



MINUTES

of the

TENNESSEE BOARD OF UTILITY REGULATION MEETING

March 12, 2026

9:00 a.m.

I. CALL TO ORDER AND ROLL CALL

Chairman Moody called the meeting to order at approximately 9:00 AM. Mr. Ross Colona, Board staff, called the roll by name down the list:

Members Present (in roll-call order):

BOARD MEMBER	STATUS
Mr. Eugene Hampton	Present
Mr. Britt Dye	Present
Mr. Alex Smith	Present
Ms. Candace Vannasdale	Present
Ms. Paula Mitchell (Vice-Chair)	Present
Mr. Greg Moody (Chair)	Present
Mr. Edwin Carter	Present
Mr. Bruce Giles	Present

BOARD MEMBER	STATUS
Mr. Anthony Pelham	Present
Mr. Steve Stone	Present
Mr. David Purkey	Present

A quorum (11 members) was declared by the Chair.

Staff Present: Mr. Ross Colona, Mr. Ben Johnson, Mr. Nate Fontenot (Tennessee Comptroller of the Treasury). Ms. Meghan Denson (Middle Tennessee staff) was absent.

Counsel Present: Mr. Matt Napolitano (first appearance in this capacity, succeeding Mr. Seth May).

II. CONFLICT OF INTEREST STATEMENT

Counsel Napolitano read the standard conflict-of-interest statement at [0:01:05], advising that Board members are not authorized to participate in the discussion of or vote on matters involving entities in which the member has a financial interest, an employment contract, or where any appearance of impropriety exists.

III. INTRODUCTION OF NEW COUNSEL

At Mr. Purkey's request, Mr. Colona introduced new staff counsel Mr. Matt Napolitano, who succeeds Mr. Seth May. Mr. May, who had served as TBOUR counsel since the Board's inception and was instrumental in creating the TBOR, has moved to the Tennessee Ethics Commission. Mr. Napolitano stated that he has been an attorney for nearly three years, joins from the federal government, and previously interned at the Comptroller's Office under Mr. May in 2022.

IV. APPROVAL OF MINUTES

The minutes of the October 17, 2025 meeting were presented for approval. Ms. Mitchell requested an amendment in the Ocoee Utility District section replacing the term "standard operating procedure" with "standard operating permit." Mr. Pelham (who had moved approval) amended his motion to incorporate the correction.

MOTION: To approve the minutes of October 17, 2025 as amended (Mitchell correction).
Moved by: Ms. Mitchell **Seconded by:** Mr. Pelham **Outcome:** Carried by voice vote.

Mr. Colona announced a new procedural practice going forward: the maker and seconder of each motion shall be announced before each vote so the meeting recording reflects who made and seconded each motion.

V. CONSENT ORDERS (Mr. Ben Johnson presenting)

A. Late Audits — Release

Multiple entities that had caught up their audit submissions. **MOTION:** To accept staff recommendation releasing the identified entities from the prior late-audit board order. **Moved by:** Mr. Purkey **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

B. Decrease in Net Position — Move to Update Cycle

Multiple entities that have complied with prior board orders. **MOTION:** To accept staff recommendation moving the identified entities into the update cycle. **Moved by:** Mr. Smith **Seconded by:** Mr. Dye **Outcome:** Carried by voice vote.

C. Decrease in Net Position — Full Release

Multiple entities that have demonstrated two consecutive years of positive net position. **MOTION:** To accept staff recommendation fully releasing the identified entities. **Moved by:** Mr. Stone **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

D. Training Consent Item — Pulled from Consent for Separate Handling

Staff (Mr. Fontenot) noted that the **Town of Gibson, City of Lobelville, and Metropolitan Government of Hartsville and Trousdale County** had since completed six hours or more of training, satisfying the current 6-hour requirement, but had not completed all hours originally

cited under the prior 12-hour requirement. To avoid muddling the remainder of the order, the three now-compliant entities were pulled from the consent item for separate handling.

E. Training — Release of Other Entities

Recusal: Ms. Vannasdale recused herself after determining (with Counsel Napolitano's concurrence) that her own utility was named on the list. **MOTION:** To accept staff recommendation releasing the identified entities from the prior training-deficiency order. **Moved by:** Mr. Stone **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

F. Water Loss — Release

MOTION: To accept staff recommendation releasing the identified entities from prior water-loss orders. **Moved by:** Mr. Pelham **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

G. Training — Release of the Three Now-Compliant Entities (Resumed)

MOTION: To release the Town of Gibson, City of Lobelville, and Metropolitan Government of Hartsville and Trousdale County from the training case (now in compliance with the 6-hour requirement). **Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

H. Training — Remaining Utilities, Modified Deadline of April 30, 2026

MOTION: To accept modified staff recommendation requiring that, by April 30, 2026, the remaining named utilities provide proof of governing-body compliance with applicable training requirements, with subpoena authority should a utility fail to comply. **Moved by:** Mr. Pelham **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

VI. CUSTOMER COMPLAINT TRIAGE PROCEDURE (Consensus, No Formal Motion)

Mr. Colona presented for Board consideration a new procedure under which incoming customer complaints would be placed on the next Board agenda accompanied by facts and a staff recommendation as to whether the Board should hear the matter at a subsequent meeting, rather than scheduling a full informal hearing for each duplicative ServLine leak-adjustment complaint. Counsel Napolitano confirmed that the governing statute requires only that staff recommend an informal hearing; it does not require the Board to actually hold one. Mr. Pelham asked the Board

to require local-board action before a complaint reaches TBOUR; Mr. Colona confirmed that staff already requires evidence the matter has been heard locally before accepting a complaint. Mr. Hampton raised a concern about urgency in shutoff cases; Mr. Colona confirmed shutoff-imminent complaints would be expedited. The Board reached consensus without a formal motion.

VII. CUSTOMER COMPLAINTS

A. Center Grove Winchester Springs Utility District

Customer dispute over a leak adjustment. Meter tested fine; utility followed its ServLine policy. Mr. Dewey Brandstetter (utility counsel) was present but no questions were asked. **MOTION:** To accept staff recommendation taking no action on the customer complaint. **Moved by:** Mr. Giles **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

B. DeKalb Utility District

Similar ServLine leak-adjustment dispute. **MOTION:** To accept staff recommendation taking no action on the customer complaint. **Moved by:** Ms. Vannasdale **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

C. Town of Englewood (Complainant: Ms. Snell)

Two billing periods showed bills increasing from \$4,738 to \$5,189 to \$6,012, with disputed accuracy around a leak repaired November 25 (the same day as the billing-cycle end). The utility issued an estimated \$500 credit that did not appear to follow a clear policy. **MOTION:** To take no formal action today; authorize staff to verify billing-cycle dates and investigate the basis of the \$500 leak-credit, and to report back at the next meeting. **Moved by:** Mr. Pelham **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

D. Town of Mason (Complainant: Ms. Sims)

Monthly bills rose from about \$60 to \$150–\$400 over approximately three months. The customer observed that meter readings reflected seven digits while her physical meter displayed only six digits (including one bill for approximately 100,000 gallons). Utility attributed the bills to a possible leak; the customer's plumber found none. Service was shut off despite the mayor's verbal assurance otherwise. The utility replaced the meter; bills returned to approximately \$40. **MOTION:** To accept staff recommendation; authorize staff to validate readings, timelines, and

method, and at staff discretion work through a resolution to credit the customer the appropriate amount based on average historical usage. **Moved by:** Mr. Pelham **Seconded by:** Mr. Stone
Outcome: Carried by voice vote.

E. City of Rocky Top (Complainant: Mr. Bradley Utley)

The Board took up the carryover customer-complaint matter brought by Mr. Bradley Utley, a small landlord and property-owner who owns rental property and a small park in Rocky Top served by the city's water and sewer system. Mr. Utley appeared by telephone as the complainant. **Mr. Mike Ellis, City Manager of the City of Rocky Top, also appeared by telephone** and addressed the Board.

Mr. Utley's complaint concerned (i) the city's attempt to hold him responsible for an unpaid utility account associated with a former tenant who had broken the property lock and used water without setting up an account, and (ii) prior invoices charging him for repairs to utility-side infrastructure (a \$1,584 charge for a September 2023 water-line break; a \$756.75 charge — including 5.5 hours of overtime — for replacing three meters at the park in September 2023; and a \$1,067 charge in February 2024).

Counsel Napolitano initially advised that a utility cannot force a landlord to pay a tenant's unpaid bill, citing Sixth Circuit precedent prohibiting the denial of service to a new customer based on a prior occupant's unpaid bill. Upon hearing Mr. Ellis's testimony that **no account existed in the tenant's name at the time of the disputed usage** (the tenant had broken in and never set up service), Counsel Napolitano refined his opinion that the bill could properly fall to the property owner, with Mr. Utley to pursue restitution in civil court from the convicted former tenant. The Rocky Top District Attorney's office had reportedly indicated restitution would run to Mr. Utley.

Mr. Ellis confirmed the City of Rocky Top would not restrict Mr. Utley's ability to rent his property pending resolution. Mr. Ellis also offered to review the prior infrastructure-repair invoices and work with Mr. Utley directly.

MOTION: To accept staff recommendation taking no action against the City of Rocky Top at this time, and directing staff to (1) research the disposition of the alleged criminal water-theft matter and any restitution ordered, and (2) investigate the prior infrastructure-repair charges paid by Mr. Utley, with a full report at the next meeting. **Moved by:** Ms. Vannasdale **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

F. Minor Hill Utility District (Complainant: Ms. Keely Mendez)

Ms. Mendez appeared by telephone and addressed the Board. Her November 2025 bill totaled \$373 against typical usage of \$75–\$110, reflecting approximately 15,000 gallons. She reported that, after a re-read, usage returned to normal. She challenged the bill, the utility's "tax included" rate methodology that resulted in double taxation (which the utility had since refunded), and the \$41/1,500-gallon minimum, \$15.56/1,000-gallon block rate, and \$100 disconnect/reconnect fee. Ms. Mendez stated she had in fact accepted the 25% leak-adjustment offer (contradicting the utility's written response that she declined it) and that she had demonstrated there was no leak by temporarily replacing her commode's flush valve and then reinstalling the original — with no change in usage. Mr. Giles noted "several holes" in the utility's narrative.

By consensus, the Board took no formal action and directed staff to investigate further. No motion was required.

VIII. MANAGER CASE — MINOR HILL UTILITY DISTRICT

Staff (Mr. Johnson) presented findings of the Comptroller's Office investigation: the former bookkeeper, Ms. Ashley Stogner, was criminally charged with theft of property, forgery, official misconduct, Computer Crimes Act violations, and destruction/tampering with government records. Among other things, she misappropriated **\$1,934** from the district by using district funds to pay her open court judgment, and signed the names of district commissioners on a total of **61 checks**. The same employee took approximately **\$103,000** from the separately-organized City of Minor Hill. The district could not produce any written policies or resolutions addressing the internal-control failures. Mr. Giles asked whether the board "is not following any of their fiduciary responsibility and there is zero oversight," and Mr. Johnson confirmed. Mr. Purkey observed that the district manager's role in oversight was absent from the documentation.

MOTION: To place Minor Hill Utility District under a full administrative review encompassing managerial and technical capacity, training, fiduciary oversight, and the open Mendez customer complaint, with authority for staff to conduct appropriate investigative work. **Moved by:** Mr. Pelham **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

IX. EAST TENNESSEE CASES (Mr. Ben Johnson presenting)

A. Cherokee Hills Utility District (Polk County)

Decrease-in-net-position case; no rate study in 5+ years; very small, rural utility. **MOTION:** To accept staff recommendation ordering a rate study, with the contract due August 31, 2026 and the study due December 31, 2026. **Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

B. Town of Surgoinsville

Staff interview revealed a reporting error (\$2K maintenance was actually approximately \$16K); the utility is otherwise compliant with GASB 34. **MOTION:** To accept staff recommendation closing the administrative review. **Moved by:** Mr. Purkey **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

C. City of Tusculum

Financially distressed; no rate study in 5+ years; revenue approximately \$24K/year; cash balance reported at zero as of 2024. Significant discussion among Mr. Pelham, Ms. Vannasdale, and Mr. Colona about rate-study cost in very small distressed utilities; staff committed to leverage subsidized or free services through the Water Finance Exchange and TAUD. **MOTION:** To accept staff recommendation ordering a rate study, with extension provisions authorizing staff to assist the utility in identifying subsidized or no-cost vendors as needed. **Moved by:** Mr. Smith **Seconded by:** Mr. Carter **Outcome:** Carried by voice vote.

X. CARRYOVER MANAGER CASES (Mr. Ross Colona presenting)

A. Ocoee Utility District — Close Customer Complaint

Mr. Colona reported he had been heavily involved with Ocoee UD since the last meeting and attended one of the utility's board meetings. The previous general manager is gone; the assistant manager has been promoted. A new engineering group has been brought on. Mr. Daniel Peterson, CPA, performed a rate study that found water rates were sound but sewer rates needed increasing, and significantly trimmed the prior engineer's capital plan as overscoped. The Mr. David May customer complaint has evolved into a TDEC capacity question and is now outside TBOUR jurisdiction.

MOTION: To close the Mr. David May customer complaint as outside TBOUR jurisdiction. (Water loss case, decrease-in-net-position case, and administrative review remain open.) **Moved by:** Mr. Giles **Seconded by:** Mr. Dye **Outcome:** Carried by voice vote.

B. South Fork Utility District — Amend Reporting Deadlines

The utility's attorney requested that the quarterly-reporting deadline be moved from the first business day of each quarter to give the utility more turnaround time. After discussion, Mr. Colona refined the recommendation to require quarterly reports by the first business day of February, May, August, and November (one month after each quarter close).

MOTION: To accept the staff modification of the quarterly-reporting order, changing the deadline to the first business day of February, May, August, and November. **Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

XI. MIDDLE TENNESSEE CASES (Mr. Ross Colona presenting in Ms. Denson's absence)

A. Town of Byrdstown

Standard rate-study order. **MOTION:** To accept staff recommendation ordering a rate study, with the contract due April 30, 2026 and the study due October 31, 2026. **Moved by:** Mr. Giles **Seconded by:** Mr. Dye **Outcome:** Carried by voice vote.

B. Town of Celina (Clay County)

Under the predecessor Water and Wastewater Financing Board / TBOUR since 2017 — nine years. Staff recommended a combined rate study and feasibility study given the long history. **MOTION:** To accept staff recommendation ordering a combined rate study and feasibility study; contract due April 30, 2026 and study due October 31, 2026. **Moved by:** Mr. Purkey **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

C. Gladeville Utility District

Water-hardness customer-complaint matter. TDEC has been working with the utility; the complainant has stopped responding to staff emails; legislation is moving through the General Assembly to address the underlying issue. Ms. Mitchell, in her TDEC role, confirmed that EPA Region 4 validated TDEC's interpretation that the in-home water-softening system constitutes

treatment requiring monitoring. **MOTION:** To accept staff recommendation closing the case. **Moved by:** Mr. Pelham **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

D. City of Watertown (Heard out of order, after Friendship)

Amendment to the prior Watertown feasibility-study order to substitute the new standardized feasibility-study language used in the Friendship order. **MOTION:** To accept the amended staff recommendation substituting the new standardized feasibility-study language (matching the Friendship order) in the Watertown order. **Moved by:** Mr. Pelham **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

XII. WEST TENNESSEE CASES (Mr. Nate Fontenot presenting)

A. City of Friendship (Taken out of order to accommodate Mayor Burnett)

Mayor Burnett appeared in person and addressed the Board at the podium. The Board reviewed the city's continued financial distress; the pending appellate litigation in the Crockett County Circuit Court (Judge Peebles) involving a \$5M+ judgment in favor of the Friendship Water Company on a roughly-1992 100-year water-supply agreement; and TDEC's prior directive to cease water purchases from Friendship Water Company due to tetrachloroethylene contamination. The Mayor reported that the city dug two new wells at its water plant and is no longer purchasing water from Friendship Water Company. He noted that Countywide Utility District is the only nearby option but has been threatened with litigation if it sells water to Friendship. The Mayor expressed a preference to wait for the lawsuit to resolve before discussing consolidation.

Staff noted that the water fund has less than 1% of the \$5M judgment in cash. Mr. Colona urged the Board not to wait. The new standardized feasibility-study language requires: (i) a preliminary review of the five closest local-government utilities providing the same service within 30 miles; (ii) a detailed analysis of at least two systems including capital improvements needed to connect, and the cost of managerial/financial-only consolidation; and (iii) a report with current rates of the ailing utility and estimated rates under every option.

MOTION: To accept staff recommendation ordering a feasibility study under the new standardized feasibility-study requirements. **Moved by:** Mr. Giles **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

B. Town of Centerville

Older customer-complaint matter regarding variable sewer rates charged to customers who had the option but no connection. Per the prior TBOUR order, the utility has corrected the practice for approximately 13 customers and completed the rate study. Complainant no longer resides in Tennessee. **MOTION:** To accept staff recommendation closing the customer complaint. **Moved by:** Mr. Smith **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

C. City of Lexington

Negative-unrestricted-net-position case; rate study completed and being implemented. Move to update cycle. **MOTION:** To accept staff recommendation moving the City of Lexington into the update cycle. **Moved by:** Mr. Giles **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

D. Town of Mason — Manager Case

Feasibility study completed by CEC Engineering; rate study (Mr. Buddy Petty, ratestudies.com) nearly complete. The utility has lost approximately 22% of net position over three years; estimated 2025 figures push that past 33%. Comptroller staff who attended Mason's February 17 governing-body meeting observed severe managerial ineffectiveness, including failure to adopt an updated purchasing policy and a long-running customer complaint about raw sewage backflowing into an apartment complex (manager reported approximately 3 years; mayor said approximately 10 years). The immediate cause was traced to a manually-shut-off above-ground bypass pump at the connected lift station; TDEC investigated and restored operation. The forthcoming rate study calls for **5% water and 120% sewer** rate increases effective July 1, 2026, with 5% annual increments thereafter for approximately four years. Staff discussed potential consolidation with the Poplar Grove Utility District; the Mason board appeared amenable.

MOTION: To accept staff recommendation requiring verification that the apartment-complex sewage-backflow customer complaint has been resolved; deferring discussion of potential consolidation with the Poplar Grove Utility District to the next meeting; with the rate study's recommended 5% water and 120% sewer increases (effective July 1, 2026, with subsequent 5% annual increments) to proceed regardless. **Moved by:** Mr. Hampton **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

E. City of Ridgely (Lake County)

Standard decrease-in-net-position case — no rate study in 5+ years, no rate increase in 5+ years, no debt management policy. **MOTION:** To accept staff recommendation ordering a rate study. **Moved by:** Ms. Vannasdale **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

XIII. ANNUAL INFORMATION REPORT — AMENDMENTS (Mr. Nate Fontenot presenting)

Mr. Fontenot proposed removing items from the AIR already collected through audited reports (net sales, operating expenses with depreciation, budget/audit submission yes/no fields), and replacing the binary training-compliance yes/no with a richer table capturing each board member's name, initial appointment/election date, completion date of the initial training period, a calculated "most-recent-completed-training-period" field, and hours completed during that period. Significant discussion centered on (i) whether utility names should appear in publicly-released training-violation orders versus individuals (Mr. Pelham raised reputational concerns; Mr. Fontenot noted staff cannot take action against individuals, only utilities, but could add bullet-point detail), and (ii) keeping the training-period definition clear given two overlapping cycles (initial 12-month from appointment versus the rolling January-1-based 3-year cycle). Ms. Vannasdale (speaking from the perspective of her own municipal utility board at Harriman) and Mr. Hampton both urged the form be kept simple.

MOTION: To accept the modified staff recommendation amending the Annual Information Report, including the new training table requiring board-member name, initial appointment/election date, completion date of the initial training period, a calculated most-recent-completed-training-period field, and hours completed during that period. **Moved by:** Mr. Giles **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

XIV. MALLORY VALLEY UTILITY DISTRICT — REQUEST FOR REVIEW OF WATERLINE USEFUL LIVES

The Mallory Valley Utility District requested that the Board consider extending the depreciable useful life of waterlines (specifically ductile-iron pipe) up to 75 years. The matter was last addressed by the predecessor WWWFB/UMRB in 2016. Mr. Giles spoke from operational experience that ductile in corrosive environments has failed at 35 years while ductile in standard environments has lasted 70+ years; he supported 50 years for sewer and was open to 75 years for

water with caveats. Ms. Vannasdale (referencing her own Harriman ARPA-funded asset-management program built around a TDEC standardized database) supported further research and was generally comfortable with 75 years. Ms. Mitchell offered TDEC engineering services and SRF technical staff to engage with TBOUR staff on the question. Mr. Colona cautioned that the question could open a "can of worms" requiring review of every asset class's useful life.

MOTION: To direct staff to work with the Tennessee Department of Environment and Conservation engineering services and the State Revolving Fund technical staff to gather further information regarding the depreciable useful lives of waterlines, with consultation of relevant subject-matter experts. **Moved by:** Mr. Purkey **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

XV. FUTURE MEETING DATES

After polling members on availability, the Board adopted the dates as presented (second Thursday of June, September, and December 2026, and March 2027). Mr. Colona committed to confirming attendance via a Doodle poll well in advance going forward, in part to accommodate Ms. Vannasdale's vacation planning around the scheduled meetings.

MOTION: To approve the meeting dates as presented in the packet (second Thursday of June, September, and December 2026, and March 2027). **Moved by:** Mr. Pelham **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

XVI. OTHER BUSINESS

Mr. Colona reported that Chairman Vaughn of the House Commerce Committee had publicly commended the work of TBOUR and Board staff during a recent committee meeting.

Mr. Carter raised a question regarding apparent anomalies in the Cherokee Hills Utility District financial summary; upon staff review, the figures were confirmed as accurate, reflecting a substantial capital contribution and construction-in-progress.

XVII. ADJOURNMENT

MOTION: To adjourn. **Moved by:** Mr. Moody **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.