

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF BELLS

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Bells’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*.

The Utility was referred to the Board for financial distress in 2025 pursuant to Tenn. Code Ann. 7-82-703. The Utility has a negative unrestricted net position of \$53,068 for the water and sewer fund in their 2024 audit. The negative unrestricted net position was caused by a low cash position (approximately 3% of expenditures) and an elevated accounts payable. The Utility’s cash position is considered distressed under the Comptroller Budget Manual. Additionally, the Utility experienced a negative change in statutory net position for the FY 2024.

The Utility should conduct a rate study to determine a rate sufficient to effect a positive statutory change in net position. The Utility should also adopt a policy that requires a cash position that is greater than that which the Comptroller’s Budget Manual considers financially distressed.

Based on Board staff's representations and recommendations, the Board orders as follows:

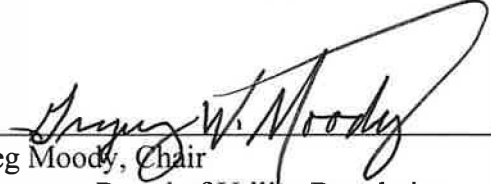
1. The Utility shall have a qualified expert approved by Board staff perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications, or the adoption of such policy should one not exist; and,
 - g. a review of how the City of Bells's debt service fund is funded and is repaying the Utility's water and sewer fund; the goal of the review being to ensure that the city's general fund is not used to finance the Utility.
2. The Utility shall adopt a policy that ensures Cash as Percentage of Expenditures for the water and sewer fund is above 15%.
3. By August 31, 2025, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.

4. By February 15, 2026, the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

5. By February 15, 2026, the Utility shall provide Board staff with proof of implementation of the policy addressing Cash as a Percentage of Expenditures for the water and sewer fund.

6. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF COPPERHILL

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Copperhill’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.*

The Utility was referred to the Board for financial distress following its fiscal year 2023 audit, pursuant to Tenn. Code Ann. § 7- 82-703. The Utility has a negative unrestricted net position. The Utility has a lawsuit that is affecting its unrestricted net position. The Utility also has a low cash position and has experienced a negative change in net position for three consecutive fiscal years. A rate study along with a review of the Utility's cash management policy is necessary.

Based on Board staff’s representations and recommendations, the Board orders as follows:

1. The Utility shall have a qualified expert approved by Board staff perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;

- c. a review of the cash management policy, including any recommended modifications;
- d. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
- e. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
- f. verification that all governing body members of the utility are in compliance with all relevant training requirements;
- g. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
- h. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.

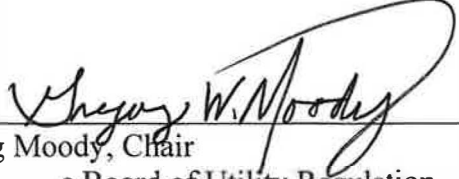
2. By August 31, 2025 the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.

3. By February 15, 2026 the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

4. The Utility shall adopt a policy that ensures Cash as Percentage of Expenditures for the water and sewer fund is above 15%.

5. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

ENTERED on this, the 19 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

**CUMBERLAND UTILITY
OF ROANE AND MORGAN
COUNTIES**

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

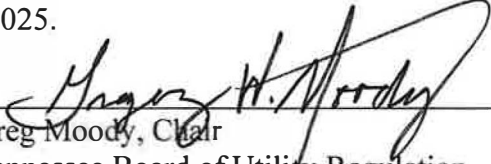
On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Cumberland Utility District of Roane and Morgan Counties (“CUD”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* CUD was put under administrative review in 2023 based on complaints that the entity's commissioners violated the Tennessee Public Records Act ("TPRA") by holding closed door meetings that only commissioners attended. Furthermore, Board staff has received notice from TDEC of significant water outages in July of 2025 which have raised concerns. Based on a comprehensive administrative review of CUD, Board staff recommends that the CUD formally begin discussions to explore a merger with a neighboring utility district. This recommendation is grounded in recent regulatory actions, operational challenges, and financial and management concerns identified in the most recent audit and technical evaluations.

CUD’s manager spoke at the Board’s July 17, 2025 meeting, and described his efforts to improve CUD’s performance. It appears progress has been made, but at this time it is still prudent that CUD begin work on a study of the feasibility of a merger between CUD and a neighboring utility district. This order is just to obtain a feasibility study – it does not order a merger, and it does not mean the Board will order a merger in the future.

The Board orders as follows:

1. CUD shall have a qualified expert as approved by Board staff, perform a feasibility study that reviews the potential of a merger with a surrounding utility.
2. The expert who performs the study shall provide an opinion on whether a merger with a surrounding utility is feasible.
3. By September 19, 2025, the Utility shall provide Board staff with the contract of who is to perform the task in paragraph 1.
4. By December 31, 2025, the Utility shall provide Board staff with the feasibility study.
5. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

ENTERED on this, the 13 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

IN THE MATTER OF:

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ORDER

Based on Board staff's representations and recommendations, the Board orders as follows:

1. The Utility shall have a qualified expert approved by Board staff perform a rate study that includes the items below. The Utility's current contract with a third-party expert is sufficient, so long as it meets the requirements of this order.
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;

- d. a review of relevant utility fees, including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
2. By October 31, 2025, the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
3. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

**FALL CREEK FALLS UTILITY
DISTRICT**

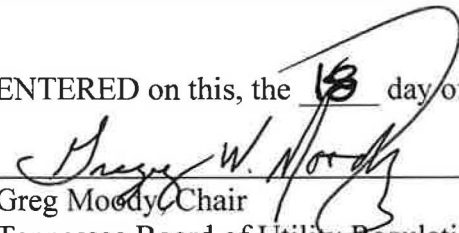
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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Falls Creek Falls Utility District (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility has experienced recent operational failures, and the Utility’s 2023 audit raises concerns as to the Utility’s governance. These concerns, combined with the Utility’s water loss, are sufficient to warrant Board staff’s further review. For these reasons, the Board places the Utility under administrative review.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF FRIENDSHIP

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation ("the Board") reviewed the City of Friendship's utility system ("the Utility"), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.*

On March 13, 2025, the Tennessee Board of Utility Regulation ("the Board") ordered the City of Friendship ("the Utility") to submit all delinquent audits to the Tennessee Comptroller's Division of Local Government Audit by May 31, 2025. The Utility failed to comply with this deadline and did not reach out to Board staff for an extension. The Utility has since filed its 2023 audit, which identified a number of concerns. The Utility has displayed a pattern of questionable governance and non-compliance with Board orders. As Such, the Board orders as follows:

1. The Utility will provide whatever necessary Board staff needs to begin addressing the Utility's financial distress, delinquent audits, water loss, or any other issues.
2. Board staff will refer this matter to the Office of the Attorney General for assistance in enforcing the Board's previous orders, and to ensure the Utility's manager and governing body appear at the Board's next meeting.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

TOWN OF HALLS

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TENN. CODE ANN. § 7-82-701, *et seq*

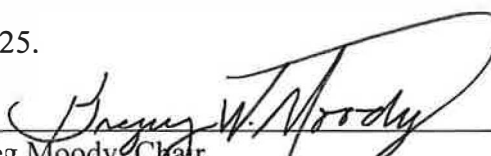
ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Hall’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.*

The Utility was referred to the Board for financial distress in 2025, pursuant to Tenn. Code Ann. § 7-82-703. The Utility contracted with Communities Unlimited to have a rate study completed in October of 2024. The recommended rates were adopted. The Utility has taken necessary corrective action, so no further action is necessary at this time.

The Utility is placed in the update cycle.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

TOWN OF HORNBEAK

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Hornbeak’s Utility System (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*. The Utility was referred to the Tennessee Board of Utility Regulation (“the Board”) for financial distress in 2025. Previously, the Utility was referred to the Water and Wastewater Financing Board (“WWFB”) for financial distress in 2018 and released in 2023 after two positive years of change in net position. As of the 2024 audit, the Utility has again shown two consecutive years of decrease in net position. The Utility has not updated its rates or fees since 2020 in response to the original order from the WWFB. Accordingly, the Board orders as follows:

1. The Utility shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;

- d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
2. By August 31, 2025, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
 3. By February 15, 2026, the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
 4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.
 5. Should the Utility fail to comply with any directive in this order, Board staff may issue subpoenas for members of the Utility's governing body and Manager to appear in person before the Board during its next meeting following non-compliance with this order.

ENTERED on this, the 18 day of August, 2025.


Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

TOWN OF HORNSBY

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER


On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Hornsby’s Utility System (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility was referred to the Board for financial distress following its fiscal year 2021 audit. The Water and Wastewater Financing Board ordered an administrative review into the Utility's managerial, technical, and financial capacity at the March 23, 2023, meeting. At the July 18, 2024, meeting, the Board ordered a feasibility study to be completed and submitted to Board staff. The Utility has complied with all prior directives of the Board.

At this time, Board staff believes the Utility has shown significant progress in rectifying the issues that were identified in the administrative review, largely caused by the prior administration, and should be released from under the Board's administrative review case. The Utility will remain under Board supervision regarding the decrease in the net position case.

Based on the foregoing, the Board orders as follows:

1. The Utility is officially released from the Board's oversight for Administrative Review.
2. Staff and Counsel shall close the case.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

IRON CITY UTILITY DISTRICT

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Iron City Utility District (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.*


The Iron City Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its Fiscal Year 2018 audit. The Utility has complied with implementing the rate recommendations and leak adjustment recommendations according to information provided by the Utility, but still experiences financial distress. The Utility also experiences water loss, has not submitted 2023 or 2024 audits, and its budget has not been approved by the Comptroller of the Treasury for three of the last four fiscal years.

It is advisable that a merger between the Utility and another surrounding utility system be explored. This is not an order for a merger, only that the feasibility of a merger be explored. As such, the Board orders as follows:

1. The Utility shall contract with a qualified expert to carry out a feasibility study for a merger with another system in the area by September 30, 2025.

2. The Utility shall provide a completed feasibility study to Board staff by February 15, 2026.
3. Board staff may subpoena the Utility's utility manager and/or governing body should the Utility fail to comply with any provision of this order.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF LAKE LAND

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TENN. CODE ANN. § 7-82-701, *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Lakeland’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.*

The City of Lakeland ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2025 pursuant to Tenn. Code Ann. § 7-82-703. Board staff has determined that the Utility has a negative unrestricted net position. The Utility has experienced high accounts payable as well as an interfund payable from the general fund and both appear to be associated with capital projects. The Utility issued debt in early FY 2025 that should have repaid its liability amounts. The Utility's cash position is lower than previous highs but is still well above distress concerns.

The Utility should develop policies and procedures to ensure sufficient liquidity, issue debt in a timely manner when capital projects are considered and ensures all interfund loans are approved by the Comptroller's office.

1. Based on Board staff’s representations and recommendations, the Board orders as follows: The Utility shall have a qualified expert approved by Board staff perform a rate study that includes the following:

- a. a review of the capitalization policy, including any recommended modifications;
- b. a review of the debt management policy, including any recommended modifications;
- c. a review of the cash management policy, including any recommended modifications;
- d. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
- e. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
- f. verification that all governing body members of the utility are in compliance with all relevant training requirements;
- g. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
- h. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.

2. By August 31, 2025 the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.

3. By February 15, 2026 the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

4. The Utility shall adopt a policy that ensures Cash as Percentage of Expenditures for the water and sewer fund is above 15%.

5. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

6. By February 15, 2026, the Utility shall provide Board staff with the completed policies and procedures.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

LEOMA UTILITY DISTRICT

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TENN. CODE ANN. § 7-82-704

ORDER

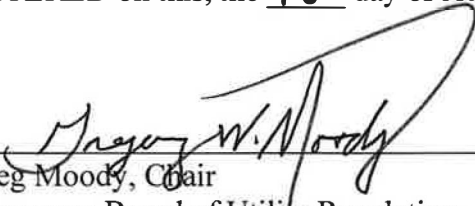
On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the proposed merger of the Leoma Utility District (“the Utility”) with another surrounding utility, pursuant to Tenn. Code Ann. § 7-82-704. Prior to the meeting, a feasibility study was completed which found that a merger with the City of Lawrenceburg’s was financially feasible.

Board staff conducted a public hearing on June 13, 2025, to receive public input regarding the proposed merger. The hearing was well-attended, and the feedback was overwhelmingly opposed to the merger. Representatives speaking against the merger attended the Board’s July 17, 2025 meeting as well. Opposition to the merger was based on the principal of local control, and that the Utility’s customers would not be treated fairly by an outside utility located so far from the Utility’s service area. Those speaking on behalf of the Utility noted that the Utility’s water was higher quality than commercially available water. It was further stated that the Utility’s staff are responsive to customers’ needs, where staff located in other regions of the county would not prioritize the Utility’s customers.

The opinion of an ailing utility is not determinative of the Board’s action, but it should be considered. Accordingly, the Board will not make a final decision on the merger at this time. The Board orders that, by December 1, 2025, the Utility shall take the following actions:

1. Comply with all audit deadlines on which the Utility is now behind or which come due prior to December 1, 2025.
2. Provide Board staff a copy of their most recent sanitary survey as of December 1, 2025.
3. Evaluate, discuss, and implement any necessary rate adjustments to reach and maintain financial stability.
4. Create a plan to address the 24-hour retention rule in accordance with the requirements set out by applicable law and the Tennessee Department of Environment and Conservation.
5. By December 1, 2025, submit a final budget for fiscal year 2026 to Board staff, that is either approved or which will be voted on at the next meeting of the Utility's governing body.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

TOWN OF LINDEN

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Linden’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility was referred to the Board for water loss pursuant to Tenn. Code Ann. § 7-82-702(a)(5). Board staff determined that the Utility had excessive water loss based on its 2023 Annual Information Report submission to the Comptroller's Office. Board staff sent correspondence to the Utility requesting the Utility to engage with a third party approved by Board staff for assistance in completing the AWWA Free Audit Software version 6.0. The Utility provided proof of engagement with Rye Engineering. Board staff has reached out numerous times requesting an update on the Utility’s progress completing the AWWA. The Utility has not responded.

As such, the Board orders as follows:

1. By September 15, 2025, the Utility shall submit the AWWA Free Audit Software version 6.0.
2. Should the Utility fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for the Utility's governing body and/or Manager to

appear in person before the Board during its next meeting following non-compliance with this order.

ENTERED on this, the 13 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF LORETTO

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TENN. CODE ANN. § 7-82-701, *et seq*

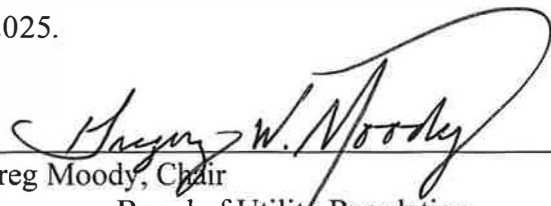
ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Loretto’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Utility. The investigation was limited to selected records related to an event that occurred on December 17, 2024. The Comptroller released a report of the investigation on June 27, 2025. The Comptroller's report detailed allegations stemming from the city administrator’s misuse of Utility resources and violations of state and local law. These violations could have been mitigated or prevented if the utility had stronger policies to prevent misuse.

Based on Board staff’s representations and recommendations, the Board orders as follows:

1. The Utility shall contract with a third-party expert to assist in creating new or reviewing existing managerial and personnel policies that will prohibit circumstances similar to those outlined in the Comptroller’s report from occurring in the future.
2. The Utility shall provide Board staff with the updated policies and a signed letter from the governing body detailing the changes that have been made to prevent illegal actions from taking place in the future, as mentioned above, by September 30, 2025.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

**TOWN OF MASON
PATRICIA POWERS**

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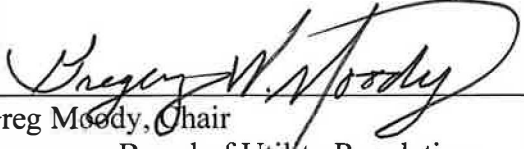
TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed Patricia Powers’s complaint against the Town of Mason’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*. The Board conducted an informal hearing of this complaint on July 18, 2024. The Board requested that the Town review the complaint and relevant policy, and to determine if any remedial action should be taken. Furthermore, the Board requested that Board staff present any findings and remedial actions taken by the Utility to the Board at its next regularly scheduled meeting.

On March 10, 2025, Utility employees contacted Board staff and provided a brief overview of all actions taken by the Town in regard to the customer's complaint. The correspondence outlined that the Town adjusted Ms. Powers' March 12, 2024 utility bill in accordance with the Town's Water Leak Adjustment Policy. The Utility has complied with the Board’s order and Ms. Powers’s complaint appears to be resolved. This complaint is closed.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:


CITY OF MIDDLETON

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Middleton’s Utility System (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility was referred to the Board for financial distress in 2025, pursuant to Tenn. Code Ann. § 7-82-703. The Utility subsequently completed a rate study and adopted the recommended rates. The Utility has taken the recommended actions, so nothing further is needed from the Utility at this time. The Utility is placed into the update cycle,
ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

TOWN OF MOUNT CARMEL

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

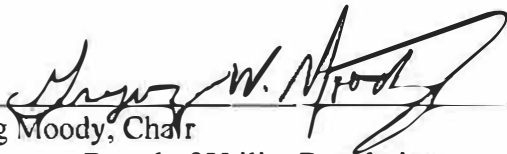
On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Mount Carmel’s Utility System (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*. The Utility was referred to the Board in 2024 following three consecutive years of a statutory decrease in net position within its sewer fund, pursuant to Tenn. Code Ann. § 7-82-703. The Utility’s position is that the primary cause of this decline was the failure to adjust sewer rates over the past decade. Since the referral, the Utility has implemented a 35% rate increase and has initiated conversation with a third party regarding the completion of a rate study.

Accordingly, the Board orders as follows:

1. The Utility shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;

- d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
2. By **Aug 31, 2025**, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
 3. By **Feb 15, 2026**, the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
 4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.
 5. Should the Utility fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Utility's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

ENTERED on this, the 18 day of July, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF MOUNT PLEASANT

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Mount Pleasant’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility was referred to the Board for financial distress in 2024 pursuant to Tenn. Code Ann. § 7-82-703. The Utility has engaged a third-party to conduct a rate study. The Utility has already begun the process of improving its financial condition. This order does not require anything new, only that the Utility continue with its current plans. The Board orders as follows:

1. The District shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;

- e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
2. By **August 31, 2025**, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
 3. By **Feb 15, 2026** the District shall provide Board staff with the completed rate study with either proof of implementation of the resulting recommendations or a proposed plan of implementation.
 4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the District.
 5. Should the District fail to comply with any directive in this order, Board staff may issue subpoenas for the District's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

ENTERED on this, the 18 day of August, 2025.


Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF NEWBERN

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Newbern’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility was referred to the Board for its water and sewer and rural water funds in 2025 pursuant to Tenn. Code Ann. § 7-82-703. The Utility returned its financial distress questionnaire to Board staff in a timely manner. Board staff identified the following:

- The Utility failed to close their accounting records within 2 months after the close of the fiscal year in accordance with Tenn. Code Ann. § 9-2-102.
- A 5,000-gallon water bill costs outside city limits customers ("rural rates") 175% of what the same amount of usage would cost for inside city limits customers ("city rates").


As the Utility is experiencing financial distress, it is advisable that the Utility seek an updated rate study to consider what changes are necessary to improve the Utility’s financial condition. As such, the Board orders as follows:

1. The Utility shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;

- b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
 - g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
- 2. By August 31, 2025, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
 - 3. By February 15, 2026, the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
 - 4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

5. Should the Utility fail to comply with any directive in this order, Board staff may issue subpoenas for members of the Utility's governing body and Manager to appear in person before the Board during its next meeting following non-compliance with this order.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF NIOTA

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Niota’s utility system (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility was referred to the Board in 2024 after reporting negative statutory changes in 2022 and 2023. The Utility has also submitted late audits for the past four fiscal years.

The Utility’s problems appear to stem from two primary issues. First, ongoing infrastructure replacement efforts to address water loss led to capital expenditures being misclassified as operating expenses, overstating costs. Second, the Utility has not adjusted its water rates in response to substantial increases from its supplier, the Athens Utility Board, resulting in higher expenses without offsetting revenue.


In response, the Utility worked with the Tennessee Association of Utility Districts (TAUD) to implement revised rates and adopted an annual 0.75% rate increase. The FY 2024 audit shows that the system produced a positive statutory change. The Utility also anticipates receiving a large amount of grant funds to complete its infrastructure upgrades. The Utility has made progress, but it is still necessary to obtain a rate study to determine just and reasonable rates that will maintain financial solvency.

Accordingly, the Board orders as follows:

1. The Utility shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
 - g. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. By **Aug 31, 2025**, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
3. By **Feb. 15, 2026**, the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

5. Should the Utility fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for the Utility's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

**NOLENSVILLE-COLLEGE GROVE
UTILITY DISTRICT**

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) TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed Deana Douglas’s (“the Customer”) complaint against the Nolensville-College Grove Utility District (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.*, following the informal hearing conducted at the Board’s March 12, 2025 meeting.

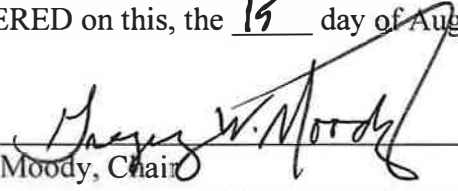
The complaint originated when the Customer received an extremely large water bill caused by a leak in her irrigation line. The Utility did not give the Customer the benefit of the Utility’s leak protection policy, as the policy specifically does not apply to irrigation lines. The Board ordered staff to investigate whether the leak adjustment policy was fairly applied to all similar leaks; specifically, Board staff was ordered to determine if there were other instances where leak adjustment was offered outside the strict bounds of policy.

Board staff interviewed staff at the Utility and determined that the utility keeps records of irrigation leaks that have been requested for leak adjustment. Board staff requested copies of these requests to determine if leak adjustments were offered outside of the bounds of the leak adjustment policy. After reviewing 17 different leak adjustment requests related to irrigation systems, Board staff noted that each was declined.

The Utility's leak adjustment policy is unforgiving, but a large number of utilities exclude leaks in irrigation lines from their leak adjustment policy, enough so that such a policy is within industry standards. The policy was also uniformly applied to all other leaks in irrigation lines.

Based on the foregoing, the Board does not find it appropriate to take any remedial action in response to this complaint, and this complaint is hereby closed.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:)
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NOLENSVILLE-COLLEGE GROVE) **TENN. CODE ANN. § 7-82-701 *et seq.***
UTILITY DISTRICT
JOSH DRUMMOND)
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ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the customer complaint of Josh Drummond against the Nolensville-College Grove Utility District (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The customer’s complaint is based on an extremely large bill the customer received, the result of a water leak in the customer’s irrigation line.

Immediately before Mr. Drummond’s complaint was heard, the Board addressed a nearly identical complaint against the Utility brought by a Deana Douglas. In response to Ms. Douglas’s complaint and at the Board’s direction, Board staff reviewed other similar requests for a leak adjustment brought to the Utility as a result of leaking irrigation lines. Board staff determined that the Utility’s leak adjustment policy was applied to all other requests for a leak adjustment resulting from a leak in an irrigation line.

The Utility’s leak adjustment policy is unforgiving, but a large number of utilities exclude leaks in irrigation lines from their leak adjustment policy, enough so that such a policy is within industry standards. The policy was also uniformly applied to all other leaks in irrigation lines. Given that, it is not appropriate for the Board to order remedial action at this time.

This informal hearing was closed without testimony. Board staff reported on what the Board would need to determine to dispose of this complaint immediately prior to addressing this complaint; as such, further testimony was not needed.

This customer complaint is hereby closed.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

OCOEE UTILITY DISTRICT

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Ocoee Utility District (“OUD”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* OUD was referred to the Board for financial distress following its FY 2023 audit. OUD also experienced significant water loss.

Board staff were made aware that OUD planned to seek USDA financing and issue revenue bonds to pay for capital improvements to its system. As part of the financing, OUD agreed to pay a “municipal advisor” a fee of approximately 1.5% of the total for his assistance. This fee is drastically higher than market rates for this service, enough so that it likely amounts to a lapse in judgement on the part of OUD’s leadership. OUD planned to implement a series of steep rate increases to cover the cost of the capital improvements.

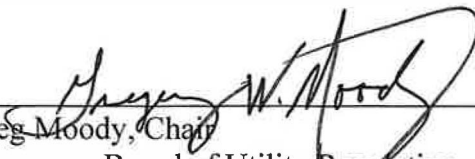
Representatives of OUD and their “municipal advisor” appeared at the Board’s July 17, 2025 meeting. They failed to justify the advisor’s fees, did not establish that the proposed capital improvements were necessary compared to less costly options, and did not demonstrate that the proposed rate increases were necessary to pay for the capital improvements.

Based on the evidence presented and testimony given at the July 17, 2025 meeting, OUD is placed under administrative review. The Board further orders as follows:

1. OUD shall work with Jackson Thornton to update its rate study to account for all future expense increases and capital improvements. The rate study should also consider multiple alternative plans of capital improvement to meet the needs of OUD's service population, to determine the most cost-effective method to meet OUD's needs. OUD must seek and receive prior approval from Board staff if it elects to engage a different party to perform the updated rate study.
2. By September 26th, 2025, OUD shall send Board staff proof of engagement between the Utility and the qualified expert who is to perform the updated rate study in paragraph 1.
3. By December 31st, 2025, OUD shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. OUD shall not issue debt or receive grants without Board staff's express consent. Board staff has 15 business days to review debt or grant requests. If Board staff does not respond within 15 business days, OUD may consider the request approved. Should Board staff request further information related to the debt or grant request, this resets the 15-business day timeframe to give Board staff time to consider the requested information.
5. Should OUD fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for OUD's governing body and utility manager to appear in-person before the Board during its next meeting following non-compliance of this order.

6. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines for good cause. Good cause shall be determined solely by Board staff.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

O’CONNOR UTILITY DISTRICT

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER


On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the O’Connor Utility District (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*. The Utility was referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress in 2024 pursuant to Tenn. Code Ann. § 7-82-703. Board staff identified several areas of concerns. The first item the Utility must address is to obtain an updated rate study.

Based on the foregoing, the Board orders as follows:

1. The Utility shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;

- e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
2. By **August 31, 2025**, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
 3. By **Feb 31, 2026**, Utility shall provide Board staff with the completed rate study with either proof of implementation of the resulting recommendations or a proposed plan of implementation.
 4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.
 5. Should the Utility fail to comply with any directive in this order, Board staff may issue subpoenas for the Utility's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

**SEVIER COUNTY UTILITY
DISTRICT**

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Sevier County Utility District (“SCUD”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*. The Board previously ordered staff to further review SCUD to better estimate the extent to which SCUD’s commissioners knew or should have known of the bad acts which resulted in Comptroller’s January 17, 2025 report. The report centered on the malfeasance of SCUD’s manager, Matthew Ballard (“the malfeasance”). One of the commissioners sitting at the time of the malfeasance has resigned since the Board’s previous meeting.

Board staff reported at the July 17, 2025 meeting (“the July meeting”) that, after their review, it was still their opinion that two of SCUD’s commissioners (Terri Waters and Ann Montgomery, collectively “the Commissioners”) should be held accountable for their failures in oversight, and the Board should initiate a contested case to determine whether or not the commissioners should be removed from their positions.

Janet Hayes appeared at the July meeting to speak against initiating a contested case to remove the commissioners. Ms. Hayes advised she did not represent SCUD or the Commissioners. Ms. Hayes described the remedial actions the Commissioners took following the discovery of the malfeasance, and concluded that the Commissioners’ remedial measures made

them uniquely suited to ensure that such malfeasance did not occur again. SCUD's current manager offered substantially the same.

Their statements are informative, but the July meeting was not to determine whether or not to remove the Commissioners, but to determine whether a contested case whether a contested case should be initiated to determine whether or not to remove them. The Board finds it is appropriate to do so.

Accordingly, the Board orders as follows, with the understanding that the timing of the initiation of the contested case may be influenced by the ongoing criminal prosecution of Matthew Ballard:

1. The Board hereby initiates a contested case hearing to determine whether Terri Waters and Ann Montgomery, the sitting members of SCUD's governing body as of July 17, 2025, should be removed from office pursuant to Tenn. Code Ann. §§ 7-82-307 and 702.
2. Board staff is authorized to close the contested case should both Commissioners resign.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

SIAM UTILITY DISTRICT

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Siam Utility District (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*. In March 2025, the Board placed the District under administrative review due to reported issues with bill payment and failure to meet requirements set by the Tennessee Department of Environment and Conservation (“TDEC”).

Board staff conducted a site visit in May 2025 and held a meeting with the District’s Board of Commissioners. Commissioners in attendance reported ongoing staffing difficulties, including challenges in retaining a licensed water operator. The District’s FY 2024 audit reported a positive statutory change; however, persistent operational concerns remain. These include numerous customer complaints related to the cost of rates, two consecutive years of non-approved budgets submitted to the Comptroller’s Office, and continued noncompliance with TDEC orders.

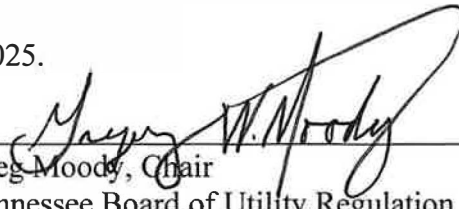
Given these factors, the Board orders that the District take the initial steps towards merging with a nearby utility system. This is not an order to merge, it only requires that the feasibility of a merger be explored.

Specifically, the Board orders as follows:

1. The District shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
2. The District shall contract with a qualified expert to study the feasibility of a merger with another utility system in the area.
3. By **Aug 31, 2025** the District shall send Board staff a copy of the contract between the District and the qualified expert who is to perform the tasks in section 1 & 2.
4. By **Feb 28, 2026** the District shall provide Board staff with the completed rate study with either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. By **Feb 28, 2026** the District shall provide Board staff with the completed feasibility study.

6. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the District.
7. Should the District fail to comply with any directive in this order, Board staff may issue subpoenas for the District's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:)	
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SOUTH FORK UTILITY DISTRICT)	TENN. CODE ANN. § 7-82-704
BRISTOL-BLUFF CITY UTILITY DISTRICT)	
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ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the proposed merger¹ of the South Fork Utility District (“SFUD”) with the Bristol-Bluff City Utility District (“BBCUD”), pursuant to Tenn. Code Ann. § 7-82-704. At the Board’s March 13, 2025 meeting, Board staff reported that SFUD and BBCUD (collectively, “the Utilities”) had attempted to negotiate a merger, pursuant to Tenn. Code Ann. § 10-7-504 and the Board’s previous order but were unable to agree on a number of discrete issues. The Board ordered Board staff to conduct an informal mediation between the Utilities to attempt to resolve the remaining issues. This mediation took place on June 10, 2025.

Two important matters had previously been agreed upon. First, the combined utility will adopt a new name. Second, Adam Hale (who serves as SFUD’s utility manager) will be offered the role of chief executive of the combined utility. At the mediation, Board staff and the Utilities identified the following:

1) Concern from BBCUD that SFUD’s commissioners would push the combined utility to merge with the City of Bristol’s utility system;

¹ The utility which results from the merger of SFUD and BBCUD will be referred to as “the combined utility”.

- 2) Early in negotiations it was proposed that SFUD's customers would see an immediate 5% rate decrease – it was important to SFUD that this was honored;
- 3) SFUD desired that a unified rate structure be developed quickly after a merger; and,
- 4) The Utilities could not agree on the makeup or size of the combined utility's governing body.

At the outset of the informal mediation, both parties noted the need for certainty as to how to proceed – the pending potential merger created uncertainty as to whether certain capital projects were necessary, and how to proceed with certain business decisions. The Utilities ultimately agreed on items 1-3 above, but could not reach an agreement as to the composition of the combined utility's board. Resolutions to all of the above concerns are set forth as part of this order *infra*, including those agreed upon by the parties at the mediation.

Authority to Order Merger

The Board has the authority to order the merger of an ailing utility system with another utility system if the merger is necessary to restore the financial stability of the ailing system, ensure the continued operation of the ailing system, or otherwise ensure the well-being of the public being served by the ailing system. Tenn. Code Ann. § 7-82-704(a). A financially distressed utility system is considered ailing. *Id.*

The statutory criteria for financial distress are set out in Tenn. Code Ann. § 7-82-703(b). There is no express statutory provision to determine when a utility system is not financially distressed. That a utility system has shown a positive change in net position for two years does not, by itself, indicate that it is financially healthy. A utility system is a monopoly, it can create a positive change in net position by raising its rates beyond those that are just and reasonable. That a utility system can do so does not make it financially healthy or stable. For this reason, the

Board retains oversight of a utility system until the utility system is explicitly released. This has been the Board's practice since it was established, and this was the practice of the two boards which merged to create the Board².

SFUD was referred to the Utility Management Review Board for financial distress in 2022, and has not been released. SFUD was first ordered to obtain a study of the feasibility of a merger with a surrounding utility system in 2022. SFUD was financially distressed when merger proceedings began, and the fact that SFUD has delayed a merger since then does not rob the Board of its jurisdiction to order a merger now. SFUD remains under Board supervision for financial distress and thus remains an ailing utility system for purposes of Tenn. Code Ann. § 7-82-704.

It is necessary for SFUD's long-term financial stability to merge with a surrounding utility. As noted above, financial stability entails more than high enough rates to cover expenses. The fact that a merger with BBCUD will result in an immediate 5% rate decrease demonstrates that SFUD's ratepayers are paying for a great deal of infrastructure as-is. Increasing the population that can share the cost of that infrastructure is necessary to ensure SFUD's system is resilient enough to withstand financial shocks.

The merger of SFUD with BBCUD will ensure the financial stability of both SFUD and BBCUD. For all practical purposes, the Utilities share a common infrastructure. Increasing their customer base ensures a larger base to carry the weight of repairs and upgrades to that infrastructure. While the Board believes the merger is necessary to restore SFUD's long-term financial stability, there can be no doubt that the merger will ensure the well-being of both

² Public Chapter 463 merged the Utility Management Review Board and the Water & Wastewater Finance Board to create the Tennessee Board of Utility Regulation.

Utilities' customers by lessening the financial impact of any shocks to the system, by distributing those shocks across a broader base.

As SFUD is an ailing utility system, and a merger is necessary to ensure SFUD's financial stability and to ensure the well-being of SFUD's customers, the Board has jurisdiction to order the merger between SFUD and BBCUD.

Unresolved Terms of the Merger

If the parties to a merger cannot agree on the terms of a merger, the Board has the authority to resolve disagreements in a fair and reasonable manner and order the parties to amend their agreements accordingly. Tenn. Code Ann. § 7-82-704(g)(2)(B).

Here, SFUD and BBCUD have attempted to negotiate a merger, but ultimately cannot agree on the composition and size of the combined utility's governing body. BBCUD insists that a three-member board is necessary to ensure that meetings conclude quickly. SFUD insists that it be represented on the combined utility's board. Five member boards are allowed under Tennessee law, but are not the norm, and are not common for relatively small utility systems. It is reasonable for SFUD to insist on representation on the combined utility, at least until such time as the combined utility has operated in a unified manner for a period of time, such that the combined utility no longer differentiates between SFUD's customers and BBCUD's customers.

After hearing proposals from both utilities and from Board staff, the Board finds it appropriate to order that the resulting utility, initially, have a five-member board. The terms of three board members will end after two years, at which time only one empty seat will be filled. This will result in a three-member board long-term, while allowing a larger pool of representatives initially. More details are set forth *infra*.


Legalities aside, a merger between SFUD and BBCUD is in the best interest of all of their customers. The merger will result in lower rates for all customers than they would see otherwise. Both Utilities will benefit from a larger customer base to bear any financial costs. The Utilities currently operate a single infrastructure, with a bureaucratic roadblock in the middle – eliminating this roadblock would remove unnecessary costs, and allow those savings to be passed on to SFUD’s customers.

For all of the above reasons, the Board orders as follows:

- 1) SFUD and BBCUD will draft an agreement to merge their respective utility systems into one combined utility system, subject to the terms herein.
- 2) The combined utility system will adopt a new name, rather than keeping either South Fork Utility District or Bristol-Bluff City Utility District.
- 3) Adam Hale will be offered the chief executive position in the combined utility system.
- 4) For a period of ten years, the combined utility system shall not merge with the City of Bristol’s utility system except as follows:
 - (a) The Board must approve of a merger between the combined utility system and the City of Bristol’s utility system before such a merger can take place; and,
 - (b) The Board may only approve of a merger between the combined utility system and the City of Bristol’s utility system when the combined utility system’s governing body unanimously requests that the Board approve the merger.
- 5) On the first bill following the merger between SFUD and BBCUD, SFUD’s customers’ rates will be lowered by 5%. This reduction in rates will last until such time as the combined utility has completed a cost-of-service study to determine rates for all of the combined utility’s customers.

- 6) The combined utility will begin a cost-of-service study within one year of the date on which the Utilities are merged, in order to determine a rate structure for the combined utility.
- 7)
- (a) The combined utility's governing body will initially consist of BBCUD's governing body, plus two members of SFUD's governing body, which two members will be chosen by SFUD's governing body.
 - (b) The members of the governing body will serve for a term of 2, 3, or 4 years.
 - (c) The members drawn from BBCUD's governing body will serve as follows, with BBCUD determining the length of each member's term:
 - (i) Two members will serve a 2-year term;
 - (ii) One member will serve a 4-year term.
 - (d) The members chosen by SFUD's governing body will serve as follows, with SFUD determining the length of each member's term:
 - (i) One member will serve a 2-year term;
 - (ii) One member will serve a 3-year term.
 - (e) Only one member will be replaced after 2 years, such that the combined utility's governing body consists of three members.

ENTERED on this, the 19 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF SOUTH FULTON

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of South Fulton’s utility system (“the Utility”) pursuant to Tenn. Code Ann. § 7-82-701, *et seq.*

The Utility was referred to the Board for financial distress in 2025 pursuant to Tenn. Code Ann. 7-82-703. The Utility reported a negative unrestricted net position in the FY 2024 audit. The negative unrestricted net position for the sewer fund is attributable to the \$235,361 that is due to the general fund. The Utility should conduct a rate study and adopt a policy to ensure they are able to meet their financial liabilities using current assets. The Utility should also complete a corrective action plan for the interfund loan between the sewer fund and general fund.

Based on Board staff’s representations and recommendations, the Board orders as follows:

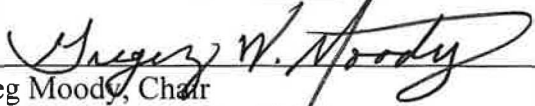
1. The Utility shall have a qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;

- b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
- 2. The Utility shall create a policy that ensures it is able to address financial liabilities using current assets.
- 3. The Utility shall engage with the Comptrollers division of local government finance to create a corrective action plan to address the interfund loan between the sewer fund and the general fund.
- 4. By August 31, 2025, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph
- 5. By February 15, 2026 the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
- 6. By February 15, 2026 the Utility shall provide board staff with proof of a policy to address financial liabilities using current assets.
- 7. By February 15, 2026 the Utility shall have engaged in a corrective action plan with staff of the division of Local Government Finance to address the interfund loan between the sewer and general fund.

8. The Utility shall have a qualified expert approved by Board staff perform a rate study that includes the following:

- a. a review of the capitalization policy, including any recommended modifications;
- b. a review of the debt management policy, including any recommended modifications;
- c. a review of the cash management policy, including any recommended modifications;
- d. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
- e. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
- f. verification that all governing body members of the utility are in compliance with all relevant training requirements;
- g. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
- h. and a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.

9. The Utility shall adopt a policy that ensures Cash as Percentage of Expenditures for the water and sewer fund is above 15%.

ENTERED on this, the 015 day of August, 2025.


Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

TOWN OF SURGOINSVILLE

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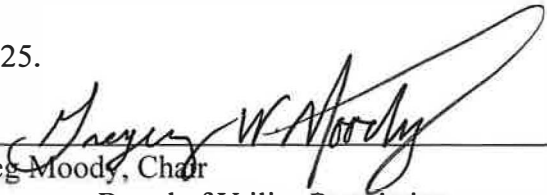
TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Surgoinsville’s Utility System (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq*. The Utility’s 2024 audit shows that the Utility’s sewer fund uses the modified approach for depreciating utility infrastructure. This accounting method requires the Utility to maintain infrastructure at or above a defined condition level, with maintenance expenses replacing traditional depreciation. However, the audit reveals that Surgoinsville only spent \$2,019 on sewer system maintenance in 2024, far short of the \$40,000 annual investment recommended to sustain the system’s condition. This underfunding raises concerns that the Utility’s infrastructure is not properly maintained, and indicates the Utility may not be compliant with Governmental Accounting Standards Board (GASB) requirements for the modified approach. This could force the Utility to return to depreciation accounting, potentially resulting in substantial damage to the Utility’s apparent net position.

Based on the foregoing, the Board orders Board staff to begin an administrative review of the Utility to determine the Utility's compliance with GASB standards and ensure that its infrastructure is not in excessive disrepair.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:)
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WATER & WASTEWATER AUTHORITY
OF WILSON COUNTY) **TENN. CODE ANN. § 7-82-701 *et seq.***
KEN YOUNG)
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ORDER


On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed Ken Young’s (“the Customer”) complaint against the Water & Wastewater Authority of Wilson County (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq* and following the March 13, 2025 informal hearing of the matter.

At the March 13, 2025 hearing the Customer alleged that the Utility did not have policies to govern its proceedings and was in violation of Tenn. Code Ann. § 68-221-605(e)(1). Board staff was directed to assist the Utility in adopting necessary policies and procedures. Board staff met with officials from the Utility and determined the Utility passed by-laws that were drafted by their Attorney on April 24, 2025, putting the Utility in compliance with Tenn. Code Ann. § 68-221-605(e)(1). Board staff also determined that the Utility observes the Roberts Rules of Order to govern the proceedings of meetings. The Utility meets quarterly.

The Utility appears to be operating in accordance with Tennessee law. Given the size of the Utility’s service population, the Utility’s board should consider meeting more frequently than once a quarter.

Accordingly, by August 31, 2025, the Utility shall either adopt a policy to schedule monthly Board meetings, or provide Board staff an explanation as to why monthly Board meetings are not necessary. With respect to the Customer's complaint, this matter is closed.

ENTERED on this, the 13 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

CITY OF WATERTOWN

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TENN. CODE ANN. § 7-82-701, *et seq*

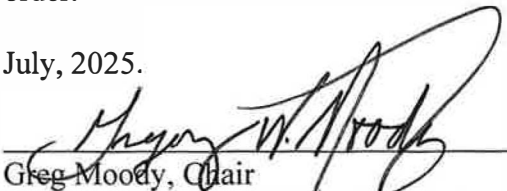
ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Watertown’s Utility System (“the Utility”), pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* The Utility was referred to the Tennessee Board of Utility Regulation ("the Board") for water loss pursuant to Tenn. Code Ann. § 7-82-702(a)(5). Board staff sent correspondence to the Utility requesting the Utility to engage with a third party, such as TAUD, MTAS, or another third party as approved by Board staff, to complete the AWWA Free Audit Software version 6.0. The Utility provided proof of engagement with Rye Engineering to complete the AWWA report, but submitted a report that was not completed by Rye Engineering. Board staff confirmed that while the Utility did contract with Rye Engineering—thereby satisfying that portion of the order—it ultimately completed the AWWA internally without using a qualified third-party expert. As a result, the City is out of compliance with the March 13, 2025 order, which explicitly required the AWWA to be completed by a third party.

Accordingly, the Board orders the Utility to submit the required AWWA report completed by Rye Engineering or another qualified professional. The report must be submitted by October

31, 2025. Board staff may issue subpoenas for the Utility's mayor and certified operator if the Utility does not comply with any part of this order.

ENTERED on this, the 19 day of July, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the utility systems (“the Utility” or “the Utilities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Cleveland Utilities Authority

Town of Ashland City

Town of Livingston

Town of Lynnville

City of McEwen

Town of Mountain City

Town of Oakdale

City of Oak Ridge

Fentress County Utility District

Dowelltown-Liberty Waterworks System

Benton-Decatur Special Sewer District

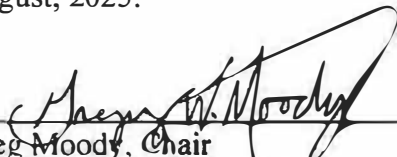
The Utilities have not completed their annual information report pursuant to Tenn. Code Ann. 7-82-707.

Based on Board staff’s representations and recommendations, the Board orders as follows:

1. By August 31, 2025, the Utilities shall file their Annual Information Report.

2. Should the Utilities fail to comply with any directive of this order, Board Staff and counsel may issue subpoenas for the Utilities' governing body and manager to appear in-person before the Board during its next meeting following non-compliance.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the utility systems (“the Utility” or “the Utilities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Caryville-Jacksboro Utility Commission

Clearfork Utility District

Town of Chapel Hill

City of Dayton

Town of Decatur

City of Maynardville

City of Moscow

Town of Whiteville

The Utilities had previously not submitted their Annual Information Reports. Those reports have now been submitted. The Utilities are officially released from the Board's oversight as it relates to their Annual Information Reports.

ENTERED on this, the 15 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Crockett Mills Utility District

Town of Cumberland Gap

City of Grand Junction

City of Harrogate

Intermont Utility District

Quebeck-Walling Utility District

Town of Rogersville

South Side Utility District

City of St. Joseph

Town of Trimble

Tullahoma Utilities Authority

Wayne County

The Utilities were referred to the Tennessee Board of Utility Regulation (“The Board”) for financial distress pursuant to Tenn. Code Ann §7-82-703. The Utilities have complied with prior Board directives, and have shown positive changes in net position in consecutive audits.

Based on the foregoing, the Utilities are officially released from the Board's oversight as it relates to financial distress.

ENTERED on this, the 14 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Town of Bulls Gap

Haywood County Utility District

City of Kenton

Town of Monterey

City of Moscow

Siam Utility District

City of Tennessee Ridge

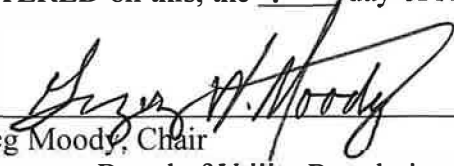
The Entities were referred to the Board for failure to comply with training requirements pursuant to Tenn Code Ann. §§ 7-34- 115(j)(1), 7-82-308(f)(1), 68-221-605(f)(1), and 68-221-1305(f)(1).

The Board orders as follows:

1. By August 31, 2025, the Utilities shall provide to board staff that members of the governing body are in compliance with applicable training requirements.

2. Should the Utilities fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Utility's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Town of Atwood

Carderview Utility District

Castalian Springs-Bethpage Utility District

Town of Gates

City of Mt. Juliet

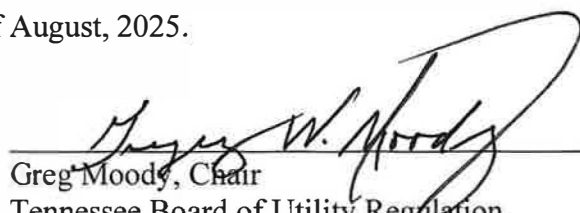
Town of Oakland

Town of White Pine

The Entities reported that their governing body members were out of compliance with applicable training requirements per Tenn. Code Ann. §§ 7-34-115, 7-82-308, 68-221-605, and 68-221-1305. The Entities have now provided Board staff with proof that all governing body members complied with training requirements.

As such, the Board releases the Entities from the Board's oversight as it relates to their (non)compliance with training requirements.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701, *et seq*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq*.

Town of Bethel Springs

Town of Eastview

City of Gleason

City of Henry

Siam Utility District

City of Spring Hill

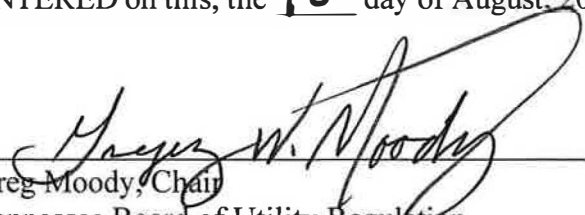
City of Tennessee Ridge

Board staff reviewed records of training classes taken through the Comptroller’s website. Staff identified that members sitting on the governing bodies of the above entities reported training hours that diverge significantly from the actual time spent viewing the content. Specifically, training modules intended to satisfy one or more hours of instruction were completed in a matter of minutes or seconds. This is not consistent with legitimate completion and is not acceptable for fulfilling state-mandated annual training requirements. As a result, these submissions do not meet the requirements for compliance with annual training obligations.

Accordingly, the Board orders as follows:

1. The governing body members shall complete the applicable training modules, ensuring that all content is viewed as intended; or obtain training through another source to meet training requirements.
2. The revised training must be completed and submitted to Board staff by October 31, 2025.
3. Should governing body members fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for the Utility's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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) TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Hallsdale-Powell Utility District

North West Utility District

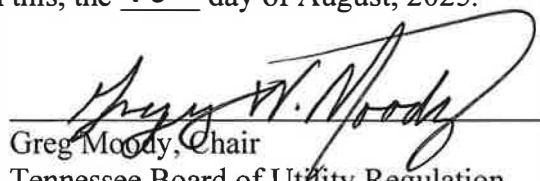
Town of Obion

Town of Oneida

The Entities were referred to the Board for water loss pursuant to Tenn. Code Ann. § 7-82-702.

The Entities have complied with board orders and have taken steps to improve water loss over two consecutive years. As such, the Entities are officially released from the Board's oversight as it relates to water loss.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair
Tennessee Board of Utility Regulation

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:

MULTIPLE ENTITIES

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TENN. CODE ANN. § 7-82-701 *et seq.*

ORDER

On July 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities (“the Entity” or “the Entities”) below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Grandview Utility District

Huntsville Utility District

Mooresburg Utility District

Roan Mountain Utility District

The Entities were referred to the Board for water loss pursuant to Tenn. Code Ann. 7-82-702(a)(5). Since coming under the board, the Entities have complied with board directives by providing updated AWWA 6.0 water loss studies and providing water loss plans. As such, the Board orders as follows:

1. The board should order the following entities to be moved to the water loss update cycle.
2. Upon showing improvement in annual water loss figures for two consecutive years, the board shall release the entities from the water loss update cycle.

ENTERED on this, the 18 day of August, 2025.



Greg Moody, Chair

Tennessee Board of Utility Regulation