case proceeding and added an additional ground for the removal of commissioners from office. The Commissioners further asserted that the UMRB exceeded its authority where it alleged facts outside the parameters of the Comptroller’s investigative report. The Commissioners additionally asserted that two of the UMRB’s members were biased and had conflicts of interest.

The UMRB treated the Commissioners’ motions as motions for summary judgment where they were supported by documents and affidavits outside the pleadings, and the matter was heard by an administrative law judge (“ALJ”) in September 2011. The ALJ determined that the UMRB is a “state board” and that the APA therefore controlled the matter. It dismissed the Commissioners’ motion on that basis. The ALJ also dismissed the Commissioners’ motion on the basis of the UMRB’s April 2011 actions, determining that the UMRB chose to delay ouster proceedings but did not decide to abandon the matter. The ALJ also determined that, although the 2009 statutory amendments added a new, additional procedural mechanism to oust commissioners from office, the amendment did not affect any substantive legal rights where the removal of an official for misconduct “is certainly not new in Tennessee.” It accordingly dismissed the Commissioners’ motion on that basis. The ALJ also dismissed the Commissioners’ motion alleging that the UMRB exceeded its authority by identifying grounds for removal that were not included in the Comptroller’s audit. The ALJ stated that it was without authority to determine whether Tennessee Code Annotated § 7-82-307(b)(2), as amended, is unconstitutional or was being applied in an unconstitutional manner, but determined that the Commissioners offered no factual support of their

constitutional allegations and accordingly denied their motions predicated on constitutional grounds. The ALJ finally determined that the Commissioners had failed to allege any facts in support of their assertion that members of the UMRB were biased or had any direct interest in the matter, and denied their motion on that basis. The ALJ entered its order denying all six of the Commissioners' motions on October 19, 2011, and the Commissioners sought interlocutory appeal and a stay of the matter. The UMRB did not oppose the motion for stay.

The Commissioners filed a petition for interlocutory appeal in the Chancery Court for Davidson County in November 2011. In their petition, the Commissioners asserted that the term "fiduciary responsibility" contained in the June 2009 amendment to section 7-82-307 is unconstitutionally vague where the statute neither defines the term nor explains what it constitutes. The Commissioners also asserted that the amendment adding the failure to fulfill fiduciary responsibility as a ground for removal from office resulted in an impermissible disparate treatment of utility district commissioners where it applies only to those commissioners and not to other public officials. They additionally asserted that the UMRB's attempts to remove them from office on the basis of a failure to fulfill fiduciary responsibility resulted in a prohibitive retroactive application of the 2009 amendments where the UMRB sought removal based on acts which allegedly occurred prior to the effective date of the amendment. The Commissioners finally asserted that the UMRB exceeded its statutory authority and rules set forth by the UMRB itself by considering acts not contained in the Comptroller's investigative report.

The UMRB replied in February 2012 and the matter was heard by the trial court in April 2012. Finding no rule or statute governing review of an ALJ's ruling on a motion for summary judgment, the trial court reviewed the matter in accordance with the Tennessee Rules of Civil Procedure governing summary judgment. The trial court reversed summary judgment in favor of the UMRB on the issue of whether the UMRB's ouster authority was limited to acts of the Commissioners identified in the Comptroller's investigative audit report where the contested case hearing was conducted pursuant to Tennessee Code Annotated § 7-82-307(b)(2)(A). In so holding, the trial court determined that the UMRB had the authority to address all prohibited conduct of utility district commissioners on its own initiative, but if it chose to do so the contested case hearing should be conducted according to section 7-82-307(b)(3)(A). The trial court declined to address the issue of whether the ALJ erred in finding that the Commissioners had failed to assert facts in support of their contention that members of the UMRB were biased or had a conflict of interest on the basis that the issue did not appear to have been raised for review and that the motion to dismiss on this issue, and responses thereto, were not included in the administrative record transmitted to the court for review. The trial court affirmed the ALJ's determination that the statute was not unconstitutionally vague; determined that any disparate treatment of utility district

commissioners and other public officials is supported by a reasonable relationship to a legitimate state interest; and determined that application of the 2009 statute as amended was not an impermissible retroactive application of the law where it did not place a new obligation on district utility commissioners, but clarified the existing statutory ground for removal for neglecting “to perform any duty imposed upon such member by law.” The trial court determined that the amendment accordingly is procedural and remedial in nature.

In June 2012, the Commissioners filed a motion to alter or amend or, in the alternative, for permission to seek an interlocutory appeal. On July 31, 2012, the trial court denied the Commissioner’s motion to alter or amend and determined that its May 2012 order was a final judgment and that the Commissioners accordingly were entitled to appeal as a matter of right pursuant to Rule 3 of the Tennessee Rules of Appellate Procedure. The Commissioners filed a timely notice of appeal to this Court.

Issues Presented

The Commissioners (hereinafter, “Appellants”) present two issues for our review:

1. May a new ground for removal of utility district commissioners from office, first set forth in a legislative amendment to [Tennessee Code Annotated] section 7-82-307, effective June 11, 2009, be applied retroactively against those commissioners for alleged acts or omissions which occurred prior to June 11, 2009?
2. Is the new ground for removal of utility district commissioners from office set forth by amendment to [Tennessee Code Annotated] section 7-82-307, effective June 11, 2009, namely “failing to fulfill the commissioner’s or commissioners’ fiduciary responsibility in the operation or oversight of the district,” without the knowing or willful element previously required and without any provisions for standards or guidelines, unconstitutionally vague?

Standard of Review

The construction of a statute and the application of a statute to the facts of a particular case are questions of law. *E.g., Gautreaux v. Internal Med. Educ. Found.*, 336 S.W.3d 526, 531 (Tenn. 2011) (citation omitted). We review questions of law *de novo*, with no presumption of correctness for the determination of the trial court. *Id.* Where the statutory language is clear and unambiguous, “it is our duty to follow it.” *Id.* “Where the statutory language is not ambiguous . . . the plain and ordinary meaning of the statute must be given

effect.” *Rogers v. Louisville Land Co.*, 367 S.W.3d 196, 214 (Tenn.2012)(quoting *In re Adoption of A.M.H.*, 215 S.W.3d 793, 808 (Tenn.2007)). The courts “presume that the legislature says in a statute what it means and means in a statute what it says there.” *Id.* (quoting *Gleaves v. Checker Cab Transit Corp.*, 15 S.W.3d 799, 803 (Tenn. 2000) (quoting *BellSouth Telecomms., Inc. v. Greer*, 972 S.W.2d 663, 673 (Tenn. Ct. App.1997))). Thus, where the statutory language is clear, we apply the plain and normal meaning of the words chosen by the General Assembly, interpreting the statute so as to effectuate the General Assembly’s intent “without a forced interpretation that would limit or expand the statute’s application.” *State v. White*, 362 S.W.3d 559, 566 (Tenn. 2012) (quoting *Eastman Chem. Co. v. Johnson*, 151 S.W.3d 503, 507 (Tenn. 2004)). “If the statute is ambiguous, however, we may look to other sources, such as the broader statutory scheme and the history of the legislation.” *Id.* (citing *In re Estate of Davis*, 308 S.W.3d 832, 837 (Tenn. 2010)).

Retroactive Application of Amendment to Section 7-82-307(b)

We turn first to Appellants’ assertion that the UMRB’s petition to remove them from office for the failure to fulfill their fiduciary duty results in an impermissible retrospective application of law. Prior to June 11, 2009, the Utility District Law of 1937, codified at Tennessee Code Annotated § 7-82-101, *et. seq.*, provided, in relevant part, that:

Upon the petition of at least twenty percent (20%) of the customers of a utility district to the utility management review board requesting the removal of a member or members of the utility district board of commissioners, the board shall conduct a contested case hearing within the service area of the utility district on the question of whether such member or members should be removed from office and a new member or members appointed or elected.

Tenn. Code Ann. § 7-82-307(b)(1)(2005). It further provided, in relevant part:

If the board concludes the member or members of the utility district board of commissioners has knowingly or willfully committed misconduct in office or has knowingly or willfully neglected to perform any duty imposed upon such member by law, then the board shall issue an order removing such member from office.

Tenn. Code Ann. § 7-82-307(b)(2)(2005).

Effective June 11, 2009, the General Assembly amended section 7-82-307(b) to add:

If the comptroller of the treasury investigates or conducts an audit of a utility

district, the comptroller shall forward to the utility management review board any published investigative audit reports involving a utility district incorporated under this chapter. The board shall review those reports and may conduct a contested case hearing on the question of whether utility district commissioners should be removed from office for knowingly or willfully committing misconduct in office, knowingly or willfully neglecting to fulfill any duty imposed upon the member by law, or failing to fulfill the commissioner's or commissioners' fiduciary responsibility in the operation or oversight of the district.

Tenn. Code Ann. § 7-82-307(b)(2)(A)(2011). Former subsection 307(b)(2) was renumbered and amended to provide, in relevant part:

If the board concludes the member or members of the utility district board of commissioners has knowingly or willfully committed misconduct in office or has knowingly or willfully neglected to perform any duty imposed upon such member by law, or failed to fulfill the commissioner's or commissioners' fiduciary responsibility in the operation or oversight of the district, then the board shall issue an order removing such member from office.

Tenn. Code Ann. § 7-82-307(b)(2)(B)(2011). Thus the 2009 amendments added a mechanism by which a contested case hearing can be conducted by the UMRB, and added "failing to fulfill the commissioner's or commissioners' fiduciary responsibility in the operation or oversight of the district" as a ground for removal from office. As noted above, the contested case proceeding before the ALJ proceeded pursuant to subsection 307(b)(2)(A).

In its May 2012 order, the trial court noted that "[t]he duty of a public official to adhere to his or her fiduciary responsibilities has been part of the law of Tennessee for nearly two centuries[.]" and that Tennessee Code Annotated § 7-82-307(b) as it existed prior to the 2009 amendment referenced utility district commissioner's fiduciary duties where it provided for removal from office for neglecting "to perform any duty imposed upon such member by law." The trial court additionally observed that a public official does not have a vested right in their office, and determined that the June 2009 amendment to section 7-82-307(b) did not create a new obligation or punishment, but "clarified . . . another means of redress for violation of an already existing duty." It additionally determined that the provision of the 2009 amendment permitting the UMRB to conduct a contested case hearing following review of an audit or investigation by the Comptroller merely provided an alternative means of relief and accordingly was procedural in nature. The trial court accordingly held that Tennessee Code Annotated § 7-82-307(b)(2)(A) could be applied retrospectively in this matter.

Notwithstanding their contention that “failing to fulfill . . . fiduciary responsibility in the operation or oversight of the district” is unconstitutionally vague, Appellants acknowledge in their brief to this Court that Tennessee law historically has required public officials to adhere to their fiduciary responsibilities. They also appear to concede that the portion of the 2009 amendments granting the UMRB the authority to initiate a contested case based upon the Comptroller’s investigative audit is procedural in nature. Appellants contend, however, that section 7-82-307(b) as it existed prior to June 2009 provided that a commissioner could be removed from office only for knowingly or willfully committing misconduct in office or knowingly or willfully neglecting to perform any duty imposed by law. Appellants contend that the removal of a commissioner from office for the “mere” failure to fulfill a fiduciary responsibility in the operation or oversight of the district is a “new and substantive” ground for removal that “substantially lowers the bar for removal” where it removes the elements of knowing and wilfulness. Appellants quote *Doe v. Sundquist*, 2 S.W.3d 919 (Tenn. 1999), in support of their argument that the ground for removal based on conduct or omissions that are not knowing or willful “create a new obligation, imposes a new duty, or attaches a new disability in respect of transactions or considerations already passed.”

The UMRB, on the other hand, asserts that the trial court correctly determined that the 2009 amendments to the statute did not create a new duty for utility district commissioners where the fiduciary duties of public officers are implicit in Tennessee law. It further asserts that application of the statute as amended does not impair any vested right where a public official has no vested right to their office, and that application of the statute as amended advances the public interest. The UMRB contends that the trial court correctly determined that the 2009 amendment was procedural and remedial and not substantive in nature.

The courts of this State have long held that, despite the prohibition against retrospective laws contained in Article I, Section 20 of the Tennessee Constitution,¹ “not every retrospective law . . . is objectionable in a Constitutional sense.” *Estate of Bell v. Shelby County Health Care Corp.*, 318 S.W.3d 823, 829 (Tenn. 2010)(quoting *Collins v. E. Tenn., Va. & Ga. R.R.*, 56 Tenn. (9 Heisk.) 841, 847 (1874)). Rather, our courts have held that the constitutional provision mandates “only that no retrospective law which impairs the obligation of contracts, or divests or impairs vested rights, shall be made.” *Id.* (quoting *Ford Motor Co. v. Moulton*, 511 S.W.2d 690, 696 (Tenn.1974) (quoting *Shields v. Clifton Hill Land Co.*, 94 Tenn. 123, 148, 28 S.W. 668, 674 (1894))); (citing *Dark Tobacco Growers' Coop. Ass'n v. Dunn*, 150 Tenn. 614, 632, 266 S.W. 308, 312 (1924)). Therefore, the

¹Article I, Section 20 of the Tennessee Constitution provides:

That no retrospective law, or law impairing the obligations of contracts, shall be made.

retrospective application of a law that is procedural or remedial in nature is not prohibited unless application of that law would impair a contract obligation or a vested right. *Id.* (citations omitted). A procedural statute is one that “defines the . . . proceeding by which a legal right is enforced, as distinguished from the law which gives or defines the right.” *Doe v. Sundquist*, 2 S.W.3d 919, 923 (Tenn. 1999) (quoting *Kuykendall v. Wheeler*, 890 S.W.2d 785, 787 (Tenn.1994) (citation omitted)). A remedial statute is one that “provides the means by which a cause of action may be effectuated, wrongs addressed, and relief obtained.” *Id.* (citing *Dowlen v. Fitch*, 196 Tenn. 206, 211-12, 264 S.W.2d 824, 826 (1954)).

The retrospective application of “substantive legal changes” that “take away or impair vested rights acquired under existing laws or create a new obligation, impose a new duty, or attach a new disability in respect of transactions or considerations already passed[]” is constitutionally impermissible, however. *Estate of Bell*, 318 S.W.3d at 829 (quoting *Doe v. Sundquist*, 2 S.W.3d at 923 (quoting *Morris v. Gross*, 572 S.W.2d 902, 907 (Tenn. 1978)); cf. *Kuykendall v. Wheeler*, 890 S.W.2d 785, 787 (Tenn. 1994) (noting that “[w]hether a statute applies retroactively depends on whether its character is ‘substantive’ or ‘procedural.’)). “Statutes are presumed to operate prospectively unless the legislature clearly indicates otherwise.” *Nutt v. Champion Int’l Corp.*, 980 S.W.2d 365, 368 (Tenn. 1998).

The language of the statute at dispute in this case does not clearly indicate that the General Assembly intended the amendments to be applied retroactively. However, the initial issue in this case is whether, as Appellants contend, the amendment in fact adds an entirely new ground for removal of utility district commissioners from office, or whether the trial court correctly determined that the statutory amendment simply added language to the subsection clarifying a pre-existing basis for removal. In short, the preliminary question posed by this matter is whether a district utility commissioner may be removed from office for the failure to fulfill his or her fiduciary duty in the oversight or operation of the utility district, notwithstanding the absence of the elements of knowing or willfulness, prior to the 2009 amendments.

When interpreting a statute, we seek to ascertain and effectuate the General Assembly’s intent, neither unduly restricting nor expanding the statute beyond its intended scope in light of the context of the entire statute and the natural and ordinary meaning of the statutory language. *Hathaway v. First Family Fin. Servs., Inc.*, 1 S.W.3d 634, 640 (Tenn. 1999) (citations omitted); *JJ & TK Corp. v. Bd. of Comm’rs*, 149 S.W.3d 628, 630–31 (Tenn. Ct. App.2004) (citations omitted).

As noted above, prior to June 2009, a commissioner could be removed from office under section 7-82-307(b)(2) if he or she “knowingly or willfully committed misconduct in office or [] knowingly or willfully neglected to perform any duty imposed upon such member

by law[.]” Tenn. Code Ann. § 7-82-507(b)(2)(2005). We additionally note that, although section 7-82-107 provides that Title 7, Chapter 82 is “complete in itself and shall be controlling,” the “ouster” provisions contained in subsection 307 prior to 2009 mirrored the general provision providing for the removal from office of public officers contained at section 8-47-101, *et. seq.*, which provides, in relevant part:

Every person holding any office of trust or profit, under and by virtue of any of the laws of the state, either state, county, or municipal, except such officers as are by the constitution removable only and exclusively by methods other than those provided in this chapter, who shall knowingly or willfully commit misconduct in office, or who shall knowingly or willfully neglect to perform any duty enjoined upon such officer by any of the laws of the state, or who shall in any public place be in a state of intoxication produced by strong drink voluntarily taken, or who shall engage in any form of illegal gambling, or who shall commit any act constituting a violation of any penal statute involving moral turpitude, shall forfeit such office and shall be ousted from such office in the manner hereinafter provided.

Tenn. Code Ann. § 8-47-101. Accordingly, our case law considering the removal of public officials from office under section 8-47-101 is instructive in this case with respect to whether removal from office for conduct that is arguably neither willful nor knowing “take[s] away or impair[s] vested rights acquired under existing laws or create[s] a new obligation, impose[s] a new duty, or attach[es] a new disability in respect of transactions or considerations already passed.”² *Estate of Bell v. Shelby County Health Care Corp.*, 318 S.W.3d 823, 829 (Tenn. 2010) (citations omitted).

The proceedings defined by the constitution and statutes provide the exclusive proceedings by which a public official may be removed from office. *Snow v. Pearman*, 462, 436 S.W.2d 861, 863 (1968); *Country Clubs, Inc. v. City of Knoxville*, 395 S.W.2d 789, 793 (1965); *Johnson v. Williamson*, No. 01A01-9005-CH-00154, 1991 WL 27376, at *2 (Tenn. Ct. App. Mar. 6, 1991). When considering the removal of a public official from office pursuant to “the ouster statute” contained in Title 8, Chapter 47, we have noted that the purpose of the statute is two-fold. First, it provides a mechanism to “rid the public of unworthy officials.” *State ex rel. Jones v. Looper*, 86 S.W.3d 189, 198 (Tenn. Ct. App. 2000) (quoting *State ex rel. Milligan v. Jones*, 143 Tenn. 575, 577, 224 S.W. 1041, 1042

²The statutes additionally provide for the removal of officials convicted of crimes from public office. Tennessee Code Annotated § 40-20-114; *State ex rel. Carney v. Crosby*, 255 S.W.3d 593 (Tenn. Ct. App. 2008). Additionally, Tennessee Code Annotated § 29-35-101, *et seq.* provides for the removal of a person holding office illegally.

(1920)). Second, the statute seeks “to improve the public service, and to free the public from an unfit officer.” *Id.* (quoting *State v. Howse*, 134 Tenn. 67, 78, 183 S.W. 510, 513 (1915)). However, “ouster proceedings should not be brought unless there is a clear case of official dereliction.” *State ex rel. Carney v. Crosby*, 255 S.W.3d 593, 597 (Tenn. Ct. App. 2008)(quoting *Tennessee ex rel. Leech v. Wright*, 622 S.W.2d 807, 818-19 (Tenn. 1981) (citing *State ex rel. Wilson v. Bush*, 141 Tenn. 229, 208 S.W. 607 (1919); *McDonald v. Brooks*, 215 Tenn. 535, 387 S.W.2d 803 (1965))). Thus, the plaintiff in an ouster proceeding carries a heightened burden of proof to demonstrate that the public officer knowingly or willfully committed misconduct in office, or knowingly or willfully neglected to perform any duty enjoined by the laws of this State. *Id.* For the purposes of the ouster statute, the “knowingly” and “willfully” elements “are not confined to a studied or deliberate intent to go beyond the bounds of the law but also encompass a mental attitude of indifference to consequences or failure to take advantage of means of knowledge of the rights, duties or powers of a public officer[.]” *State ex rel. Leech v. Wright*, 622 S.W.2d 807, 817 (Tenn. 1981) (quoting *Jordan v. State*, 217 Tenn. 307, 397 S.W.2d 383 (1965)). To constitute misconduct that is willful or knowing, the public official’s conduct must exceed “simple negligence.” *State ex rel. Carney*, 255 S.W.3d at 598 (quoting *Jordan*, 397 S.W.2d at 399). Further, “mere mistakes in judgment will not suffice” to remove a public officer from office under the ouster statute. *Vandergriff v. State ex rel. Davis*, 206 S.W.2d 395, 397 (Tenn. 1937).³

As the trial court noted, a public official has no vested right in his or her office. *State*

³Notwithstanding the courts’ recognition that ouster proceedings should not be commenced in the absences of “a clear case of official dereliction[.]” we have noted:

However, the ouster statutes also reflect the General Assembly’s deep concerns regarding allegations of misconduct by public officials. They establish special, expedited judicial procedures for the removal of errant officials. Recognizing the gravity of accusations of misconduct in public officials, these procedures authorize the court hearing the matter to suspend the official pending a final hearing and determination. Tenn. Code Ann. § 8-47-116. A hearing on a motion to suspend can be held on as little as five (5) days’ notice. Tenn. Code Ann. § 8-47-117. . . . [T]he statutes also limit the number of pleadings allowed and shorten the usual time permitted to answer petitions or complaints. Tenn. Code Ann. §§ 8-47-114, 8-47-115. Continuances of the trial by agreement of the parties is expressly prohibited. Tenn. Code Ann. § 8-47-119. Both the trial court and the appellate court are directed to give ouster cases precedence. Tenn. Code Ann. §§ 8-47-119, 8-47-125. In addition, the legislature has determined that proceedings in ouster actions are to be “summary.” Tenn. Code Ann. § 8-47-119.

State ex rel. Jones v. Looper, 86 S.W.3d 189, 198 (Tenn. Ct. App. 2000)(internal footnote omitted).

v. Blazer, 619 S.W.2d 370, 374 (Tenn. 1981). Additionally, the General Assembly has the discretion to treat public officers differently from other citizens. *Id.* However, “it is well settled that an office is a species of property in which [a public official] has property rights.” *Id.* (quoting *State v. Kerby*, 136 Tenn. 386, 389, 189 S.W. 859 (1916)). Prior to the 2009 amendments to section 7-82-307, district utility commissioners, like other public officials, could be removed from office only upon a showing of knowing or willful misconduct. In light of the foregoing discussion, we must agree with the Commissioners that the statutory amendments providing for the removal of utility district commissioners from office for the failure to fulfill fiduciary duties without a showing of the elements of knowing or willfulness, is a substantive legal change to section 7-81-307(b)(2). Notwithstanding a public official’s duty to adhere to his fiduciary responsibilities, retrospective application of the 2009 amendment would attach a new disability to past transactions where it removes the elements of knowing and willfulness. We accordingly reverse summary judgment in favor of the UMRB on this issue.

Vagueness

We next turn to Appellants’ assertion that the trial court erred in its determination that the amended statute is not unconstitutionally vague. Appellants’ assert that “failing to fulfill the commissioner’s or commissioners’ fiduciary responsibility in the operation or oversight of the district” is unconstitutionally vague where the terms “fiduciary duty” and “the operation or oversight of the district” contained in the amendments are neither defined nor able to be understood by ordinary persons. They assert that the General Assembly offered no statement of intent or policy, standards or guidelines to enable an administrative law judge to determine what would constitute a breach of fiduciary duty, without an element of knowing or willful failure, in the context of Appellants’ operation or oversight of the district. Appellants also assert that an “apparent conflict” exists in the statutes where section 7-82-309(b)(1) provides that “[a]ll powers and authority enumerated in this section shall be exercised by such district for the welfare and benefit of the public served by such district[,]” where section 7-82-309(b)(2)(A) exempts gas utility commissioners from subsection (b), and where section 7-82-307(b)(1) “make[s] the mere failure to fulfill fiduciary duty (without the willful element) grounds for ouster or removal.” Appellants also assert that section 7-82-307(b) conflicts with section 48-58-601(b), which provides that “members of . . . non-profit boards must be permitted to operate without concern for the possibility of litigation arising from the discharge of their duties of policy makers” and 48-58-601(c), which immunizes governing bodies of non-profit organizations from suit except in cases of willful, wanton or gross negligence.

The UMRB, on the other hand, contends that the procedural framework contained in the ouster statute “is designed to produce consistent and well-reasoned interpretation and

enforcement of decisions relating to the exercise of utility district commissioners' fiduciary responsibility." It submits that the statute provides that the Comptroller must conduct an investigative audit of a utility district and submit its report to the UMRB, narrowing the conduct that might serve as a ground for removal from office. The UMRB asserts that the Comptroller has prescribed a minimum system of record-keeping for utility districts which is contained in the *Internal Control and Compliance Audit Manual for Tennessee Utility Districts*, and that utility districts always have been subject to annual audits. The UMRB asserts that the provisions of the ouster are consistent with the regulatory scheme governing utility districts. It also asserts that, after the Comptroller has submitted a report, the UMRB must examine it to determine whether a basis exists upon which to initiate a contested case proceeding; that any hearing must be conducted by the UMRB or an administrative law judge; that the matter is subject to further review under section 4-5-315. The UMRB further submits that its members include the Comptroller or his designee; experienced utility district commissioners and managers; and a member representing the interests of utility customers. It argues that the ouster statute is not inconsistent with the exemption for gas utility districts provided by section 7-82-309(b) because the sale and distribution of natural gas is subject to federal regulation. The UMRB finally argues that section 48-58-601 is not relevant to this matter where it pertains to the personal liability of non-profit board members and not to the grounds for removal from office.

We begin our analysis of this issue by noting that an act passed by the General Assembly is presumed to be constitutional. *E.g.*, *Gallaher v. Elam*, 104 S.W.3d 455, 459 (Tenn. 2003)(citations omitted). Thus, the courts must "indulge every presumption and resolve every doubt in favor of the statute's constitutionality." *State v. Taylor*, 70 S.W.3d 717, 721 (Tenn. 2002). We will "uphold the constitutionality of a statute whenever possible." *State v. Robinson*, 29 S.W.3d 476, 480 (Tenn. 2000)(citations omitted). A party challenging the constitutionality of a statute accordingly carries a "heavy burden" to overcome that presumption. *Gallaher*, 104 S.W.3d at 459-60 (quoting *West v. Tenn. Hous. Dev. Agency*, 512 S.W.2d 275, 279 (Tenn. 1974)).

A law regulating a person or entity must provide "fair notice" of the conduct that is required or forbidden, as the case may be. *Moncier v. Bd. of Prof'l Responsibility*, No. E2012-00340-SC-R3-BP, — S.W.3d —, 2013 WL 2285183, at *9 (Tenn. 2013)(citations omitted). If a law "fails either to give a person of ordinary intelligence a reasonable opportunity to know what conduct is prohibited or to provide sufficient standards for enforcement[.]" then it is void for vagueness. *Id.* "A law is not void for vagueness if an "ordinary person exercising ordinary common sense" can sufficiently understand the law and comply with [it.]" *Id.* (quoting *Arnett v. Kennedy*, 416 U.S. 134, 159, 94 S.Ct. 1633, 40 L.Ed.2d 15 (1974) (quoting *Civil Serv. Comm'n v. Nat'l Ass'n of Letter Carriers*, 413 U.S. 548, 578-79, 93 S.Ct. 2880, 37 L.Ed.2d 796 (1973))).

In this case, we agree with the UMRB that neither section 7-82-309(b)(2)(A) nor section 48-58-601(b) is inconsistent with section 7-82-307(b). As the UMRB observes, section 48-58-601(b) is applicable to personal liability actions against members of non-profit boards, it is not a statute governing removal from public office. *For the reasons set out in section 7-82-103*, section 7-82-309(b)(2)(B) exempts gas utility districts from subsection (b). Section 7-82-103, moreover, acknowledges that federal law governs the distributing and selling of natural gas.

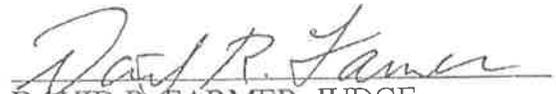
We also agree with the UMRB that the term “failing to fulfill the commissioner’s or commissioners’ fiduciary responsibility in the operation or oversight of the district” is not so vague that a person exercising ordinary intelligence and common sense would be unable to understand and comply with it. Appellants acknowledge that public officials have a well-established duty to adhere to their fiduciary duties. We observe, moreover, that the law has long imposed “fiduciary duties,” and our statutes and case law are replete with the term. Tennessee Code Annotated § 48-240-102(a), for example, provides that a member of a member-managed LLC has a fiduciary duty to “account to the LLC for any benefit, and hold as trustee for it any profits derived by the member without the consent of the other members from any transaction connected with the formation, conduct, or liquidation of the LLC or from any use by the member of its property . . .,” and section 48-18-601 contains a statute of limitations applicable to actions “alleging breach of fiduciary duties” by corporate officers and directors. Guardians and conservators owe fiduciary duties to their wards, *e.g.*, *Freeman v. Martin*, 181 S.W.2d 745,746 (Tenn. 1944); trustees owe fiduciary duties to trust beneficiaries, *e.g.*, *Blackburn v. Blackburn*, 6 S.W.3d 338 (Tenn. Ct. App. 2001); realtors owe fiduciary duties to their clients, *e.g.*, *Ann Taylor Realtors, Inc. v. Sporup*, No. W2010-00188-COA-R3-CV, 2010 WL 4939967, at *3 (Tenn Ct. App. Dec. 3, 2010); attorneys owe a fiduciary duty to their clients, *e.g.*, *Crawford v. Logan*, 656 S.W.2d 360, 364 (Tenn. 1983); stock brokers and financial advisors providing investment advice also owe fiduciary duties to their clients, *e.g.*, *Johnson v. John Hancock Funds*, 217 S.W.3d 414, 428 (Tenn. Ct. App. 2006); and employees owe a fiduciary duty of loyalty to their employers, *e.g.*, *Efird v. Clinic of Plastic and Reconstructive Surgery*, 147 S.W.3d 208, 219 (Tenn. Ct. App. 2003).

To impose a fiduciary duty is to impose “a duty to act with the highest degree of honesty and loyalty toward another person and in the best interests of the other person[.]” *Black’s Law Dictionary* 545 (8th ed. 2004). “Nothing is better settled in equity jurisprudence. It is one of the canons of a court of equity that one who undertakes to act for others cannot in the same matter act for himself. Where confidence is reposed, duties and obligations arise which equity will enforce.” *Tisdale v. Tisdale*, 2 Sneed (TN) 596, 1855 WL 2382, at *6 (Tenn. 1855).

Title 7, Chapter 82 of the Tennessee Code contains a comprehensive utility district law. To the extent to which Appellants contend that utility district commissioners, the UMRB, administrative law judges, the trial courts, and this Court will be unable to ascertain the nature and extent of utility district commissioners' fiduciary duties, we must disagree in light of the duties imposed by the chapter. Additionally, utility district commissioners are charged with exercising the powers and authority enumerated in the utility district law set forth in the Code "for the welfare and benefit of the public served by [their] district." Tenn. Code Ann. § 7-82-309(b)(1)(2011). We are confident that utility district commissioners of ordinary intelligence will be able to construe their fiduciary duty – the duty to act with utmost good faith for the benefit of their district and not themselves – when exercising the duties, powers, and authority enumerated in Chapter 82 of Title 7.

Holding

We hold that application of the portion of the June 2009 amendments to Tennessee Code Annotated § 7-82-307(b)(2) permitting the removal of utility district commissioners for failing to fulfill their fiduciary responsibility in the operation or oversight of the district, absent the elements of knowing or wilfulness, is an impermissible retrospective application of law. Summary judgment in favor of the UMRB on that issue accordingly is reversed. We affirm the trial court's determination that the statutory amendment is not unconstitutionally vague. This matter is remanded to the trial court, and the trial court is directed to remand the case to the Board for further proceedings consistent with our opinion. Costs on appeal are taxed one-half to the Appellee, the Utility Management Review Board, and one-half to Appellants, Charles Taylor, Charles Oldham, and Jerry Shattuck.


DAVID R. FARMER, JUDGE

Clerk, hereby certify that
this is a true and exact copy of the original
Opinion
This is the case.
This 13 day of November, 2013
CLERK OF COURT
For: Chris W. ... D.C.



RECEIVED

NOV 14 2013

Davidson County Chancery Court
Supreme Court – Middle Division
Appellate Court Clerk's Office - Nashville
100 Supreme Court Building
401 7th Avenue North
Nashville, TN 37219-1407
(615) 741-2681

Davidson County Clerk & Master
Davidson County Chancery Court
1 Public Square, Suite 308
Nashville TN 37201

Re: M2012-01806-SC-R11-CV - IN RE: UTILITY MANAGEMENT REVIEW BOARD v.
THE COMMISSIONERS OF THE POWELL-CLINCH UTILITY DISTRICT

Notice: Mandate - Issued

Attached to this cover letter, please find the referenced mandate issued in the above case. If you have any questions, please feel free to call our office at the number provided.

cc: Davidson County Chancery Court



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF GENERAL COUNSEL**

**Justin P. Wilson
Comptroller**

**James K. Polk State Office Building
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-1402
Phone (615) 401-7786
Fax (615) 741-1776**

**Robert T. Lee
General Counsel**

May 21, 2014

To: Members of the Utility Management Review Board

From: Betsy Knotts, Assistant General Counsel

Subject: Commissioner removal proceedings related to the Northeast Henry County Utility District

The Utility Management Review Board (the "UMRB") reviewed the investigative audit of Northeast Henry County Utility District (the "District") at its August 1, 2013, meeting and moved to conduct a contested case hearing on whether the utility district commissioners should be removed from office. Under T.C.A. § 7-82-307(b)(2)(A),

[t]he board shall review those reports and may conduct a contested case hearing on the question of whether utility district commissioners should be removed from office for knowingly or willfully committing misconduct in office, knowingly or willfully neglecting to fulfill any duty imposed upon the member by law, or failing to fulfill the commissioner's or commissioners' fiduciary responsibility in the operation or oversight of the district.

A contested case hearing brought pursuant to T.C.A. § 7-82-307(b)(2)(A) must be based upon the allegations in the Comptroller's published investigative audit report. In other words, the UMRB is limited to the five allegations in the District's investigative report dated February 7, 2013.

Since the August 2013 meeting, new case law has been issued that provides clearer guidance relating to the grounds for removal of a commissioner. The case law defines a commissioner's fiduciary responsibility as the duty to act with utmost good faith for the benefit of the district and not themselves—when exercising the duties, powers, and authority enumerated in Chapter 82, Title 7 of the Tennessee Code Annotated. It is also important to note that there is a heightened burden of proof when demonstrating that a public officer knowingly or willfully committed misconduct in office, or knowingly or willfully neglected to perform any statutorily required duty of office. At the June 5, 2014, meeting, the UMRB's job will be to determine whether to pursue a contested case hearing on the five allegations from the investigative audit or to dismiss the matter. The District Commissioners will be present at the meeting to provide an update and to answer questions.



STATE OF TENNESSEE
Utility Management Review Board

James K. Polk State Office Building
505 Deaderick Street, Suite 1500
Nashville, Tennessee 37243-1402
Phone (615) 401-7841 Fax (615) 741-6216

May 11, 2014

Ms. Jackie Belew
Northeast Henry County Utility District
11 Rice Lane
Springville, TN 38256

Dear Ms. Belew:

As you know, the Utility Management Review Board (the "Board") discussed the investigative report relating to Northeast Henry County Utility District (the "District") at its meeting on August 1, 2013. Based on the report, the Board decided to initiate a contested case hearing regarding the possible removal of District commissioners. The Board is planning to discuss this case at its next meeting on June 5, 2014. The Board will be presented a case status summary and then given the option to dismiss the matter or to proceed with it. If you would like to attend, the meeting starts at 10:00 AM and is held in Room 31, Legislative Plaza, 301 Sixth Avenue North, Nashville.

If you have any questions, please feel free to contact me at Betsy.Knotts@cot.tn.gov or (615) 401-7954.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Betsy Knotts".

Betsy Knotts
Assistant General Counsel



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS

JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7907
FAX (615) 532-4499

*emailed documents
2/8/13*

Justin P. Wilson
Comptroller of the Treasury

February 7, 2013

Members of the Board of Commissioners
Northeast Henry County Utility District
11 Rice Road
Springville, TN 38256

Board of Commissioners:

The Comptroller's Division of Investigations conducted an investigative audit of selected records and operations of the Northeast Henry County Utility District. The investigation focused on the period July 1, 2010, through June 30, 2011; however, when warranted, this scope was expanded. The investigative audit revealed the following:

- The district manager failed to obtain required state approval and permits prior to extending the water distribution lines.
- The district manager failed to comply with the approved water line extension policy, resulting in incorrect billings.
- District personnel and equipment were used to install water line trenches on private property, indirectly benefiting a district commissioner.
- District commissioners failed to authorize a comprehensive purchasing policy.
- District commissioners failed to provide adequate oversight of water line extensions.

INVESTIGATIVE FINDINGS

1. **FINDING: Required state approval and permits not obtained**

Our investigative audit revealed that the district installed one booster pump and four extensions¹ to the water distribution system without obtaining the required approval and permits from the Division of Water Supply of the Tennessee Department of Environment and Conservation. Section 68-221-706, *Tennessee Code Annotated*, states in part, "No new construction shall be done nor shall any change be made in any public water system

¹The extensions totaled 2,530 feet.

until the plans for such new construction or change have been submitted and approved by the department.” Section 68-221-713, *Tennessee Code Annotated*, identifies violations of this requirement as a Class C misdemeanor and provides for the assessment of civil penalties for violations of this requirement.

2. **FINDING: Manager did not comply with district’s extension policy**

The district manager failed to comply with the district’s extension policy when billing for all of the extensions mentioned above. As a result, three customers were billed a total of more than \$1,380 in excess of authorized amounts, and one customer was billed more than \$1,300 less than the authorized amount.

3. **FINDING: Installation work by district indirectly benefited commissioner**

Our investigative audit also revealed that after installing three meters for a new customer, district personnel used district equipment to dig three trenches² for water service lines on that customer’s private property. While digging these trenches, the district employees accidentally cut the customer’s underground sewer line and repaired the damage at an additional expense to the district. Prior to the installation of the meters, the customer hired one of the district’s commissioners, a local contractor, to connect the meters to the respective houses. Excavation of the trenches by district employees spared the commissioner the time and expense of performing this work before installing the water lines. It should be noted that the commissioner included this cost in his project bid price to the customer and the customer paid that original bid price.

Section 7-82-403, *Tennessee Code Annotated*, requires the board of commissioners to collect reasonable rates to provide for the operation and maintenance of the system. It is the board of commissioners’ responsibility to ensure that district staff uses ratepayer funds prudently. Auditors could not determine a benefit to the district derived from employees performing work on private property. In addition, since this work resulted in a commissioner’s apparent personal benefit, it creates an appearance of impropriety.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

While performing the investigative audit, additional internal control and compliance deficiencies came to our attention:

- The district had not adopted a comprehensive purchasing policy³, as required by Section 7-82-801, *Tennessee Code Annotated*.

²The trenches totaled 323 feet.

³The district board adopted a purchasing policy on October 31, 2011, subsequent to the initiation of the investigation.

Members of the Board of Commissioners
Northeast Henry County Utility District
February 7, 2013
Page 2

- The district's board of commissioners did not provide adequate oversight to ensure required approvals and permits from the Tennessee Department of Environment and Conservation were obtained prior to construction of line extensions.

Management should take immediate steps to correct these deficiencies. If you have any questions concerning the above matter, please contact me.

Sincerely,



L. Rene Brison, CPA, CFE, Assistant Director
Division of Investigations

LRB/RAD

xc: Division of Water Supply
State Attorney General

Ann Butterworth

From: Comptroller Media News <COMPTROLLER-MEDIA@LISTSERV.TN.GOV> on behalf of Comptroller NEWS <Comptroller.NEWS@COT.TN.GOV>
Sent: Thursday, February 07, 2013 9:20 AM
To: COMPTROLLER-MEDIA@LISTSERV.TN.GOV
Subject: Audit Shows Northeast Henry County Utility District Failed to Follow Law, Improperly Billed Customers and Allowed District Commissioner to Personally Benefit from Water Line Work



State of Tennessee

Justin P. Wilson, State Comptroller

For Immediate Release: Feb. 7, 2013

Audit Shows Northeast Henry County Utility District Failed to Follow Law, Improperly Billed Customers and Allowed District Commissioner to Personally Benefit from Water Line Work

The Comptroller's Division of Investigations conducted an investigative audit of the Northeast Henry County Utility District which revealed that the district failed to obtain legally-required state approval for extensions to its water distribution system. The audit also found that the district manager submitted improper billings and one of the district's commissioners personally benefited from work performed by the district.

Tennessee law requires all plans for new construction to public water systems to be approved by the Tennessee Department of Environment and Conservation (TDEC). The audit revealed that the district installed equipment and 2,530 feet of new water lines without obtaining the required approval and permits from the state. This failure to follow the law could expose the district to civil penalties levied by TDEC. As a result of these water line extensions, the district manager billed three customers a total of more than \$1,380 in excess of authorized amounts and one customer was billed at least \$1,300 less than the authorized amount.

The audit also revealed that while installing three meters for a new customer, district employees used district equipment to dig trenches from the meters to the customer's three houses. It was unnecessary and improper for the district to perform work on private property under these circumstances. In performing this task, district employees accidentally cut the customer's underground sewer line, forcing the utility district to incur the costs of repairing the line.

After contacting the district and requesting the new meters, but prior to installation, the property owner accepted a bid from a local contractor to install the water lines from the meters to the houses. The contractor was a utility district commissioner who was able to avoid the time and expense of digging the trenches, although that was part of his original contract with the property owner. Although the commissioner/contractor saved money because the utility district already dug the trenches, he billed the property owner for the full amount of the contract.

The audit, which was released today, is available online at: <http://www.comptroller.tn.gov/ia/>

-30-

Media contact: Blake Fontenay, Communications Director, (615) 253-2668 or blake.fontenay@tn.gov

Tennessee Comptroller of the Treasury
State Capitol Nashville, TN 37243
Phone: (615) 741-2501
Email: comptroller.web@cot.tn.gov

Utility Management Review Board

Compliance Reports

June 5, 2014

Carderview Utility District

June 30, 2013 Validity Score 68
Non-revenue water 4.1%
Change in net position \$9,805

Intermont Utility District

December 31, 2013 Validity Score 83
Non-revenue water 10.5%
Change in net position \$207.40

Northeast Henry County Utility District

June 30, 2013 Validity Score 72
Non-revenue water 12.6%
Change in net position \$35,255

Sneedville Utility District,

March 31, 2013 Validity Score 69;
Non-Revenue water 5.8%
Change in net position \$58,238 (grants \$119,021)

Webb Creek Utility District

December 31, 2013 Validity Score 77
Non-revenue water 4.9%
Change in net position \$32,237



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT

SUITE 1500

JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

January 31, 2014

MEMORANDUM

TO: Lieutenant Governor Ron Ramsey
Speaker of the Senate

Representative Beth Harwell
Speaker of the House of Representatives

FROM: Jim Arnette, Director
Division of Local Government Audit

SUBJECT: Water Loss Filing per Section 7-82-401(i) and 68-221-1010 (d)(3),
Tennessee Code Annotated

Beginning in January 2013, the Utility Management Review Board and the Water and Wastewater Financing Board began requiring utility districts, cities and other water systems to use a water loss evaluation tool developed by the American Water Works Association (AWWA). This tool produces a number of performance indicators and calculates a "validity score" based on information entered by system personnel.

The attached spreadsheet presents one of these performance indicators and the validity score for each financial report submitted between January 1, 2013 and December 31, 2013.

Additional information regarding the spreadsheet is included as an attachment within this reporting package.

If you have any questions or need additional information, please contact me.

Enclosure

xc: Mr. Justin P. Wilson
Comptroller of the Treasury

Senator Steve Southerland, Chair
Senate Standing Committee - Energy, Agriculture and Natural Resources

Representative Curtis Halford, Chair
House Standing Committee - Agriculture and Natural Resources

Non-Revenue Water as Percent by Cost of Operating System

Non-Revenue water is defined as: the cost of water that is produced and/or purchased that does not produce any revenue for the system (non-revenue water). It includes apparent losses, real losses, unbilled meter and unbilled unmetered amounts.

Cost to operate the system is defined as: costs for operations, maintenance and any annually incurred costs for long-term upkeep of the system, such as repayment of capital bonds for infrastructure expansion or improvement. Typical costs include employee salaries and benefits, materials, equipment, insurance, fees, administrative costs and all other costs that exist to sustain the drinking water supply. These costs should not include any costs to operate wastewater, biosolids or other systems outside of drinking water.

The performance indicator “non-revenue water as a percent by cost of operating system” is determined by:

- (1) converting the non-revenue water, which is expressed in million gallons, to a monetary amount; and
- (2) calculating the cost to operate the system;
- (3) expressing the monetary cost of non-revenue water as a percentage of the cost to operate the system.

Validity Score

The validity score helps assess the reliability of the data that was used to produce the performance indicator. The maximum validity score is 100. The validity score is calculated based on data entered by system personnel. The input data ranks the reliability input items based on specific criteria established by the American Water Works Association (AWWA).

Excessive Water Loss

The Utility Management Review Board and the Water and Wastewater Financing Board developed and adopted a phase-in schedule related to the definition of excessive water loss. For the 2013 calendar year, a water system is deemed to have excessive water loss if it has (1) a validity score of 65 or less or (2) non-revenue water as a percent by cost of operating system is 30% or more. These designated levels will change every other year until 2020, when a validity score of 80 or less or non-revenue water as a percent by cost of operating system of 20% will be considered indicative of excessive water loss.

Unaccounted For Water Loss Report
Audit Reports Received From January 1, 2013 through December 31, 2013
TCA Filing Date: February 1, 2014

System Name	Fiscal Year End	Non-Revenue Water as Percent by Cost of Operating System	Validity Score (Maximum is 100)	Unaccounted For Water Loss Schedule - Status (blank indicates financial report schedule was in compliance)
Adams-Cedar Hill Water System	June 30, 2013	3.7	82	
Alamo	June 30, 2012	11.2	67	
Alcoa	June 30, 2012	3.0	84	
Alexandria	June 30, 2013	25.6	83	
Algood	June 30, 2013	9.2	82	
Allardt	June 30, 2013	19.1	79	
Alpha-Talbott Utility District	December 31, 2012	17.2	87	
Anderson County Water Authority	June 30, 2013	7.3	84	
Arthur-Shawnee Utility District	June 30, 2013	15.9	71	
Athens	June 30, 2013	8.7	94	
Atoka	June 30, 2012	1.2	94	
Atwood	June 30, 2013	20.7	69	
Bangham Utility District	May 31, 2013	19.3	80	
Bartlett	June 30, 2013	3.8	82	
Baxter	June 30, 2013	8.6	78	
Bedford County Utility District	June 30, 2013	6.7	81	
Bell Buckle	June 30, 2013	2.3	79	
Belvidere Rural Utility District	September 30, 2012	8.5	67	
Benton	June 30, 2012	9.7	58	
Big Creek Utility District	February 28, 2013	6.9	78	
Big Sandy	June 30, 2013	8.7	75	
Blountville Utility District	June 30, 2013	9.6	85	
Bluff City	June 30, 2012	5.7	72	
Bolivar	June 30, 2012			Schedule Not Included in Report
Bon Aqua-Lyles Utility District	August 31, 2012			Schedule Incomplete or inaccurate
Bon De Croft Utility District	June 30, 2013	3.0	75	
Brentwood	June 30, 2013	17.2	85	
Brighton	June 30, 2012	7.0	66	
Bristol	June 30, 2012			Schedule Included in Report Old Format
Bristol-Bluff City Suburban Utility District	July 31, 2012	20.2	82	
Brownlow Utility District	June 30, 2013	1.7	84	
Brownsville Energy Authority	June 30, 2013	0.4	100	
Bruceton	June 30, 2012			Schedule Included in Report Old Format
Cagle-Fredonia Utility District	December 31, 2012	6.8	83	
Calhoun-Charleston Utility District	September 30, 2012	14.6	79	

Unaccounted For Water Loss Report
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System Name	Fiscal Year End	Non-Revenue Water as Percent by Cost of Operating System	Validity Score (Maximum is 100)	Unaccounted For Water Loss Schedule - Status (blank indicates financial report schedule was in compliance)
Camden	June 30, 2013	19.3	84	
Carderview Utility District	June 30, 2012	3.3	71	Incorrect Schedule Included in Report - Data from separate AWWA file
Carthage	June 30, 2013	14.6	80	
Caryville-Jacksboro Utility Commission	June 30, 2013	2.1	95	
Castalian Springs-Bethpage Utility District	August 31, 2013	13.8	80	
Celina	June 30, 2013	4.0	83	
Center Grove-Winchester Springs Utility District	September 30, 2012	16.1	83	
Centerville	June 30, 2013	1.6	82	
Chanute Pall Mall Utility District	June 30, 2013	13.8	83	
Cherokee Hills Utility District	December 31, 2012			Schedule Not Included in Report
Clarksburg Utility District	December 31, 2012	4.8	71	
Clarksville	June 30, 2013	7.9	87	
Clearfork Utility District	December 31, 2012	16.6	59	
Cleveland	June 30, 2013	7.8	82	
Clifton	June 30, 2013	15.3	81	
Clinton	June 30, 2013	8.1	87	
Cold Springs Utility District	August 31, 2013	4.5	81	
Collinwood	June 30, 2011			Schedule Included in Report Old Format
Columbia	June 30, 2013	6.6	78	
Consolidated Utility District of Rutherford County	September 30, 2013	5.6	83	
Cookeville	June 30, 2013	11.7	83	
Cookeville Boat Dock Utility District	December 31, 2012	13.7	84	
Cookeville Boat Dock Utility District	December 31, 2011	19.8	84	
Cordell Hull Utility District	December 31, 2012	8.1	84	
County Wide Utility District	December 31, 2012	4.6	69	
Cowan	June 30, 2013	16.3	75	
Crab Orchard Utility District	December 31, 2012	10.2	67	
Crockett Mills Utility District	December 31, 2012	12.4	67	
Cumberland City	June 30, 2013	12.8	75	
Cumberland Gap	June 30, 2012	42.3	66	
Cumberland Heights Utility District	July 31, 2013	10.5	83	
Cumberland Utility District	September 30, 2012	14.7	91	
Cunningham Utility District	December 31, 2012	.1	93	
Cunningham-East Montgomery Water Treatment Plant	December 31, 2012	0.0	97	

Unaccounted For Water Loss Report
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System Name	Fiscal Year End	Non-Revenue Water as Percent by Cost of Operating System	Validity Score (Maximum is 100)	Unaccounted For Water Loss Schedule - Status (blank indicates financial report schedule was in compliance)
Dandridge	June 30, 2012	7.9	80	
Dayton	June 30, 2012	12.2	88	
Decatur	June 30, 2012	9.1	75	
Decatur	June 30, 2013	5.7	77	
Decaturville	June 30, 2013	13.6	67	
Decherd	June 30, 2012			Schedule Included in Report Old Format
Dekalb Utility District	June 30, 2013	11.8	85	
Dewwhite Utility District	December 31, 2012	19.8	77	
Double Springs Utility District	April 30, 2013	9.8	83	
Dover	June 30, 2013	9.1	84	
Dowelltown-Liberty Waterworks	June 30, 2013	0.6	85	
Dresden	June 30, 2012	8.6	71	
Dry Run Utility District	September 30, 2013	37.9	75	
Duck River Utility Commission	June 30, 2013	0	72	
Duck River Utility Commission	June 30, 2012			Schedule Included in Report Old Format
Dunlap	June 30, 2012		54	Schedule Included in Report Old Format - Data from separate AWWA file
Dyersburg	June 30, 2012	1.0	76	
Dyersburg Suburban Utility District	January 31, 2013	10.9	66	
Dyersburg Suburban Utility District	January 31, 2012	10.9	66	
East Fork Utility District	December 31, 2012	7.6	73	
East Montgomery Utility District	December 31, 2012	10.7	94	
East Sevier County Utility District	June 30, 2012	52.5	58	
Eastside Utility District	October 31, 2012	14.6	82	
Elizabethton	June 30, 2013	18.7	77	
Englewood	June 30, 2013	15.5	69	
Englewood	June 30, 2012	0		Schedule Incomplete or inaccurate
Erin	June 30, 2013	32.3	80	
Erwin	June 30, 2013	6.8	86	
Etowah	June 30, 2012			Schedule Not Included in Report
Fairview Utility District	December 31, 2012	9.0	79	
Fall Creek Falls Utility District	December 31, 2012	14.0	83	
Fall River Utility District	December 31, 2012	12.7	78	
Fayetteville	June 30, 2013	17.2	81	
Fentress County Utility District	June 30, 2013	1.0	80	

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System Name	Fiscal Year End	Non-Revenue Water as Percent by Cost of Operating System	Validity Score (Maximum is 100)	Unaccounted For Water Loss Schedule - Status (blank indicates financial report schedule was in compliance)
First Utility District of Carter County	October 31, 2012	10316080.2	81	Schedule Incomplete or inaccurate
First Utility District of Hardin County	March 31, 2013	15.2	77	
First Utility District of Knox County	December 31, 2012	6.7	75	
First Utility District of Tipton County	December 31, 2012	5.3	75	
Foster Falls Utility District	December 31, 2011			Schedule Not Included in Report
Franklin	June 30, 2013	17.9	84	
Friendsville	June 30, 2012	28.4	62	
Gallatin	June 30, 2013	4.4	79	
Gallaway	June 30, 2013			Schedule Included in Report Old Format
Gatlinburg	June 30, 2013	12.6	71	
Germantown	June 30, 2013	3.6	80	
Gibson	June 30, 2012			Schedule Included in Report Old Format
Gibson County Municipal Water District	November 30, 2012	6.2	74	
Gladeville Utility District	December 31, 2012	7.9	77	
Gleason	June 30, 2012	8.6	71	
Glen Hills Utility District	June 30, 2013	4.8	90	
Grand Junction	June 30, 2012			Schedule Not Included in Report
Grandview Utility District	December 31, 2012	7.8	67	
Graysville	June 30, 2012			Schedule Not Included in Report
Greeneville	June 30, 2013	12.6	90	
Griffith Creek Utility District	December 31, 2012	5.2	79	
H.B. and T.S. Utility District	September 30, 2012	10.0	85	
Hallsdale-Powell Utility District	March 31, 2013	12.4	72	
Hampton Utility District	November 30, 2012	40.9	63	
Harbor Utility District	June 30, 2013	4.7	71	
Harpeth Valley Utility District	December 31, 2012	4.5	68	
Harriman	June 30, 2013	20.7	79	
Hartsville/Trousdale County Utility Fund	June 30, 2012	19.0	69	
Haywood County Utility District	June 30, 2013	31.4	97	
Haywood County Utility District	June 30, 2012	29.7	97	
Henderson	June 30, 2013	14.7	71	
Hendersonville Utility District	June 30, 2013	4.4	95	
Henning	June 30, 2012	1.3	42	
Henry	June 30, 2012	18.4	73	
Hillsville Utility District	December 31, 2012	14.9	73	

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Hixson Utility District	April 30, 2013	4.2	81	
Hohenwald	June 30, 2013	48	81	
Hollow Rock	June 30, 2012	6.8	72	Schedule Included in Report Old Format - Data from separate AWWA file
Hollow Rock	June 30, 2013	6.7	73	
Holston Utility District	February 28, 2013	9.6	82	
Hornbeak Utility District	April 30, 2013	1.9	78	
Hornsby	June 30, 2012			Schedule Included in Report Old Format
Humboldt	June 30, 2013	2.7	76	
Huntingdon	June 30, 2012	8.4	74	
Huntland	June 30, 2013	8	75	
Huntsville Utility District	August 31, 2012	6.9	73	Schedule Included in Report Old Format - Data from separate AWWA file
Huntsville Utility District	August 31, 2013	8.3	84	
Intermont Utility District	December 31, 2012	15.1	83	
Iron City Utility District	December 31, 2012	.7	86	
Jackson County Utility District	December 31, 2012	13.9	75	
Jackson County Utility District	December 31, 2011	15.3	75	Schedule Included in Report Old Format - Data from separate AWWA file
Jackson Energy Authority	June 30, 2013	5.9	90	
Jefferson City	June 30, 2012	0	71	Schedule Not Included in Report - Data from separate AWWA file
Jellico	June 30, 2013	32.2	74	
Johnson City	June 30, 2013	8.5	77	
Jonesborough	June 30, 2013	12	75	
Kenton	June 30, 2012	30	41	
Kingsport	June 30, 2013	7.9	78	
Kingston	June 30, 2013	15.7	94	
Knox-Chapman Utility District	February 28, 2013	14.2	82	
Knoxville	June 30, 2013	10.4	88	
Lafayette	June 30, 2013	28.3	68	
LaFollette	June 30, 2013	11.9	82	
LaGrange	June 30, 2012	14.1	67	
Laguardo Utility District	December 31, 2012	7.8	80	
Lake City	June 30, 2012	23	79	
Lakeview Utility District	December 31, 2012	3.8	74	

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System Name	Fiscal Year End	Non-Revenue Water as Percent by Cost of Operating System	Validity Score (Maximum is 100)	Unaccounted For Water Loss Schedule - Status (blank indicates financial report schedule was in compliance)
LaVergne	June 30, 2013	3.4	71	
Lawrenceburg	June 30, 2013	28.2	83	
Lebanon	June 30, 2012	12.8	71	Schedule Included in Report Old Format - Data from separate AWWA file
Lenoir City	June 30, 2012	15.3	62	
Leoma Utility District	December 31, 2012			Schedule Included in Report Old Format
Lexington	June 30, 2012	2.1	83	
Lincoln County Board of Public Utilities	June 30, 2012	19.8	74	Schedule Included in Report Old Format - Data from separate AWWA file
Linden	June 30, 2013	4.5	82	
Livingston	June 30, 2012	1.5	78	Schedule Included in Report Old Format - Data from separate AWWA file
Lobelville	June 30, 2013	3	85	
Lone Oak Utility District	December 31, 2012	15.6	87	
Loretto	June 30, 2012	11.4	73	Schedule Included in Report Old Format - Data from separate AWWA file
Loudon	June 30, 2012	15.0	78	
Lynnville	June 30, 2013	21.7	82	
Madisonville	June 30, 2012	0.4	69	
Manchester	June 30, 2012	20.5	92	
Martel Utility District	December 31, 2012	5.6	91	Schedule Included in Report Old Format - Data from separate AWWA file
Martin	June 30, 2012			Schedule Included in Report Old Format
Maryville	June 30, 2013	5.6	70	
Maury County Board of Public Utilities	June 30, 2013	7.3	73	
Maynardville	June 30, 2013	8.9	85	
Maynardville	June 30, 2012	12	85	
McEwen	June 30, 2012	18.6	73	
McKenzie	June 30, 2013	15.1	73	
McMinnville	June 30, 2013	36.6	82	
Memphis	June 30, 2013	3.8	78	
Metro Moore County-Lynchburg Water and Sewer Department	June 30, 2013	8.9	71	
Middleton	June 30, 2013	4.3	69	
Mid-Hawkins County Utility District	June 30, 2013	3.7	77	
Milan	June 30, 2013	7.2	77	
Milcrofton Utility District	September 30, 2012	10.0	94	
Millington	June 30, 2013	2.2	61	

Unaccounted For Water Loss Report
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Monterey	June 30, 2013	1.5	81	
Mooresburg Utility District	December 31, 2012			Schedule Included in Report Old Format
Morristown	June 30, 2013	16	83	
Moscow	June 30, 2012			Schedule Included in Report Old Format
Mount Pleasant	June 30, 2012	9.8	86	
Mountain City	June 30, 2013	10.7	70	
Mowbray Utility District	May 31, 2013	26.5	80	
Munford	June 30, 2012	3.9	69	
Murfreesboro	June 30, 2013	14.7	73	
New Canton Utility District	December 31, 2013	16.3	83	
New Johnsonville	June 30, 2012	38.0	84	
New Market Utility District	December 31, 2012	13.8	82	
Newport	June 30, 2013	5.0	76	
Niota	June 30, 2011	15.9	77	
Nolensville-College Grove Utility District	September 30, 2012	9.8	83	
Norris	June 30, 2013	10.7	85	
North Overton Utility District	May 31, 2013	17.2	83	
North Stewart Utility District	May 31, 2013	11.2	71	
North Utility District of Decatur and Benton Counties	March 31, 2013	9.9	70	
North Utility District of Rhea County	September 30, 2012	6.6	67	
Northeast Knox Utility District	January 31, 2013	4.1	82	
Northeast Lawrence Utility District	December 31, 2012	14.4	76	
Northwest Clay Utility District	August 31, 2012	12.4	68	
Northwest Dyersburg Utility District	June 30, 2013	6.4	69	
Northwest Henry Utility District	June 30, 2013	8.3	72	
Oak Ridge	June 30, 2012	11.5	75	
Obion	June 30, 2012	10.6	74	
Ocoee Utility District	June 30, 2012	9.2	88	
O'Connor Utility District	December 31, 2012	16.6	80	
Old Gainesboro Road Utility District	December 31, 2012	9.2	90	
Old Hickory Utility District	June 30, 2013			Merged with Nashville
Oliver Springs	June 30, 2012	9.7	69	
Oneida	June 30, 2013	15.2	68	
Paris	June 30, 2013	14.3	78	
Parsons	June 30, 2013	26.3	85	

Unaccounted For Water Loss Report

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Perryville Utility District	December 31, 2012	6.5	82	
Persia Utility District	December 31, 2012	4.8	97	
Petersburg	June 30, 2011	7.5	78	
Pigeon Forge	June 30, 2013	13.7	81	
Pikeville	June 30, 2012	15.6	68	
Pikeville	June 30, 2013	22.8	83	
Piperton	June 30, 2012	9.3	79	Schedule Included in Report Old Format - Data from separate AWWA file
Piperton	June 30, 2013			Schedule Included in Report Old Format
Plateau Utility District	June 30, 2013	4.4	76	
Pleasant View Utility District	November 30, 2012	11.1	75	
Portland	June 30, 2012	1.5	78	Schedule Included in Report Old Format - Data from separate AWWA file
Portland	June 30, 2013	41.8	80	
Puryear	June 30, 2013	10.1	70	
Quebeck-Walling Utility District	December 31, 2012	10.8	80	
Ramer	June 30, 2012	12.7	67	
Reelfoot Utility District	June 30, 2012	1.8	69	
Riceville Utility District	June 30, 2013	8.7	83	
Ridgely	June 30, 2013	12.9	67	
River Road Utility District	June 30, 2013	10.6	94	
Roan Mountain Utility District	March 31, 2013	40.9	63	
Roane Central Utility District	June 30, 2012	13.5	84	
Rockwood	June 30, 2013	33.6	82	
Rockwood	June 30, 2012	14.7	83	
Rogersville	June 30, 2012	2.4	80	
Rossville	June 30, 2012	7.1	75	Schedule Included in Report Old Format - Data from separate AWWA file
Russellville-Whitesburg Utility District	June 30, 2013	13.6	89	
Rutherford	June 30, 2012	7.9	66	
Rutledge	June 30, 2013	519.7	78	Schedule Incomplete or inaccurate
Rutledge	June 30, 2012			Schedule Included in Report Old Format
Saint Joseph	June 30, 2012			Schedule Included in Report Old Format
Sale Creek Utility District	May 31, 2013	6.2	71	
Saltillo Utility District	October 31, 2012	8.7	66	
Samburg Utility District	January 31, 2013	32.5	65	

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Sardis	June 30, 2013	8.2	72	
Savannah Valley Utility District	April 30, 2013	18.5	84	
Scotts Hill	June 30, 2013	12	70	
Second South Cheatham Utility District	July 31, 2013	5.6	88	
Selmer	June 30, 2013	8.8	74	
Sevierville	June 30, 2012	5.0	84	
Sevierville	June 30, 2013	4.0	86	
Sewanee Utility District	December 31, 2012	11.2	77	
Shelbyville	June 30, 2013	24.9	79	
Siam Utility District	January 31, 2013	14.9	72	
Signal Mountain	June 30, 2013	11.4	80	
Smith Utility District	December 31, 2012	2.8	81	
Sneedville Utility District	March 31, 2012			Schedule Included in Report Old Format
Somerville	June 30, 2012	9.2	73	
South Blount Utility District	June 30, 2013	3.1	96	
South Bristol-Weaver Pike Utility District	November 30, 2012	17	82	
South Cumberland Utility District	December 31, 2012	9.6	79	
South Elizabethton Utility District	February 28, 2013	17.4	73	
South Giles Utility District	December 31, 2012	17.8	69	
South Giles Utility District	December 31, 2011	24.7	78	
South Side Utility District	December 31, 2012	0.9	69	
Sparta	June 30, 2012	2.4	77	
Spring City	June 30, 2012	9.5	73	
Spring Creek Utility District of Hardeman County	June 30, 2013	7.9	54	
Spring Hill	June 30, 2012	11.2	75	
Springfield	June 30, 2013	38	67	
Stanton	June 30, 2012			Schedule Included in Report Old Format
Striggersville Utility District	December 31, 2012			Schedule Not Included in Report
Summertown Utility District	June 30, 2012	8.6	68	Schedule Included in Report Old Format - Data from separate AWWA file
Summertown Utility District	June 30, 2013	21.1	70	
Surgoinsville Utility District	April 30, 2013	12.1	66	
Sweetwater	June 30, 2013	7.8	83	
Sylvia Tennessee City Pond Utility District	December 31, 2012	15.9	86	
Tarpley Shop Utility District	June 30, 2013	23.1	83	

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System Name	Fiscal Year End	Non-Revenue Water as Percent by Cost of Operating System	Validity Score (Maximum is 100)	Unaccounted For Water Loss Schedule - Status (blank indicates financial report schedule was in compliance)
Tellico Area Services System	June 30, 2013	3.8	92	
Tellico Plains	June 30, 2013	8.3	60	
Toone	June 30, 2013	10.6	68	
Toone	June 30, 2012	10.6	68	
Tracy City	June 30, 2012	5.5	60	Schedule Included in Report Old Format - Data from separate AWWA file
Trenton	June 30, 2013	15.6	76	
Trimble	June 30, 2012			Schedule Included in Report Old Format
Tuckaleechee Utility District	June 30, 2012	20.2	84	
Tullahoma	June 30, 2012	10.2	88	Schedule Included in Report Old Format - Data from separate AWWA file
Twenty Five Utility District	December 31, 2012	16.1	81	
Unicoi Water Utility District	September 30, 2013	15.8	88	
Unicoi Water Utility District	September 30, 2012			Schedule Included in Report Old Format
Union City	June 30, 2012	7.0	71	
Vanleer	June 30, 2013	32.5	83	
Warren County Utility District	June 30, 2013	4.8	86	
Wartrace	June 30, 2013	20.1	77	
Watauga River Regional Water Authority	June 30, 2012	3.7	83	
Water Authority of Dickson County	June 30, 2012	18.1	83	
Watertown	June 30, 2010	7.9	84	Schedule Included in Report Old Format - Data from separate AWWA file
Watts Bar Utility District	September 30, 2012	3.3	67	Schedule Not Included in Report - Data from separate AWWA file
Watts Bar Utility District	September 30, 2013	4.2	67	
Waynesboro	June 30, 2013	29.7	75	
Waynesboro	June 30, 2012	37.2	86	
West Cumberland Utility District	June 30, 2013	13	86	
West Knox Utility District	June 30, 2013	4.5	89	
West Overton Utility District	December 31, 2012	2.0	94	
West Point Utility District	December 31, 2012	20	76	
West Warren-Viola Utility District	December 31, 2012	3.0	83	
West Wilson Utility District	May 31, 2013	4.3	81	
Westmoreland	June 30, 2013	30.7	61	
White House Utility District	December 31, 2012	11.2	90	
Winchester	June 30, 2012	28.7	88	

Unaccounted For Water Loss Report

Audit Reports Received From January 1, 2013 through December 31, 2013

TCA Filing Date: February 1, 2014

System Name	Fiscal Year End	Non-Revenue Water as Percent by Cost of Operating System	Validity Score (Maximum is 100)	Unaccounted For Water Loss Schedule - Status (blank indicates financial report schedule was in compliance)
Witt Utility District	September 30, 2012	10.3	74	
Woodbury	June 30, 2013	41.3	82	
Woodlawn Utility District	December 31, 2012	8.8	85	

3/24/2014	jw	James Goin	423-235-2742	Persia UD	fire hydrants not getting maintained	explained UMRB procedures, suggested he go to the UD and ask then call Gay Irwin
3/24/2014	jw	Danielle	407-873-8627	Marion County	water off	Gary Burris, Chattanooga EFO will handle
4/4/2014	jw	not given	not given	Tuckaleechee UD	price gouging.	referred to HOTLINE
4/4/2014	jw	Brian Dunbar Exit 32	letter	Unicoi Water UD	management practices	referred to investigations and explained UMRB procedures
4/14/2014	jw	not given	865-696-6524	unknown	water with black mold - feces in creek	referred to Erich Webber Knox EFO
4/16/2014	jw	Dennis Butler	not given	DeKalb UD	backflow preventer issues	referred to Cookeville Field Office
4/21/2014	jw	Larry Monroe	865-254-6254	Alpha Talbot UD	dirt in yard from construction	problem appears to be resolved. Taking 4 months to fix yard
5/8/2014	jw	Michael Myrdichian	865-932-7580	Shady Grove UD	water draining from home/causing water heater to burn out	explained UMRB procedures and referred to Knox EFO
5/8/2014	jw	not given	not given	Savannah Valley UD	water making kids sick	referred to Gary Burris Chattanooga EFO
5/19/2014	jw	Sharon Church	email	Canderview UD	high rates. Bad water	explained UMRB procedures/referred to JCEFO
5/19/2014	jw	Steve Craddock	HOTLINE	Gladeville UD	variety of issues	explained UMRB procedures

SYSTEMS UNDER THE UMRB JUNE 2014			
DISTRICT		COUNTY	LAST AUDIT
Bedford County UD		Bedford	June-13
Cagle-Freedonia UD		Sequatchie	December-13
Cherokee Hills UD	WL	Polk	December-12
Clay Gas UD		Clay	August-13
Clearfork UD	WL	Claiborne	December-12
East Sevier UD	WL	Sevier	June-12
Haywood County UD		Haywood	June-13
Iron City UD		Lawrence	December-12
Lone Oak UD		Sequatchie	December-12
Minor Hill UD	WL	Giles	December-11
Mooresburg UD	WL	Hawkins	December-12
Natural Gas UD of Hawkins Co		Hawkins	March-13
Roan Mountain UD	WL	Carter	March-13
Samburg UD		Obion	January-13
Spring Creek UD	WL	Hardeman	June-13
Surgoinsville UD		Hawkins	April-13
Tansi Sewer UD		Cumberland	February-13
Unicoi Water UD		Unicoi	September-13

WATER LOSS STATUS										
<u>District</u>	<u>original referral %</u>	<u>original audit referral date</u>	<u>review %</u>	<u>reporting date</u>						
Cherokee Hills	100.000%	12/31/2010	100.00%	12/31/2011	not given	12/31/2012				
Clearfork	73/10.8%	12/31/2010	59/16.6%	12/31/2012						
East Sevier	75.000%	6/30/2010	72.00%	6/30/2011	58/52.5%	6/30/2012				
Minor Hill	37.706%	12/31/2010	37.87%	12/31/2011						
Mooresburg	68.623%	12/31/2009	56.23%	12/31/2010	61.686%	12/31/2011	59.83%	12/31/2012	not provide	12/31/2012
Roan Mountain	63/40.9%	3/31/2013								
Samburg	51.632%	1/31/2012	65/32.5%	1/31/2013						