TENNESSEE BOARD OF UTILITY REGULATION
Cordell Hull Building · Nashville, TN 37243

MINUTES

of the

TENNESSEE BOARD OF UTILITY REGULATION MEETING

June 11, 2026

Regular Meeting

I. CALL TO ORDER AND ROLL CALL

Chairman Moody called the regular meeting of the Tennessee Board of Utility Regulation to order. Mr. Ross Colona, Board staff, called the roll by name down the list. The Chairman welcomed the Board's in-person and online guests.

Members Present (in roll-call order):

Board Member	Status
Mr. Eugene Hampton	Present
Mr. Britt Dye	Present
Mr. Alex Smith	Present
Mr. Edwin Carter	Present
Mr. Bruce Giles	Present
Mr. Anthony Pelham	Present
Mr. Steve Stone	Present
Mr. David Purkey	Present
Ms. Paula Mitchell (Vice-Chair)	Present
Mr. Greg Moody (Chair)	Present

A quorum was confirmed by the Chair.

Staff Present: Mr. Ross Colona, Mr. Ben Johnson, and Mr. Nate Fontenot (Tennessee Comptroller of the Treasury).

Counsel Present: Mr. Matt Napolitano.

II. CONFLICT OF INTEREST STATEMENT

Counsel Napolitano read the conflict-of-interest statement at [0:00:57], advising that the Board was created to act for the public welfare in furtherance of the legislature's intent that utility systems be operated as self-sufficient enterprises, and that Board members are not authorized to participate in the discussion of, or vote on, matters involving entities in which a member has a financial interest, a conflict of interest, a contract of employment, or where any appearance of impropriety exists.

III. APPROVAL OF MINUTES

The minutes of the March 12, 2026 meeting were presented for approval. Mr. Stone moved to approve the minutes as presented.

MOTION: To approve the minutes of March 12, 2026 as presented. **Moved by:** Mr. Stone **Seconded by:** Mr. Pelham **Outcome:** Carried by voice vote.

IV. CONSENT ORDER (MR. BEN JOHNSON PRESENTING)

Mr. Johnson presented the consent order beginning on page 16 of the packet, comprising a financial-distress release, a financial-distress update cycle, an annual-information-report non-compliance order, a training non-compliance release order, a water-loss release order, and a water-loss update cycle. Staff recommended passage of each item.

MOTION: To accept the staff recommendations on the consent order. **Moved by:** Mr. Purkey **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

V. CUSTOMER COMPLAINTS (MR. BEN JOHNSON PRESENTING)

A. Alpha-Talbott Utility District

Mr. Johnson presented a customer complaint from Mr. Marcus Powell, a prospective customer who challenged the estimated $36,000 to $38,000 cost to tie into service. Staff reported that Alpha-Talbott Utility District had followed its policy, treated the customer as it would any other customer, and sought to avoid burdening the existing customer base. Mr. Purkey recused himself, stating that the utility is located in his county and that he knows the manager personally. The Board also discussed whether the complaint involved gas service or water service.

MOTION: To accept the staff recommendation to close the customer complaint. **Moved by:** Mr. Giles **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote. Mr. Purkey recused.

B. North Utility District of Rhea County

Mr. Johnson presented a complaint from Mr. Michael Harris concerning a severe leak at his property. Following discussion, the Board concluded that the utility had followed its policy.

MOTION: To accept the staff recommendation to close the customer complaint for the North Utility District of Rhea County. **Moved by:** Mr. Pelham **Seconded by:** Mr. Dye **Outcome:** Carried by voice vote. Case closed.

C. Town of Englewood

Mr. Johnson presented the matter as a revisit of a prior customer complaint on which the Board had questions about how the leak adjustment had been determined. Vice-Chair Mitchell and Mr. Pelham observed that, while the utility appeared to have followed its policy, the explanation for the difference between the original and second billing volumes remained unclear and additional information was needed.

MOTION: To accept the staff/Board recommendation to gather additional, detailed information on the reading and the volume loss for the months involved. **Moved by:** Mr. Pelham **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

D. City of Rocky Top

Mr. Johnson presented the previously-discussed complaint after staff received additional information. Following discussion of the additional information, the Board moved to close the complaint.

MOTION: To accept the Board recommendation to close the complaint. **Moved by:** Mr. Pelham **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote. Case closed.

VI. ADMINISTRATIVE REVIEW - CHEROKEE HILLS UTILITY DISTRICT (POLK COUNTY)

Mr. Johnson presented the matter, noting that it involved two referrals: a customer complaint and an administrative review, with a financial-distress order also in place. The Board discussed the absence of any statutory requirement governing what financial information a utility must provide to its governing body, the recurring pattern of embezzlement and poor financial condition among small systems, and whether legislative guidance or staff-developed best practices would help. Staff agreed to develop best practices in coordination with MTAS, CTAS, and related resources. The Board acted on the two referrals separately.

MOTION: To close the customer complaint. **Moved by:** Mr. Pelham **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote. Case closed.

MOTION: To close the administrative review, with the financial-distress order remaining open. **Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

VII. WEST POINT UTILITY DISTRICT - ADDITION TO AGENDA

Mr. Colona advised that the board president of the West Point Utility District was present but the matter was not on the agenda, and asked whether the Board wished to hear from him. Mr. Purkey moved to add the request to the agenda for three minutes.

MOTION: To add the West Point Utility District request to the agenda for three minutes. **Moved by:** Mr. Purkey **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote. The item was added.

VIII. GRUNDY COUNTY - SEWER / DEPRECIATION MATTER (MR. ROSS COLONA PRESENTING)

Mr. Colona presented the Grundy County matter, describing a sewer project tied to economic development around The Caverns tourism attraction and partially funded with ARPA money. He noted that the state had legislatively created the Southern Cumberland Plateau Water and Wastewater Authority by private act, but that the authority does not yet own any assets. Grundy County Mayor Michael Brady addressed the Board, describing the county's economic-development efforts, a letter of agreement with The Caverns, and approximately $500,000 per year in hotel/motel tax that the county's Tourism Authority had agreed to apply toward depreciation.

Mr. Giles and other members expressed concern that the Board was being asked to evaluate and approve the matter without signed agreements, a cost-of-service study, or other supporting documentation, and asked that those materials be provided. Counsel Napolitano noted that the Board's enforcement could extend to its orders and sanctions and, if necessary, to seeking injunctions in Chancery Court. After discussion, the Board elected to defer action.

MOTION: To defer action until the September meeting, pending the additional information laid out as required for approval. **Moved by:** Mr. Giles **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

IX. WEST POINT UTILITY DISTRICT - BOARD-MEMBER ELIGIBILITY PETITION (MR. ROSS COLONA PRESENTING)

Mr. Colona presented a petition by Mr. Davis to have his eligibility to serve on the West Point Utility District board reinstated. Mr. Michael Wall addressed the Board, stating that he represents Mr. Davis, the statutory petitioner, and also the Utility District, which supports the petition. Mr. Pelham noted that this was, to his knowledge, the first time the new law had been used and moved to reinstate Mr. Davis's eligibility to serve if nominated and ratified by the County Mayor. Counsel Napolitano advised that the order must require the petitioner to obtain 12 hours of training within one year of the order and must include an effective date for eligibility reinstatement. The Board discussed the training requirement and an effective date, settling on July 1, 2026. Mr. Pelham amended his motion accordingly.

Record note: The Chairman did not name a Board member as seconder of the eligibility motion on the record; the only second placed on the record was by staff member Mr. Colona. The seconder is therefore recorded as undetermined.

MOTION: To reinstate Mr. Davis's eligibility to serve on the West Point Utility District board if nominated and ratified, with an effective eligibility date on or before July 1, 2026, and requiring 12 hours of training and continuing education within one year, with hours achieved within the previous 12 months acceptable. **Moved by:** Mr. Pelham **Seconded by:** Not named on the record **Outcome:** Carried by voice vote. Eligibility reinstated.

Following this item, Mr. Colona noted that his portion of the meeting had concluded at approximately 10:45 a.m., with lunch planned for 11:30 a.m.

X. EAST TENNESSEE CASES (MR. BEN JOHNSON PRESENTING)

A. Siam Utility District

Mr. Johnson presented Siam Utility District. Ms. Michelle Henniger, the district's manager, addressed the Board and described recent progress at the utility. Staff's recommendation had contemplated possible consolidation or merger; following discussion, Mr. Purkey moved, and later amended the motion, to grant a one-year extension with staff monitoring rather than pursue consolidation at this time, with the matter to be revisited if performance did not continue to improve.

MOTION: To grant a one-year extension with staff monitoring. **Moved by:** Mr. Purkey **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

B. Mooresburg Utility District

Mr. Johnson presented Mooresburg Utility District. The Board discussed a rate-study concern. Mr. Pelham and Mr. Colona asked that the rate-study firm provide a revised, clarified recommendation specifying the targeted revenue the recommended rates were designed to produce, while seeking to avoid requiring the utility to pay any more than necessary to correct work that should have been done properly initially.

MOTION: To accept the modified staff recommendation for Mooresburg Utility District, including the proposed modifications. **Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

C. Town of Oakdale

Mr. Johnson presented the Town of Oakdale, noting that the town had been under the Board since 2018 and continued to display a negative change in statutory net position, with operating revenues declining across recent years. Mr. Pelham observed that the system has very few customers, including a housing authority and one citizen on flat rates per the audit. Mr. Colona noted that third-party cost-of-service studies are sometimes available at no cost.

During the Board's consideration, Mr. Colona advised that Mr. Mike Monroe of the Plateau Utility District was present. Mr. Monroe addressed the Board regarding Plateau's prior assumption of the Wartburg sewer system and its potential role as a solution for Sunbright/Oakdale. The motion stood through that testimony and was carried.

MOTION: To accept the Board recommendation with amended dates, changing point 2 to November 30, 2026 and point 3 to April 30, 2027, and adding a provision authorizing staff to seek an alternate resolution to mitigate the full cost-of-service study. **Moved by:** Mr. Pelham **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

XI. WEST TENNESSEE CASES (MR. NATE FONTENOT PRESENTING)

A. Town of Hollow Rock

Mr. Fontenot presented the Town of Hollow Rock and recommended that the Board order a feasibility study.

MOTION: To accept the staff recommendation. **Moved by:** Mr. Giles **Seconded by:** Mr. Carter **Outcome:** Carried by voice vote.

B. Iron City Utility District

Mr. Fontenot presented Iron City Utility District (Lawrence County), providing context on conditions in Lawrence County.

MOTION: To accept the staff recommendation on Iron City Utility District. **Moved by:** Mr. Pelham **Seconded by:** Vice-Chair Mitchell **Outcome:** Carried by voice vote.

C. City of Moscow

Mr. Fontenot presented the City of Moscow, which opened a policy discussion regarding the training requirement applicable to elected board members and whether grant eligibility should be conditioned on training compliance. Following discussion, Mr. Pelham amended his motion to require that all current board members be in compliance with the training requirements by December 1 in order to remain eligible for grants. Mr. Carter raised a concern about setting precedent.

Record note: The Chairman did not name a Board member as seconder of the amended Moscow motion on the record; the only second placed on the record was by staff member Mr. Colona. The seconder is therefore recorded as undetermined.

MOTION: To accept the staff recommendation for the City of Moscow, as amended to require all current board members to be current on training by December 1 to remain eligible for grants. **Moved by:** Mr. Pelham **Seconded by:** Not named on the record **Outcome:** Carried by voice vote, with one member voting no.

D. City of Sharon

Mr. Fontenot presented the City of Sharon, noting that the city, like Hollow Rock, had long been under the Board, was three years behind on financial reports, and had recorded two years of decrease in net position as of its most recent 2022 audit. Mr. Fontenot recommended ordering a feasibility study. Ms. Jean Suh of the Division of Local Government Audit advised that the City of Sharon is on the penalty list, under which approximately 3% of the entity's state-shared sales-tax revenue is withheld by the Department of Revenue, and that four municipalities were then on the penalty list.

MOTION: To accept the staff recommendation on the City of Sharon. **Moved by:** Mr. Smith **Seconded by:** Mr. Pelham **Outcome:** Carried by voice vote.

E. City of Tennessee Ridge

Mr. Fontenot presented the City of Tennessee Ridge, reporting that the city's audit had been delayed by issues with its auditor. The Board's action, as amended, included an order asking certain board members to attend the next meeting.

MOTION: To accept the staff recommendations as amended for the City of Tennessee Ridge, including the order for some board members to attend the next meeting. **Moved by:** Mr. Hampton **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

F. Town of Troy

Mr. Fontenot presented the Town of Troy, describing it as a standard decrease-in-net-position case, with the town approximately one year late on its audits.

MOTION: To accept the staff recommendation for the Town of Troy. **Moved by:** Mr. Giles **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

XII. CORRESPONDENCE - BUDDY PETTY (RATE-DIFFERENTIAL INQUIRY)

Mr. Colona presented an email and letter from Mr. Buddy Petty concerning the practice of limiting outside-customer rate differentials. Mr. Giles and Mr. Pelham expressed the view that there is no sound justification for a fixed differential figure given the many variables involved, and that cost-of-service studies are the appropriate tool. Mr. Stone cautioned that offering an opinion could set a problematic precedent. The Chairman stated that the Board had decided to take no action on the item.

XIII. USEFUL LIFE OF DUCTILE IRON WATER PIPE (MR. ROSS COLONA PRESENTING)

Pursuant to a directive from the prior TBOUR meeting, Mr. Colona reported that staff had investigated the useful life of ductile iron water pipes and presented research offering three options. Members discussed the difficulty of generalizing pipe useful lives given soil corrosiveness and other site-specific factors. Mr. Smith moved to accept staff recommendation option 1, maintaining the status quo.

MOTION: To accept staff recommendation option 1 (status quo) on the useful life of ductile iron water pipe. **Moved by:** Mr. Smith **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

XIV. EXECUTIVE SESSION

The Chairman moved to enter executive session to receive legal advice. The motion was seconded on the record by Mr. Colona.

Record note: The Chairman did not name a Board member as seconder of the executive-session motion on the record; the only second placed on the record was by staff member Mr. Colona. The seconder is therefore recorded as undetermined.

MOTION: To enter executive session to receive legal advice. **Moved by:** Mr. Moody **Seconded by:** Not named on the record **Outcome:** Carried by voice vote. The Board entered executive session.

The Board returned to regular session. Mr. Colona moved to return to regular session and, following the Chairman's confirmation that no further deliberation was needed on the matter, the Board prepared to adjourn. The Chairman thanked attendees and recognized Mr. Fontenot for preparing maps included in the packet.

XV. ADJOURNMENT

MOTION: To adjourn. **Moved by:** Mr. Stone **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote. The meeting was adjourned.