



JASON E. MUMPOWER
Comptroller

Agenda
Tennessee Board of Utility Regulation
March 12, 2026
9:00 A.M.

- I. Call to Order
- II. Conflict of Interest Statement
- III. Approval of Minutes
- I . Consent Orders
- . Customer Complaints
 - a. Center Grove Winchester Springs Utility District
 - b. DeKalb Utility District
 - c. Englewood
 - d. Mason
 - e. Minor Hill Utility District
 - f. Rocky Top
- I. Manager Cases
 - a. Bedford County Utility District
 - b. Minor Hill
 - c. Ocoee Utility District
 - d. South Fork Utility District
- II. East Tennessee
 - a. Cherokee Hills Utility District
 - b. Surgoinsville
 - c. Tusculum
- III. Middle Tennessee
 - a. Byrdstown
 - b. Celina
 - c. Gladeville Utility District
 - d. Watertown
- IX. West Tennessee
 - a. Centerville
 - b. Friendship
 - c. Lexington
 - d. Mason
 - e. Ridgely
- X. Request for Review of Water Line Useful Lives
- XI. Future TBOUR Meeting Dates
- XII. Annual Information Report Update
- XIII. Board Discussion



JASON E. MUMPOWER
Comptroller

MINUTES
of the
TENNESSEE BOARD OF UTILITY REGULATION MEETING
October 17, 2025
9:00 am

Greeting:

Chairman Moody detected a quorum and called to order the first meeting of the Tennessee Board of Utility Regulation (“TBOUR” or “the Board”) in the Volunteer Conference Center on the 2nd Floor of the Cordell Hull Building in Nashville, TN at 9:00 a.m. (CDT).

Board Members Present and Constituting a Quorum:

Greg Moody, Chairman
Paula Mitchell, Vice-Chairman
Eugene Hampton
David Purkey
Steve Stone
Bruce Giles
Anthony Pelham
Edwin Carter
Alex Smith
Britt Dye
Candace Vannasdale

Staff Present:

Ross Colona, Comptroller’s Office
Ben Johnson, Comptroller’s Office
Nate Fontenot, Comptroller’s Office
Meghan Denson, Comptroller’s Office
Alex Lucas, Comptroller’s Office

Counsel Present:

Seth May, Comptroller’s Office

Conflict of Interest Statement:

Counsel Seth May read the following statement: “The Board was created to act for the public welfare and in furtherance of the legislature’s intent that utility systems be operated as self-sufficient enterprises. Board members are not authorized to participate in the discussion of or to vote on matters involving entities in which the Board member has a financial interest, with which the Board member has a conflict of interest, with which the Board member has a contract of employment, or if there is any appearance of impropriety.”

Board members will recuse themselves or declare any conflict of interest at the time each relevant case is presented.

Mr. May noted that this meeting is technically a special called meeting, so the board will be strictly limited to what is on the agenda.

Approval of Minutes

Mr. Colona noted that there were some grammatical changes that needed to be made to the minutes but nothing of content. The motion to approve was made by Mr. Purkey and was seconded by Mr. Stone. It passed unanimously with no discussion.

Consent Orders

The Board considered the consent orders, which board staff presented and recommended for approval as a single action. The five consent items were:

- Annual Information Report (AIR) non-compliance
- AIR release
- Late audit release
- Training cases release
- Water loss release

Board Action

Mr. Pelham moved to approve staff’s recommendation, Mr. Smith seconded, and the motion carried with no further discussion.

CUSTOMER COMPLAINTS

The Board briefly recessed to hear remarks from Mr. Mike Monroe of Plateau Utility District. He noted that, because the Board had ordered a third-party feasibility review for a potential

merger involving Cumberland Utility District, Plateau Utility District, being a neighboring system, planned its own analysis to understand customer impact (rate and staffing integration, capital needs, downstream effects). He provided a written list of questions (also shared with Cumberland), acknowledged Cumberland's desire to remain independent, and observed operational improvements under its current management. His comments were informational only, and Board staff expressed appreciation for Cumberland's recent communication. No action was taken. The Board went back to order.

Bedford County Utility District

Mr. Colona introduced a complaint concerning Bedford County Utility District's ability to provide adequate fire suppression for a major development along the U.S. 231 corridor and broader questions about future sewer service in the area. Staff emphasized that the matter implicated multiple ongoing and planned developments and recommended no vote at this meeting; instead, staff proposed meeting with all parties and reporting back at the December meeting. The complainant's representative, Joseph Lackey (for Tennessee Downs), asserted that BCUD was unwilling or unable to meet near-term fire-flow needs and had not provided clear answers on water-flow capacity. Bedford County Fire Chief, Mark Thomas, described long-standing hydrant location and flow issues, denied requests for hydrant installations, and operational challenges that required tanker shuttles. County Commissioner, Greg Vick, supported the development, characterized it as the county's largest investment, and urged a resolution that would have allowed effective service to the corridor.

Board Discussion

On behalf of BCUD, counsel Dewey Brandstetter argued that the complaint was procedurally improper and unfounded, stated that it had been filed within 30 days of the meeting and before any adverse action by BCUD's board, and noted that BCUD did not provide sewer service. He reported that BCUD's engineer had delivered an opinion of probable cost for extensions on September 29 and referenced a \$5 million project to extend water to the 231 North corridor. He asked the Board to dismiss the complaint but said BCUD was willing to meet with stakeholders. Members discussed process and substance. Mr. Giles asked whether the complainant had followed the required procedure and whether there had been an "adverse action" by BCUD's board. Staff explained that, based on the complaint, a specific request had been presented and that board inaction could be interpreted as an adverse action, with staff to verify that during follow-up.

Mr. Hampton asked about the county mayor's position and observed that Shelbyville Utilities might have had more engagement than BCUD given the short timeline; staff agreed that more parties needed to be at the same table and reiterated the recommendation for no action pending local meetings. Counsel (Mr. May) advised that, because this was not an informal hearing, the Board should not have made findings of fact or dismissed the complaint at this session. Mr. Purkey suggested that the developer might have been seeking a formal "no" on sewer to enable a city solution and supported staff's plan to meet on the ground. Ms. Vannasdale questioned whether it was premature for TBOUR to mediate and asked how staff would ensure its presence was welcome; staff described past practice and statutory authority to engage and to report back on cooperation. From the audience, BCUD counsel (Mr. Brandstetter) urged dismissal as premature and non-meritorious, referenced a \$5 million water extension on the 231 North corridor, and stated that BCUD would meet with all parties. The complainant's representative (Mr. Lackey) responded that BCUD's engineer had stated that BCUD did not provide fire-protection flows. Staff clarified that utilities were responsible for utility service rather than fire suppression per se and underscored the need for coordinated local planning (water, sewer, fire-flow expectations, and development timing) before Board action.

Board Action

The Board took no action on the complaint. By motion of Mr. Pelham, seconded by Mr. Hampton, the Board approved staff's plan to meet locally with all interested parties and to report back at the December meeting. The motion carried unanimously.

City of Memphis

Board staff reported that an earlier Memphis customer complaint (involving Mr. Joseph Jarrett) had been resolved by the parties without a board order and was acknowledged by letter in the packet. Staff then presented a new complaint concerning a 20-acre parcel at 4853 Egypt Central, where the owner alleged entitlement to sewer service because City gravity sewer lines bordered the site and a historical stub existed at the southwest corner from a prior City-approved development. Staff explained that the dispute turned on whether any City-owned gravity sewer line was located on the parcel itself (as required by newly enacted T.C.A. § 7-82-710) versus only within adjacent public right-of-way. Staff invited both sides to address the Board.

Board Discussion

The complainant's representative, Danny Tabrizi, stated the City had gravity sewer along Egypt Central and that the City had required the upstream stub approximately 25 years earlier; he emphasized the connection point was inches from the subject parcel and asked to tie into the existing system (with the development paying its own costs).

For the City of Memphis, outside counsel Cece Drayton and Public Works Director Scott Morgan responded that no City-owned gravity sewer line was on the parcel—only within the adjacent right-of-way—and that the on-parcel home's private service line did not constitute a City line “on the property.” Drayton stated the City relied on T.C.A. § 7-82-710, which requires a utility to provide a connection when it has an existing gravity sewer line located on the owner's property; because no City line was on the parcel, the statutory criteria were not met. Morgan confirmed the collection system had capacity but noted the City's 2017 policy against extending new outside-city sewer service.

Board members explored legislative intent, the purpose of the historic stub, and whether the City's position hinged on a technical distinction between right-of-way and parcel boundary. Ms. Vannasdale observed that the outcome hinged on a technicality given sewer on two sides; Mr. Morgan reiterated that the statute required a public sewer line on the parcel, not merely adjacent. Mr. Hampton asked about distances and capacity; staff and Memphis confirmed available capacity. Mr. Purkey questioned the statute's intent and whether it precluded service; Memphis's counsel maintained the statute controlled the “shall connect” trigger and that it was not met here. Board counsel advised that the statute's plain language (“located on the owner's property”) controlled; because no line was on the parcel, the new statute did not apply. Counsel also noted that the Board's separate customer-complaint authority regarding failure to extend service could be implicated under a different filing. Staff agreed and recommended dismissal of the current complaint on the narrow statutory ground, while inviting the complainant to refile under the general customer-complaint statute should they wish to pursue whether service ought to be extended notwithstanding the new law.

Board Action

Mr. Carter moved to dismiss the complaint on the stated legal basis; Chairman Moody seconded. The motion carried unanimously with no further discussion.

Ocoee Utility District

Board staff summarized that Ocoee Utility District had appeared at the prior TBOUR meeting regarding a plan to incur substantial debt for projects that would have burdened ratepayers; the District ultimately did not take on that debt, shelved the projects, and transitioned to new management (Ben Witt as acting General Manager). Staff noted, however, that a new customer complaint had been filed because prior management had provided a written guarantee of sewer service to a development, yet service was not currently available. Staff reported that Ocoee was actively working with TDEC on a solution and recommended taking no action at this meeting while efforts proceeded, with an update expected by December.

Board Discussion

The complainant, David May (with partner Mike Written), stated that the development had a 21,000-gallon/day drip system designed for it, that the developers had paid for the system and provided the land, and that Ocoee had since tied in approximately 90 existing homes, leaving the project without the capacity it had been promised. He noted that his attorney, Travis Henry, had attempted to join virtually but had been unable to connect. May described carrying interest costs of about \$10,000 per month and referenced a 2023 land-disturbance permit and prior written assurances that service would be available, adding that the initial commitment never matched the actual capacity (300 gallons door 70 units 21,000 gpd) relative to the planned 156 units. When asked about a remedy, he requested that Ocoee be required to purchase eight lots from the development and install additional drip capacity, which he believed could be completed in roughly 90 days.

Board counsel, Seth May, advised that the Board could not order a utility to purchase land and that any alleged breach of a written commitment would be a contract matter for the courts, though the Board could, in appropriate cases, order a utility to provide capacity without dictating a specific property acquisition. Staff reiterated that Ocoee was working with TDEC on a Standard Operating Procedure (SOP) for drip fields that, if approved, could resolve the capacity issue; staff recommended taking no action until December to allow Ocoee, TDEC, and the developer to finalize a workable plan, noting also that former management had been replaced. Ms. Mitchell indicated that Ocoee's engineering team and TDEC's engineering and financial assistance programs (including ARP funding) were coordinating on revisions likely to address the concern on a timeline acceptable to the parties. The complainant asked that the complaint

remain open so TBOUR could continue to coordinate among TDEC, Ocoee, and the developer; staff confirmed it was not recommending dismissal, only no action pending progress.

Board Action

Chairman Moody moved to keep the complaint open and take no action at this time; Ms. Mitchell seconded. The motion carried unanimously with no further discussion.

City of Rocky Top

Mr. Ben Johnson, Board staff, presented a complaint involving a \$1,049 charge assessed by the City of Rocky Top after a tenant allegedly cut meter locks and stole water at Mr. Brad Utley's rental property. Staff stated the service had not, to their understanding, been in the complainant's name, yet the City billed the property owner. The complainant also alleged overcharges for standard items (e.g., a meter and other materials) based on price comparisons he had found. Due to recent room renovations, Microsoft Teams malfunctioned, so neither the complainant nor utility representatives could be heard remotely.

Board Discussion

Members focused on (1) whether the account for the service in question had ever been in the landowner's name and (2) whether Rocky Top's policies permitted charging a landowner for a tenant's vandalism/theft when the account was in the tenant's name. Mr. Pelham noted the invoices disputing material prices dated back to 2023–2024 and remarked that many utilities require timely challenges (e.g., 90–180 days). He expressed concern about holding a landowner responsible for a tenant's actions if the account was not in the owner's name. Mr. Purkey asked whether Rocky Top had internal processes or board-level review for such charges. Staff did not have Rocky Top's policy details on hand but stated they had been told the City's legal counsel advised proceeding with the charge. Because Teams prevented remote participation, staff proposed a conditional path: verify whose name the account was in and proceed accordingly, bringing the matter back in December if needed.

Board Action

The Board approved staff's recommendation: if staff verification showed the account was not in the landowner's name, Rocky Top was to refund the \$1,049 charge; if it was in the landowner's name, staff would return in December with additional information for further Board

consideration. Mr. Smith moved; Mr. Pelham seconded. The motion carried unanimously with no further discussion.

Saltillo Utility District

Board staff presented a complaint from Mr. Ben Walker (lessee of Saltillo Marina & RV) regarding denial of expanded water service for a planned RV park within Saltillo Utility District. Staff noted both parties attended and stated that, based on preliminary understanding, the dispute centered on system capacity. Mr. Walker sought to serve approximately 35 RV sites on a 35-acre commercial parcel that already had a meter and service line serving a double-wide trailer at the entrance. He stated the District would only activate the existing meter for that residence and would prohibit extending service to the remainder of the property, which he said had caused lost revenue. He added hearsay concerns about others receiving meters, but he had no documentation.

Board Discussion

Members questioned the timeline of Mr. Walker's lease-to-purchase contract relative to the District's position and whether alternatives (e.g., private well with treatment) or costed upgrade options had been offered; Mr. Walker said the District cited capacity and provided no upgrade pricing. For the utility, Operator Brandon Harrington and contract operator Daryl Green confirmed a single meter historically served only the on-site trailer and stated District policy required one meter per residence, prohibiting using that small meter to supply a multi-site RV development. They described capacity constraints: three interacting wells limited by source yield and disinfection contact time (CT), inability to run all wells concurrently without issues (including pumping mud), and reliance on storage to cover peak holiday demand. They added the District had not enacted a formal moratorium but had curtailed extensions and large new developments while still setting individual residential taps (approximately 15–20 per year) on existing mains they reported about 852 customers and 60 miles of distribution line.

Members probed the apparent inconsistency between denying large developments while continuing to add taps, the risk of over-committing capacity given peak-day exceedances, and the absence of a formal, board-adopted policy aligned to an updated engineering analysis. The District stated Allen & Hoshall had been engaged to examine capacity and that ARP-funded work (e.g., generators) was underway, but a comprehensive plan and timeline had not been finalized. In response to a question, the utility indicated it would activate the existing service

for the trailer and had no policy that would bar a non-plumbed “fill/field station” approach (e.g., RVs filling tanks from the single service) so long as the parcel was not hard-piped to supply multiple sites. Board members emphasized the need for an engineering basis, clear service policy (including any self-imposed moratorium), and consistent criteria for approving or denying requests.

Staff Recommendation

Staff recommended keeping the complaint open and taking no action at this meeting. Staff advised that Mr. Walker should submit a specific, engineered request to the utility stating the proposed demand/pressure, connection method, and on-site configuration. If the District then denied the request, the District would need to justify the denial with capacity and policy evidence rather than a vague, informal moratorium.

Board Action

Mr. Stone moved to accept staff’s recommendation to keep the complaint open with no action and to direct the complainant to submit a detailed service request to the utility; Mr. Purkey seconded. The motion carried, with Mr. Pelham opposed, and there was no further discussion.

At 11:30 a.m. the Board went for a 30-minute lunch break recess. The Board was back to order at noon.

WEST TENNESSEE

Town of Centerville

The Board had previously received a customer complaint regarding Centerville’s practice of charging both a minimum bill and usage-based sewer fees to customers who had access to sewer but were not connected. An amended order dated September 5, 2024 required the Town to (1) contract with a qualified third party for a rate study, (2) provide the engagement to staff, and (3) complete the study. Centerville engaged MTAS, but staff granted an extension from December 31, 2024 to June 30, 2025 due to MTAS turnover, and the study still had not been completed. The original complainant (Ms. Crites) had since moved away with a remaining balance, but staff maintained the case remained important because the policy continued. Staff reiterated its view that charging variable, usage-based sewer fees to non-connected premises conflicted with

Tennessee Attorney General Op. 98-152, which allowed a ready-to-serve (flat) access charge but not a usage-based fee when the parcel was not receiving sewer service.

Board Discussion

Centerville's counsel, Andrew Mills, confirmed the Town's MTAS engagement and explained the delay. He proposed a path forward: roughly 45 days for the Town to complete a parcel-by-parcel audit (connected vs. unconnected), followed by ~45 days for MTAS to complete the study, with a status update in December and Board discussion at the March meeting.

Members then examined the legal and policy basis for billing non-connected customers. Mr. Pelham questioned reliance on AG Op. 98-152, noting many municipalities historically tied sewer billing to water consumption, and asked whether ceasing variable charges here would set a broader precedent. Board counsel (Mr. May) distinguished a flat, non-variable "ready-to-serve" access fee (potentially reasonable for premises with sewer access but not connected) from a variable charge indexed to water use when the parcel was not receiving sewer service (not reasonable or just).

Mr. Colona emphasized the principle that customers should pay for what they use, and that variable sewer billing for non-users was inconsistent with that principle. Mr. Giles raised practical and financial concerns: potential bond covenant implications, the likelihood that other systems used similar practices, and the administrative burden of verifying connection status across legacy areas. Staff responded that most Tennessee systems charging for access did so via a flat fee, not a variable bill, and any broader impact would arise case by case as complaints surfaced.

Mr. Smith confirmed the discussion applied only to non-connected customers (e.g., septic) and would not affect customers actually using sewer. Ms. Mitchell asked whether the Board should wait for the rate study; staff noted the complaint had been pending over a year and recommended ceasing variable billing for known non-connected parcels now, while continuing to allow a flat access fee pending the study.

On refunds, members adopted a narrow, practical approach: no general retroactive reimbursements. When a customer notified the utility they were not connected, the utility would verify and stop variable charges; if a delay occurred between notice and verification, the utility would refund only the verification-period variable charges. Utilities were also expected to cease

variable billing immediately for parcels they already knew were not connected (e.g., streets known to remain on septic).

Mr. Hampton suggested a statewide survey to gauge how common similar practices were; staff said it could attempt one but cautioned responses might be incomplete. The Board refined terminology so the order clearly permitted a non-variable minimum/access charge (regardless of a system's water-side minimum structure) while prohibiting variable sewer billing to non-connected premises. Staff noted its policy preference for zero-usage minimums but recognized many systems still used "included gallons."

Finally, the Board incorporated Mr. Mills's timing request: extending the rate study deadline so the Board could consider it at the March meeting.

Board Action

- Immediate policy change (this case only): Centerville shall cease charging variable, usage-based sewer fees to customers the utility knew were not connected to sewer, and shall cease such charges upon notification by a customer once verified. Centerville may continue to charge a non-variable flat access/minimum sewer fee to premises with access but no connection.
- Refunds: Centerville was not responsible for retroactive reimbursements prior to a customer's notice. If a delay occurred after notice and before verification, the utility would refund variable charges accrued during that verification period.
- Rate study timeline: Deadline extended; the Town was to deliver the MTAS rate study by February 13 (for March Board review).
- Vote: Motion approved (as amended) unanimously.

City of Friendship

Mr. Fontenot summarized a lengthy record regarding the City of Friendship's water and sewer operations, compliance history, and responses to prior board directives. Staff noted the parallel civil litigation between the City and the private Friendship Water Company, which had resulted in a trial-court judgment of approximately \$5.3 million against the City; the City indicated it planned to appeal. Staff also recapped the Attorney General-coordinated timeline of notices and follow-ups after the July meeting, including missed deadlines, delayed responses from the City's counsel, and an engineer's October 16 submittal that staff believed remained inadequate to scope

capital work. Staff further reported that the meter-replacement program the Board ordered in 2023 had progressed to nearly complete—350 of the 365 meters replaced over roughly three and a half years—which the utility attributed to staffing shortages.

Mayor Burnett then addressed the Board, apologized for the City’s earlier failure to appear, and explained city hall staffing and health issues that contributed to missed communications. He described the system’s history, the long-standing purchase arrangement with the private water company, the detection of tetrachloroethylene in source water years earlier, and the City’s interim air-stripping fix followed by construction of alternate wells. He stated TDEC had directed the City to stop purchasing from the private supplier and that, following the new wells, the City had no further tetrachloroethylene compliance issues. He also outlined rate actions adopted to restore financial health: increases in 2021 and 2023 and another increase scheduled for January 2026, which together were expected to fully fund depreciation and return the utility to a stable operating position.

Board Discussion

Board members questioned governance, compliance, finances, and project execution. In response to Mr. Pelham, Mayor Burnett stated he had served as one of the licensed operators (water treatment & distribution and sewer collection) and that the City had two licensed operators in each category; he acknowledged that licensed operators signed and submitted monthly operating reports to TDEC. He reiterated that current issues centered on administrative delays rather than water-quality violations, and that staffing additions at city hall were addressing the backlog. Members pressed on meter-changeout pace, funding, and capacity to execute. The Mayor said progress had been constrained by cost, limited staff time, and field complications (e.g., inoperable angle valves), but that the City had pursued grant avenues to complete meter replacements and add leak detection. On system resilience, he described physical limitations of neighboring systems and the City’s analysis of emergency interconnections. Staff also criticized the City’s slow and incomplete responses to Attorney General communications and reiterated that the engineer’s latest letter did not satisfy the scope, depreciation, and alternatives detail previously requested.

The discussion turned to the litigation’s financial risk, the City’s limited fund balances, and rate-payer impacts. Staff stated their view that the City had been poorly positioned by past decisions and urged the City to move quickly on the appeal and, where possible, to seek a practical resolution that protected customers.

Board Action

Mr. Pelham moved to accept staff's recommendations in full; Ms. Vannasdale seconded. The motion carried unanimously. After the vote, Mr. May (Board counsel) confirmed with the Mayor that future Board correspondence would reach the intended recipients and be promptly handled at city hall; the Mayor affirmed new internal processes were in place and again accepted responsibility for the earlier lapses.

City of Loretto

Mr. Fontenot recalled that, at the prior meeting, the Board had opened an administrative review following the Comptroller's investigative report concerning the city manager's illicit use of government equipment and time. Staff recommended that Loretto work with a third-party expert to develop and adopt policies to prevent similar conduct. By this meeting, staff reported that Loretto had engaged a third-party expert, drafted appropriate policies, and formally adopted them at the city board level. Staff stated they were comfortable with the policies and saw no need for further Board action. There was no substantive discussion beyond staff's summary and recommendation.

Board Action

Mr. Purkey moved to accept staff's recommendation to release the City of Loretto from Board oversight; Mr. Pelham seconded. The motion carried unanimously with no further discussion.

City of Tennessee Ridge

Staff reported that Tennessee Ridge had been behind on audits due primarily to its former audit firm (ATA), not to a lack of effort by the City. As of this meeting, the FY2023 audit had been completed, leaving FY2024 outstanding and FY2025 likely to become overdue within two months. Staff noted an April letter from ATA committing to deliver both the 2023 and 2024 audits by the end of April; by October, FY2024 still had not been filed. The City had since terminated ATA and contracted with a new CPA firm. Staff had spoken with the new CPA, who felt comfortable with the timeline embedded in staff's recommendation to deliver both the FY2024 and FY2025 audits by the target date, at which point the Board could revisit the matter if filings were not timely.

Board Discussion

Mr. Smith asked whether ATA had provided a reason for its tardiness. Staff replied that none had been given to their knowledge and presumed the cause was understaffing or workload; Mr. Colona added that ATA had been quite behind on other audits as well. Staff reiterated confidence in the new CPA's proposed schedule.

Board Action

Mr. Stone moved to approve staff's recommendation; Ms. Mitchell seconded. The motion carried unanimously with no further discussion.

EAST TENNESSEE

Bristol Bluff City Utility District

Mr. Johnson recalled the District's recent appearance at a special-called meeting earlier in the month, where prior financial distress had prompted merger discussions. Staff reported that the FY2023 and FY2024 audits showed a positive financial position, meaning the District was no longer in distress.

Staff recommended releasing the District from Board oversight related to financial distress. No further discussion was requested. Pelham moved to accept staff's recommendation; Mr. Smith seconded. The motion carried unanimously.

Clear Fork Utility District

Mr. Johnson presented that Clear Fork Utility District had remained under Board oversight for an extended period and had missed multiple deadlines. In March, the Board rescinded prior directives and established a new schedule. The district initially missed the audit deadline but subsequently caught up and completed both a rate study and a merger/feasibility analysis. Staff reported that the feasibility work did not identify a clear in-state merger partner; a Kentucky system appeared as a potential partner, but that option raised jurisdictional concerns outside the Board's authority. The rate study concluded that current rates were generally sufficient for ongoing operations; however, it flagged a significant risk tied to one large commercial customer—a Bitcoin operation—being charged an “astronomical” rate. Staff cautioned that if that customer left for a lower rate elsewhere, the district could fall back into financial distress.

Staff recommended placing the district on an update cycle while directing it to evaluate and adjust, as appropriate, the specific rate charged to that large customer.

There was no additional discussion from the Board. Mr. Purkey moved to accept staff's recommendation; Mr. Hampton seconded. The motion carried unanimously.

MIDDLE TENNESSEE

Minor Hill Utility District

Mrs. Denson reported that Minor Hill Utility District had been under oversight for financial distress (2024). Upon reviewing the district's questionnaire, staff determined the district had not obtained a third-party rate study in over five years, and recommended corrective steps focused on commissioning an independent study.

Staff Recommendation (as adopted):

- Engage a third party for a rate study and provide Board staff with a copy of the executed contract by December 15, 2025.
- Submit the completed rate study by April 15, 2026.
- Include subpoena and extension language

This item was brief and non-controversial. There was no additional discussion beyond the staff presentation. Mr. Pelham moved to accept staff's recommendation; Mr. Hampton seconded. The motion carried unanimously.

Town of Huntland

Staff reported that Huntland had been under administrative review since 2024. The Town had recently submitted a third-party rate study presenting three scenarios. Staff stated that Scenario 1 was not viable for the utility, while Scenarios 2 and 3 appeared acceptable in the short term. However, staff cautioned that the sewer system did not appear sustainable for Huntland over the longer term. Staff recommended that, in addition to the completed rate study, the Board order a feasibility study to evaluate longer-term options for the sewer system.

There was no substantive discussion beyond staff's summary of the rate study and long-term concerns. Mr. Stone moved to accept staff's recommendation; Mr. Pelham seconded. The motion carried unanimously with no further discussion.

MANAGER CASES

Fall Creek Falls Utility District

Mr. Colona reported that an administrative review had been opened following supply concerns on the Cumberland Plateau and broader management issues at Fall Creek Falls Utility District. Staff stated they had met with the utility and had preliminary findings but not enough for a full recommendation. Staff expressed serious concern about governance: the utility did not have a general manager, roles and lines of authority appeared unclear, a board member had prepared the utility's budget despite having office staff, and the utility had displayed confusion about being under a continuation budget after changing its fiscal year end. Staff concluded that changes were needed but that a specific recommendation was still in development.

Board members asked clarifying questions. Mr. Stone asked about source water; staff and Mr. Pelham noted the water treatment facility sat behind the former Taft Youth Detention Facility, drawing from Bee Creek with an impoundment tied to Bledsoe Correctional. Mr. Giles asked about potential merger partners; Mr. Pelham recused himself due to prior engineering work for the district and, after stating the recusal, outlined adjacent or nearby systems (City of Pikeville, Fall Creek Falls State Park adjacency, Warren County UD District 2/Spencer, and South Cumberland from the Crossville/Lantana Road side), noting the area's topographic isolation. Mr. Stone observed the district's inclusion in the broader Cumberland Plateau water-shortage context. Staff added that regional consolidation efforts under the Cumberland Plateau Water Authority had progressed, including recent action by South Cumberland to join, while broader participation (e.g., City of Crossville) remained a separate matter. Staff indicated they would return with a concrete recommendation once additional fact-finding was complete; no board action had been requested or taken for this item.

Gladeville Utility District

Board staff reported that a prior customer complaint about water hardness in the Gladeville Utility District had been overtaken by a subsequent change in law that favored the complainant.

Staff stated they had been unable to re-establish contact with the complainant despite attempts and therefore recommended closing the matter.

Mr. Purkey moved to accept staff's recommendation to close the complaint, and Mr. Pelham seconded. The motion carried unanimously with no further discussion.

Sevier County Utility District

Staff placed the Sevier County Utility District item on the agenda at Mayor Larry Waters's request. Staff reported that the Mayor called shortly before the meeting to say he could not attend because he was awaiting a call from the Governor regarding efforts to keep the national park open.

In response to a board request for a high-level status update on the prior ouster proceedings, staff stated that little had changed since the last meeting: the district's board members remained in place; however, the Chief Financial Officer had been terminated—an action staff had previously questioned and was pleased to see resolved. Board counsel added that no further progress had been made toward setting a contested case and that the matter still awaited scheduling through the Secretary of State's office. No board action had been requested or required on this update.

South Fork Utility District

Mr. Colona reminded the Board that a special-called meeting one to two weeks earlier had rescinded the most recent order to which South Fork Utility District had planned to object. Since then, the district's former manager, Adam Hail, had resigned months prior, and the district had not hired a replacement. Staff stated concern about the district's trajectory without a manager, noting Hail had been instrumental in recent improvements.

Board Discussion

Staff recommended that South Fork submit quarterly updates to Board staff covering management changes, financial status, and environmental/compliance matters (including any TDEC violations). Board counsel also asked to specify exact due dates for those reports and to request additional information as needed.

Board Action

The Board approved the staff recommendation. Quarterly updates were required on the first day of each quarter—January 1, April 1, July 1, and October 1—with staff authorized to request supplemental details as warranted. Mr. Pelham moved, Mr. Hampton seconded, and the motion carried.

Adjournment

Mr. Smith motions for the meeting to be adjourned at 1:27 p.m. Mr. Stone seconded, and the motion carried unanimously.



JASON E. MUMPOWER
Comptroller

Entity Referred: **Multiple Entities**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water and Sewer**

Staff Summary:

The Following 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 directives of the board. The utilities have shown in consecutive audits positive changes in net position, and Board staff believes the Utility should be released from Board oversight.

Atoka
Benton
Bethel Springs
Hardin County Utility District
Hohenwald

Recommendation:

The Utilities are officially released from the Board's oversight as it relates to their financial distress cases.



JASON E. MUMPOWER
Comptroller

Entity Referred: **Multiple Entities**

Referral Reason: **Training**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The following Utilities were referred to the Tennessee Board of Utility Regulation (“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) & 68-221-1305(f)(1).

Bulls Gap
Camden
Clearfork Utility District
Cookeville
Cumberland Gap
Gibson
Henry
Hollow Rock
Jellico
Lobelville
Metropolitan Government of Hartsville and Trousdale County
Monterey
Moscow
Mount Carmel
Tennessee Ridge
Vanleer
Waverly

Staff Recommendation:

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.



JASON E. MUMPOWER
Comptroller

Entity Referred: **Multiple Entities**

Referral Reason: **Training**

Utility Type Referred: **Water And Sewer**

Staff Summary:

The following utilities 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 68-221-1305. The utilities were ordered to provide board staff with proof that all governing body members have complied with applicable training requirements.

Adamsville
 Alexandria
 Alamo
 Belvidere Rural Utility District
 Blaine
 Bruceton
 Centerville
 Chapel Hill
 Chattanooga
 Cleveland Utilities Authority
 Decatur
 Dowelltown-Liberty Waterworks
 Dyer
 Eagleville
 Eastview
 Erin
 Gleason
 Goodletsville
 Gordonsville
 Harriman
 Harrogate
 Henderson
 Hornsby
 Kingston
 LaFollette
 Lakeland
 Lewisburg



JASON E. MUMPOWER
Comptroller

Lynnville
Madison Suburban Utility District of Davidson County
McLemoresville
Metropolitan Government of Lynchburg and Moore County
Middleton
New Johnsonville
Portland
Ripley
Rives
Rocky Top
Rossville
Rutledge
Sevierville
Siam Utility District
Spring Hill
Springfield
Tellico Plains
Unicoi County Gas Utility District
Walden's Ridge Utility District
West Knox Utility District
West Robertson Water Authority
Woodbury

The utilities have complied with the directives of the board. The utilities provided board staff with proof of the governing body members training, and Board staff believe that the utilities should be released from Board oversight.

Staff Recommendation:

The Utilities are officially released from the Board's oversight as it relates to their (non) compliance with training requirements.



JASON E. MUMPOWER
Comptroller

Entity Referred: **Multiple Entities**

Referral Reason: **Water Loss**

Utility Type Referred: **Water and Sewer**

Staff Summary:

The following utilities were referred to the Tennessee Board of Utility Regulation (“The Board”) for Water Loss pursuant to Tenn. Code Ann. § 7-82-702. The utilities have complied with board orders and have taken steps to improve water loss over 2 consecutive years.

Cedar Grove Utility District

Perryville Utility District

Rogersville

Spring City

White Pine

Staff Recommendation:

The utilities are officially released from the Board's oversight as it relates to water loss.



Jason E. Mumpower
Comptroller

Entity Referred: **Center Grove-Winchester Springs Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

County: **Franklin**

Staff Summary:

Bob and Susan Douglas submitted a complaint to the Tennessee Board of Utility Regulation regarding a \$1,771.34 water bill issued by Center Grove Winchester-Springs Utility District (CGWSUD) after a September 18, 2025 meter reading reflected 233,400 gallons of usage. The utility contacted the Douglases that day to report what was described as a major leak; however, Mr. Douglas and a utility employee inspected the property and found no standing water, wet ground, or visible leak. Two licensed plumbers also inspected the residence and found no evidence of a leak, and additional individuals later checked the property with the same result. The Douglases state that following September 18, meter readings returned to normal without any repairs being made. Their average monthly usage for the previous seven months was approximately 1,828.6 gallons. The meter was replaced on September 29, 2025. When the matter was presented to the local utility board on November 10, 2025, they were informed that because the meter registered the usage, payment was required.

In response, the utility's attorney advised that the Douglases do not qualify for a leak adjustment under the District's policy because they did not provide proof that a leak was repaired by a licensed plumber or confirmation from the District of a repaired leak. The attorney further stated that the meter was tested and found to be operating within an accuracy range of 98.9% to 100%, and that all water passing through the meter is the customer's responsibility. The District maintains that it is not responsible for locating or repairing leaks on the customer's side of the meter and that, in the absence of evidence meeting the leak adjustment requirements, the Board acted appropriately in denying relief. The Douglases seek a refund of the \$1,771.34 charge.

Staff Recommendation:

The Board should not take action. The District has followed its leak adjustment policy. Informal Hearing between the customer and utility.

Tennessee Board of Utility Regulation (TBOUR) Customer Complaint Form**Complainant:****Bob and Susan Douglas****Utility System:**

Center Grove Winchester-Springs Utility District

Date Brought before Local Utility Board: November 10, 2025**Date Submitted to TBOUR staff:**

December 5, 2025

Summary of Complaint:

We were called on September 18 by CGWSUD notifying us the meter readers were at our house and we had a major leak (gushing, they said). One of the CGWSUD employees and Bob (home owner) walked the property, looked under the house and found no sight of standing water or wet ground and no leak. We had 2 plumbers come to look for a leak but found none. On the following Sunday, a water board member, neighbors and son also looked for a leak but found none. After September 18 the meter returned to normal reading. I seems strange that the water is gushing and then, without anything changed, it went back to normal. September 18, 2025 the meter read 233,400 gallons used. The bill \$1,771.34.

The meter was replaced on September 29, 2025.

Our average monthly usage per the previous 7 months was 1,828.6 gallons. From August 18, 2025 until

Summary of Local Utility Board's Decision:

The Water Board said that because the meter showed the water went through, we have to pay.

Remedy Being Sought:

Refund of \$1,771.34.



David Stafford <dstafford931@gmail.com>

Douglas Customer Dispute

1 message

Dewey Branstetter <DBranstetter@srvhlaw.com>
To: "dstafford931@gmail.com" <dstafford931@gmail.com>

Sun, Oct 26, 2025 at 2:50 PM

Mr. Stafford,

Thank you for asking for my assistance concerning the Douglas matter.

I have reviewed the information concerning this situation, and based upon that information, and our conversations over the past couple of weeks, it is my opinion that the situation with Bob and Susie Douglas does not qualify for a leak adjustment pursuant to the Leak Adjustment Policy effective as of February 10, 2025.

The Center Grove Winchester Springs Utility District (District) policy is clear that a customer is only entitled to a leak adjustment when there has been a leak in the waterline between the District's meter and the customer's house. The policy also requires the customer either to present a bill from a licensed plumber showing that the leak has been repaired, or to show a representative from the District where the leak was repaired.

It is my understanding that the customer has not met either of these requirements, so the Board of Commissioners was correct to deny the leak adjustment.

The meter at this residence was also tested, and it was performing at an accuracy rate that ranged from 98.9% to 100%, so there isn't an issue with the accuracy of this meter. The water passed through the meter into the customer's waterlines, and all water that passes through the meter is the customer's responsibility.

It is also not a utility district's responsibility to locate a customer's leak the leak occurs on the customer's side of the meter. To the extent that there is a complaint that the District should have done something to find the reason why the customer was suddenly using more water than normal, that would not be the District's responsibility. While it unfortunately happens that on occasion a utility district's customer may have a leak on their side of the meter, it is not the responsibility of the utility district to attempt to determine the cause of a customer's leak. It is the customer's responsibility to maintain their plumbing and fixtures, and to find and repair leaks when they happen.

Utility districts are also not required to adjust customer's bills when there is a leak, but most districts offer some form of relief when there has been a leak as a courtesy to their customers. In order to qualify for an adjustment, the customer must meet the requirements for an adjustment as set forth in the policy adopted by the district. Because this customer has failed to meet the requirements of the policy, your board acted appropriately by denying the leak adjustment.

While we can all be sympathetic to a customer who has had a leak, and while the Board of Commissioners may want to help this particular customer, my advice is that the board apply the leak adjustment policy uniformly, and deny this request for a leak adjustment. I am not aware of any reason why the board should deviate for its policy, and in the absence of compelling evidence that justifies not applying the policy equally, then denying the request for a leak adjustment is the appropriate result.

If there is anything further that I need to do, or if you have any questions about my advice, please don't hesitate to reach out.

All the best,

Dewey



1600 West End Avenue, Suite 1750
Nashville, TN 37203

Dewey Branstetter
DBranstetter@srvhlaw.com

Direct: (615) 742-4567 Main: (615)
742-4200
Fax: (615) 742-4539

Sherrard Roe | V-Card | 

----- Sherrard Roe Voigt & Harbison, PLC Disclaimer -----

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Minutes of the Center Grove- Winchester Springs Utility District

Regular Monthly Board Meeting Monday, November 10, 2025, 5:00 PM

Present: David Hinshaw, Brian Pendergraff, Charlie Bratten, Matthew Rollins, and David Stafford. Reference the attachments to the minutes for other attendees.

Chairman Brian Pendergraff called the meeting to order and asked David Stafford to read the minutes of the October board meeting. Brian Pendergraff made the motion to accept the minutes as read. Matthew Rollins Seconded the motion. The vote was unanimous.

- Agenda:
1. Bob Douglas
 2. Company Insurance Coverage
 3. Status of the Utility
 4. Unaudited Balance Sheet
 5. 2026 Board Meeting Schedule
 6. Status of the Funds
 7. Water Treated in October and Customers
 8. Chris Woodard

1. Bob Douglas- The board told Mr. Douglas that the problem that he had did not meet the requirements of the Utility Districts leak adjustment policy to give him an adjustment. No action required. Reference the attachments to the minutes for a copy of the leak adjustment policy.
2. Company Insurance- Brian Pendergraff made the motion to accept the insurance renewal from First Capital Insurance Company for \$39,303.00 which is an increase of \$4,400.00 more than last year, because the board wanted to raise the blanket limit \$1,957,000.00 due to rising material and construction costs, the workers Comp was up slightly due to increased payrolls. Matthew Rollins Seconded the motion. The vote was unanimous. Reference the attachments to the minutes for a copy of the insurance renewal.
3. Status of Utility- David Stafford presented a Brief Status of the Utility from 2025. No Action required. Information only.
4. Unaudited Balance Sheet- David Stafford presented the unaudited balance sheet for year ending 9-30-2025 that showed a profit of \$3,540.83. Matthew Rollins made the motion to accept the unaudited balance sheet and run 1 time in the Herald Chronicle before the end of December. Brian Pendergraff Seconded the motion. The vote was

unanimous. Reference the attachments to the minutes for a copy of the unaudited balance sheet for year ending September 30,2025.

5. 2026 Board Meeting Schedule- Brian Pendergraff made the motion to approve the 2026 board meeting schedule of the second Monday of each month at 5:00 P.M. with a commissioner election in April and September and run 1 time in the Herald Chronicle before the end of December. Mathew Rollins Seconded the motion. The vote was unanimous. Reference the attachments to the minutes for a copy of the board meeting schedule.
6. Status of the Funds –As of 11/10/2025 10:40 A.M. The General Fund Bank Statement dated 09-24-2025 thru 10-23-2025, and the General Fund Bank Reconciliation Report dated 10-23-2025, were on the table for the board to review.

1. Project Help	\$1,102.32
2. Special Projects	\$33,968.04
3. General Fund	\$243,064.17
4. Est. Bal. Nov. Payables	- \$55,662.13
5. Balance	\$187,402.04
6. Citizens Money Market	\$156,308.31
7. Billed	\$96,837.12
8. Collected	\$87,390.18
9. Balance	\$9,446.94
10. Project Help Received	\$8.00
11. Project Help Paid Out	\$0
12. Uncollectable Bad Debt	\$89.59

No CDs maturing this month.

7. Water Treated in October and Customers- Information only. No action Required.
8. Chris Woodard- Charlie Bratten made the motion to give Chris Woodard a \$1.00 per hour raise for passing the WT III test to become a certified operator. Brian Pendergraff Seconded the motion. The vote was unanimous. Effective 11-07-2025.

There being no further business Brian Pendergraff made the motion to adjourn. David Hinshaw Seconded the motion. The vote was unanimous.

Respectfully Submitted,

David N. Stafford
Manager, CGWSUD

Minutes of Center Grove- Winchester Springs Utility District

Regular Monthly Board Meeting

Monday October 13, 2025, 5:00 p.m.

Present: Dale Womack, David Hinshaw, Brian Pendergraff, Charlie Bratten, David Stafford. Reference the attachments to the minutes for other attendees. Chairman Brian Pendergraff called the meeting to order and asked David Stafford to read the minutes of the September board meeting. Brian Pendergraff made the motion to approve the minutes as read. Charlie Bratten Seconded the motion. The vote was unanimous.

- Agenda:**
1. Swearing in New Commissioner
 2. Election of Officers
 3. Clearwell Project
 4. Insurance Coverage Amount
 5. Water Treated in September and Customers
 6. Status of the Funds
 7. Bob and Susan Douglas

1. Swearing in of New Commissioner- Chairman Brian Pendergraff asked David Stafford to administer the Oath of Office to newly elected commissioner Dale Womack. Reference the attachments to the minutes for a copy of the signed oath of office.
2. Election of Officers- Brian Pendergraff made the motion to elect Dale Womack Second Vice Chairman and leave everyone else in their current position which is as follows: Chairman Brian Pendergraff, First Vice Chairman Charlie Bratten. Secretary David Hinshaw, Treasurer Matthew Rollins, David Hinshaw Seconded the motion. The vote was unanimous.
3. Clearwell Project- Jimmy Highers gave the board an update on where we are on the Clearwell Project at this time. Information only. No action required.
4. Insurance Coverage Amount- The board asked David Stafford to get a price on our Insurance Coverage with a blanket limit of \$15,000,000.00 instead of \$13,586,113.00, an increase of \$1,413,887.00 and have on the November agenda.
5. Water Treated in September and Customers – Information only. No action required.
6. Status of the Funds - As of 10/13/2025 11:15 a.m. The General Fund Bank Statement dated 08-25-2025 thru 9-23-2025, along with the General Fund Bank Reconciliation Report dated 9-23-2025 were on the table for the board to review.

1. Project Help	\$1,094.32
2. Special Projects	\$33,468.04
3. General Fund	\$220,336.44

4. Est. Bal. Oct. Payables	\$41,073.65
5. Balance	\$179,262.79
6. Citizens Money Market	\$147,704.40
7. Billed	\$111,231.31
8. Collected	- \$95,648.34
9. Balance	\$15,582.97 86%
10. Project Help Received	\$8.00
11. Project Help Paid Out	\$0
12. Uncollectable Bad Debt	\$563.36

No CD's maturing this month.

7. Bob and Susan Douglas- Tabled till November Board Meeting to see if anything happens this month.

There being no further business Brian Pendergraft made the motion to adjourn. David Hinshaw Seconded the motion. The vote was unanimous.

Respectfully Submitted,

David N. Stafford
Manager, CGWSUD

Formal Response to Complaint

Complainant: Susan/Bob Douglas

Utility System: Center Grove-Winchester Springs Utility District

Date Brought Before the Local Utility Board: 10-Nov-25

Summary of Complaint: When Mr. Douglas meter was read on September 18, 2022 the meter was found to be moving fast. The meter readers called the office to have the ladies call Mr. Douglas. The Douglas's said cut the meter off. The reading was 9248. The previous reading from August 18, 2025 was 6914. The meter was changed out and the meter that was taken out was sent to Meter Works of TN. for testing.

Summary and Justification of Decision Rendered by the Local Utility Board: The usage did not meet the requirements of CGWSUD's adjustment policy. Enclosed is a copy of the Utilities adjustment Policy and Complaint Policy.

Response Provided by: David Stafford

0011-00180-002
10/10/25 1,789.84
409.58
10/10/25 2,199.42

Date Issued 09/25/25

BOB & SUSAN DOUGLAS
167 WATERS EDGE DR
ESTILL SPRINGS TN 37330

0011-00180-002 BOB & SUSAN DOUGLAS 167 Waters Edge Dr

WA	77789120	08/18	09/18	691400	924800	233400	1,638.30
ST State Tax Fr							151.54

Project Help add \$1.00

10/10/25 1,789.84
409.58
10/10/25 2,199.42
Regular

Meter Works of Tennessee

Certified Water Meter Repair Technician

John L. David

5253 Wix Lane

Westmoreland, TN 37186

Mobile: 615-330-3431

Fax: 615-688-4374

*John L. David
Staff*

DATE 10/1/2025 LOCATION Certified Test Bench

CUSTOMER Center Grove - Winchester Springs U.D.

METER SIZE 5/8 x 3/4 METER # 77789120

METER MAKE NEPTUNE MODEL T-10

METER TYPE PD GALLON X CUBIC FEET

HIGH SIDE OR PRIMARY TEST

LOW FLOW .25 - 98.9% MEDIUM FLOW 4 - 99.9 HIGH FLOW 15 - 100.0

LOW SIDE COMPOUND ONLY N/A

LOW FLOW MEDIUM FLOW HIGH FLOW

DESCRIBE ANY WORK PERFORMED OR PROBLEMS

RE-TEST AFTER WORK

HIGH SIDE OR PRIMARY UNIT

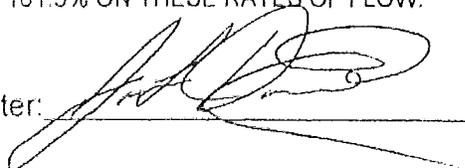
LOW FLOW MEDIUM FLOW HIGH FLOW

LOW SIDE COMPOUND ONLY

LOW FLOW MEDIUM FLOW HIGH FLOW

AMERICAN WATER WORKS ASSOCIATION STANDARD C-700 PERMITS AN ACCURACY OF 95% THRU 101.5% ON THESE RATES OF FLOW.

Chief Tester:



Center Grove Winchester Springs Utility District Leak Adjustment Policy

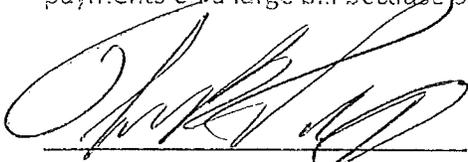
Effective February 10, 2025

All customers of CGWSUD are responsible for keeping their plumbing repaired and in good working order. If a leak occurs and the district has knowledge of the leak, the district will attempt to notify the customer. Or, if the customer discovers a leak the district is to be promptly notified. In either case the district will give the customers 3 working days to make repairs. Failure to make timely reports of leaks and repairs may disqualify the customer for the leak adjustment.

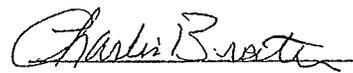
Adjustments will only be made for excessive underground leaks and only the main line from the meter to the house. No adjustments will be made to extra lines tied to the main line for other buildings other than the house. No adjustment will be made for leaking toilets, dripping faucets, or leaks under the house. Also, no adjustments will be made to fill pools, watering lawns or gardens, washing cars, watering livestock, or other use not related to a leak in the water distribution system.

To receive an adjustment, a bill from a licensed plumber making the repairs must be presented to the district office, or a representative of the district must be shown where the leak was repaired before an adjustment can be made.

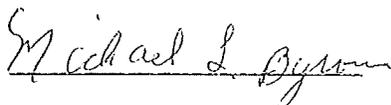
The adjustment rate will be \$5.54 per thousand over the minimum 1,500 gallons. There can only be 1 adjustment in a 12-month period. The penalty will be waived for people making payments on a large bill because of a leak that has received an adjustment.



Commissioner



Commissioner



Commissioner

Commissioner



Commissioner



Manager CGWSUD

CGWSUD Reading History Report

Cycle(s) *All* Reading Factor
 Service Type(s) *Water*
 Date Selection For Report *Reading*
 Beginning Date *10/06/2024*
 Ending Date *10/06/2025*
 Show Totals Only

Reading Date	Trans Date	Service	Rate	Meter Number	Previous Reading	Present Reading	Reading Usage	Reading Type	Demand Usage	Demand Usage	Change
<u>0011-00180-002</u>		01 Douglas, Bob & Susan			167 Waters Edge Dr Estill Springs, TN 37330						
10/21/24 02:20 PM	10/30/24 10:26 AM	<u>Water</u>	01	<u>77789120</u>	6678	<u>6695</u>	17	Read	0	0	<input type="checkbox"/>
11/15/24 07:43 AM	11/26/24 11:25 AM	<u>Water</u>	01	<u>77789120</u>	6695	<u>6713</u>	18	Read	0	0	<input type="checkbox"/>
12/16/24 07:30 AM	12/27/24 09:52 AM	<u>Water</u>	01	<u>77789120</u>	6713	<u>6736</u>	23	Read	0	0	<input type="checkbox"/>
01/16/25 08:17 AM	01/22/25 03:26 PM	<u>Water</u>	01	<u>77789120</u>	6736	<u>6763</u>	27	Read	0	0	<input type="checkbox"/>
02/14/25 08:33 AM	02/21/25 08:21 AM	<u>Water</u>	01	<u>77789120</u>	6763	<u>6784</u>	21	Read	0	0	<input type="checkbox"/>
03/14/25 08:26 AM	03/24/25 08:02 AM	<u>Water</u>	01	<u>77789120</u>	6784	<u>6806</u>	22	Read	0	0	<input type="checkbox"/>
04/15/25 09:38 AM	04/24/25 10:53 AM	<u>Water</u>	01	<u>77789120</u>	6806	<u>6829</u>	23	Read	0	0	<input type="checkbox"/>
05/15/25 02:18 PM	05/23/25 07:55 AM	<u>Water</u>	01	<u>77789120</u>	6829	<u>6852</u>	23	Read	0	0	<input type="checkbox"/>
06/16/25 10:00 AM	06/24/25 09:19 AM	<u>Water</u>	01	<u>77789120</u>	6852	<u>6876</u>	24	Read	0	0	<input type="checkbox"/>
07/17/25 10:12 AM	07/24/25 09:22 AM	<u>Water</u>	01	<u>77789120</u>	6876	<u>6894</u>	18	Read	0	0	<input type="checkbox"/>
08/18/25 08:48 AM	08/22/25 10:21 AM	<u>Water</u>	01	<u>77789120</u>	6894	<u>6914</u>	20	Read	0	0	<input type="checkbox"/>
09/18/25 02:57 PM	09/25/25 09:33 AM	<u>Water</u>	01	<u>77789120</u>	6914	<u>9248</u>	2,334	Read	0	0	<input type="checkbox"/>
09/29/25 10:58 AM		<u>Water</u>	01	<u>241303735</u>	9248	<u>9248</u>	9,256	No Reading	0	0	<input checked="" type="checkbox"/>
09/29/25 10:58 AM		<u>Water</u>	01	<u>241303735</u>	0	<u>0</u>	0	No Reading	0	0	<input type="checkbox"/>
Total Account Usage							11826				
1 Customers in Route 0011							11,826 Route Usage				
1 Total Customers							11,826 Total Usage				

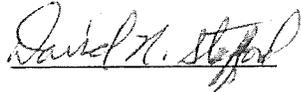
Center Grove Winchester-Springs Utility District

Customer Complaint Policy

If a customer's water usage as recorded on the customer's meter is over four times the average of the customer's usage over the past twelve months, then the customer may request that the District test the meter at the District's expense to determine if the meter is functioning properly. If it is determined that the meter is not functioning properly, then the District will reduce the customer's bill to the average of the last twelve month's bills for that customer.

If determined that the meter is functioning properly, the customer will be responsible for the cost of the test, labor, and the new meter put into use while the other meter is being tested.

In the event that a customer makes a second request within a twelve month period to have the meter tested due to excessive usage, the customer will also pay the actual costs incurred by the District to test the meter if the meter is found to be functioning normally. If it is determined that the meter is not functioning normally, then the customer will not be responsible for the cost of the testing the meter. It is the customer's responsibility to request that a meter be tested in the event that the customer believes that the meter is not functioning normally.



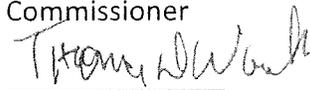
Manager CGWSUD



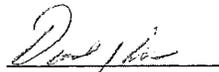
Commissioner



Commissioner



Commissioner



Commissioner



Commissioner

Effective 05-09-2016

Revised 12-08-2025



Jason E. Mumpower
Comptroller

Entity Referred: **DeKalb Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

County: **DeKalb**

Staff Summary:

Ronnie Levine submitted a complaint to the Tennessee Board of Utility Regulation regarding charges assessed by DeKalb Utility District following a significant underground leak at his property in Liberty, Tennessee. After moving to the property in March 2025, his average monthly water consumption was approximately 12,000 gallons. He was later notified by the utility that usage had increased to approximately 400,000 gallons, and service was shut off so the issue could be investigated. Upon inspection of the nearly four-acre property, he located and repaired a leak in a heavily wooded area near a neighboring property line. He subsequently received a bill totaling approximately \$4,200, followed by an additional bill of about \$500 the next month. Mr. Levine states that he was informed the utility does not provide billing adjustments and that he was responsible for the full amount. He received \$2,500 through the utility's Leak Protection Program (Serve Line) but paid the remaining balance—approximately \$1,700—out of pocket. He asserts that earlier notification of the increased usage could have mitigated the loss and seeks a credit for the amount he personally paid.

In response, DeKalb Utility District states that Mr. Levine was notified of a leak reflecting approximately 428,458 gallons of usage and billed \$4,259.50. The District maintains that the only adjustment available is through its Leak Protection Program policy, under which Mr. Levine received the maximum \$2,500 benefit. The remaining balance of \$1,759.50 was due under District policy. He was informed he could make payment arrangements, subject to applicable penalties, but instead paid the balance in full and appeared before the Board on September 4, 2025, requesting a credit of the remaining amount. The Board denied the request, citing adherence to the Leak Protection Program policy. Mr. Levine now seeks credit for the remaining charges paid.

Staff Recommendation:

Board staff does not recommend any action against the utility. The customer complaint case should be closed. Informal hearing between the Utility and the Customer.

Tennessee Board of Utility Regulation

Complainant: Ronnie Levine

Utility System: Dekalb Utility District

Date Brought Before Local Utility Board: 3-Oct-25

Date Submitted to TBOUR Staff: 10/21/2025

Jurisdiction: The justness and reasonableness of a utility system's rates, fees, or charges.

Summary of Complaint: Recently moved to Liberty, TN in March 2025. Water consumption was at approximately 12,000 gallons per month. We reside on just under 4 acres. We were contacted by the water department, who advised that consumption was at approximately 400,000 gallons and they came out to turn off the water so we could investigate. The next day, after a complete and thorough survey of the entire property, we located a leak which we fixed. When we visited the water department, after being advised of the issue, we were informed that they make no adjustments and that we are responsible for the bill in its entirety, which was approximately \$4,200. We then received an additional bill the following month for approximately \$500. We paid \$2500 from insurance proceeds, and I appeared before the water board, and while they allowed me to speak, they immediately denied my request for adjustment or forgiveness of the balance. The leak was close to my neighbor's property line, in a heavily wooded area. Had we had immediate notification of the water usage, we could have fixed it immediately, mitigating the damage of the extraordinary bill.

Summary of Board's Decision: Denied. Not their policy to credit.

Remedy Being Sought: Credit to our account. We had to pay approximately \$1700 out of pocket. The leak was of no fault of ours and happened underground.

Formal Response to Complaint

Complainant: Ronnie Levine

Utility System: DeKalb Utility District

Date Brought Before the Local Utility Board: Sep 04, 2025

Summary and Justification of Decision Rendered by the Local Utility Board:

Complainant was notified of a large leak (428,458 thousand gallons). After receiving his bill of \$4,259.50 he called office to see about getting an adjustment. The only adjustment that DeKalb Utility offers is through the Leak Protection Program Policy (Serve Line), so Mr. Levine turned in his claim. Serve Line paid out the max of \$2,500 which Mr. Levine still owed \$1,759.

Mr. Levine called DeKalb Utility District to see about making payments on the \$1,759.50. He was told that yes, he could but he would have to make arrangement with the General Manager. Mr. Levine was also told that DeKalb Utility District's Arrangement policy stated that penalties would still be applied to the remaining balance. Mr. Levine then paid the remaining balance in full and request to be heard at the next DeKalb Utility District Board meeting.

On September 4th, 2025. Mr. Levine addressed the DeKalb Utility District Board and requested that \$1,759.50 be adjusted off his account and credited back to his account. The Board explained to Mr. Levine that they had to follow the Leak Protection Program Policy, which is in place and that his request was denied.

Attached for your review which was completely followed is the:
Letter to address the Board of Commissioners from Mr. Levine
The September 4, 2025, DeKalb Utility District Board Meeting Minutes
The DeKalb Utility District Payment Arrangement Policy
The DeKalb Utility District Leak Protection Program Policy

Response Provided by: Jon Foutch

Re: Water Leak Adjustment 8/5/25
911 Anderson Rd. Liberty, TN 37095

We recently moved to our home at 911 Anderson Rd, Liberty, TN, a few months ago. The property consists of 2.86 acres, a substantial portion of which is located in a wooded area.

We have had a regular water bill each month and received a call last week from the water department advising that our water consumption went from approx. 12,000 gallons to approx. 40,000 gallons, indicating a leak. We immediately assessed the entire property and located a leak in the wooded area of the property, taking immediate measures to remedy the leak.

The bill in total is \$4,259.00. Thankfully our insurance will cover \$2,500.00 of that total, leaving us responsible for \$1,759.00, which we are requesting an adjustment, for several reasons:

- 1- we were unaware of the leak + it was not in a visible or easily accessible area of the property;
- 2- we immediately fixed the leak and would have done so sooner if we had been advised that there was a substantial daily increase in consumption/usage;
- 3- I am currently out of work due to a wrist injury and awaiting surgery.

We respectfully request an adjustment of the water bill balance of \$1,759.00 minus our regular water bill of course.

Thank you.
Pamela Lewis + Melissa Utro

**MINUTES FOR SEPTEMBER 4, 2025
BOARD OF COMMISSIONERS MEETING
FOR DEKALB UTILITY DISTRICT**

The Board of Commissioners for DeKalb Utility District met for its regular monthly meeting on September 4, 2025 at 3:00 p.m. at the District's office in Smithville, Tennessee. All the Commissioners were present.

APPROVAL OF MINUTES

Upon review of the proposed minutes of the board meeting of August 7, 2025, a motion was made by Mr. Davis, second by Mr. Womack, to approve the minutes of the regular board meeting of August 7, 2025, as presented. The motion passed with all voting in favor.

APPEARANCES FROM PUBLIC

Ronnie Levine was present to request an adjustment or waiver of the Payment Arrangement Policy of the District (attached as Exhibit "A") due to a recent water leak issue. Upon consideration of his request and following consideration of Mr. Levine's comments and information provided, the request for an adjustment or waiver of the Payment Arrangement Policy was denied.

FINANCIAL REPORT

The Board reviewed the information included in the income statement and balance sheet, attached as Exhibit "B", and the financial report for the period ending July 2025. A discussion was had regarding the same. A motion was made by Mr. Bass, second by Mr. Close, to approve the report as presented with all in voting in favor.

LEGAL REPORT

None.

ENGINEER'S REPORT

Bryant Griffin was present and provided an update on the projects set forth in the Engineer Report, attached as Exhibit "C". Mr. Griffin provided an update on the various developments that are in the process of construction, including the Smith and DeKalb County 2023 ARPA Water System Improvement Grants.

OLD BUSINESS

Jon provided an update on the new VFD for the water treatment plant high service pump number 1 installation process.

NEW BUSINESS

Jon provided an update on leak issues at the Cove Hollow tank site.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned upon motion by Mr. Womack, second by Mr. Bass, with all voting in favor.

President
Tom B

Commissioner
Jimmy Womack

Commissioner
Richard Close

Commissioner
Kevin Bass

Commissioner

DEKALB UTILITY DISTRICT
LEAK PROTECTION PROGRAM POLICY

The following are qualifications for leak adjustments for DeKalb Utility District for the Leak Protection Program offered by ServLine by HomeServe:

1. It is the customer's responsibility to keep their plumbing system in good working order.
2. No customer shall receive more than one (1) leak adjustment that could incorporate a maximum of two (2) billing cycles during any twelve (12) month period.
3. To qualify for a leak adjustment, the eligible plumbing leak must generate a minimum additional charge of at least two (2) times the average of the past twelve (12) months' bills.
4. Adjustments on water bills will NOT be made on the following:
 - a. Customers who do not have their own water meter.
 - b. Premises left or abandoned without reasonable care for the plumbing system.
 - c. Leaks on irrigation systems or irrigation lines, leaks in water features such as fountains, etc.
 - d. Negligent acts such as leaving water running.
 - e. Excess water charges not directly resulting from a qualifying plumbing leak.
 - f. Filling of swimming pools or leaks in swimming pools.
 - g. Watering of lawns or gardens.
5. In the event of a qualifying leak adjustment, the customer will be responsible for paying their average bill and will be subject to the policies and penalties regarding timely payment. The average bill will be calculated using the previous twelve (12) months' bills, excluding the high bills pertaining to the qualifying leak. The leak adjustment amount provided by ServLine will be credited to DeKalb Utility District to be applied to the customer's water account up to DeKalb Utility District's chosen protection limit less the customer's average bill. Arrangements to pay may be requested for remaining balances over \$300.00. See Payment Arrangement Policy.
6. In the event that a customer has a credit balance in their account due to a claim being submitted and approved by ServLine, and once DUD has received compensation from ServLine on the claim, the customer, upon request, will receive payment to satisfy the credit balance within 21 days following DUD's receipt of the funds from ServLine. If a request for such payment is not made

then the credit balance will be applied to subsequent bills of the customer for water service.

7. DeKalb Utility District shall not be obligated to make adjustments of any bills not submitted for adjustment within ninety (90) days from the billing date.
8. Customers must present proof that a leak has been repaired before an adjustment will be made (i.e. copy of invoice for materials or bill from plumber).
9. In any case where a customer might incur a leak before there is three (3) months of average usage, an adjustment will not be made until after customer has established three (3) months of average usage. Customer will be required to pay a minimum bill for the month in question and must pay the minimum bill by the 10th to avoid penalties. All questions or disputes on reimbursements or the program guidelines will be resolved by our ServLine Leak Protection Representatives.
10. Any customer may decline to participate in our ServLine Leak Protection Program by calling 1-888-977-7494. Any customer declining to participate in the program will be responsible for the full amount of their water bill with no adjustments being made. The ServLine Leak Protection Program is the only way qualifying leak adjustments will be made for leaks occurring after March 1, 2022.

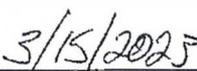
Amended per minutes of: 4/6/23

DeKalb Utility District Leak Protection Program

DeKalb Utility District is changing our leak adjustment policy effective March 1, 2022. The following are qualifications for leak adjustments for DeKalb Utility District's ServLine Program:

1. It is the customer's responsibility to keep their plumbing system in good working order.
2. No customer shall receive more than one (1) leak adjustment that could incorporate a maximum of two (2) billing cycles during any twelve (12) month period.
3. To qualify for a leak adjustment, the eligible plumbing leak must generate a minimum additional charge of at least two (2) times the average of the past twelve (12) months' bills.
4. Adjustments on water bills will NOT be made on the following:
 - a. Customers who do not have their own water meter.
 - b. Premises left or abandoned without reasonable care for the plumbing system.
 - c. Leaks on irrigation systems or irrigation lines, leaks in water features such as fountains, etc.
 - d. Negligent acts such as leaving water running.
 - e. Excess water charges not directly resulting from a qualifying plumbing leak.
 - f. Filling of swimming pools or leaks in swimming pools.
 - g. Watering of lawns or gardens.
5. In the event of a qualifying leak adjustment, the customer will be responsible for paying their average bill and will be subject to the policies and penalties regarding timely payment. The average bill will be calculated using the previous twelve (12) months' bills, excluding the high bills pertaining to the qualifying leak. The leak adjustment amount will be credited to DeKalb Utility District to be applied to the customer's water account up to DeKalb Utility District's chosen protection limit less the customer's average bill. Arrangements to pay may be requested for remaining balances over \$300.00. See Payment Arrangement Policy.
6. DeKalb Utility District shall not be obligated to make adjustments of any bills not submitted for adjustment within ninety (90) days from the billing date.
7. Customers must present proof that a leak has been repaired before an adjustment will be made (i.e., copy of invoice for materials or bill from plumber).
8. In any case where a customer might incur a leak before there is three (3) months of average usage, an adjustment will not be made until after the customer has established three (3) months of average usage. Customer will be required to pay the minimum bill for the month in question and must pay the minimum bill by the 10th to avoid penalties. All questions or disputes on reimbursements or the program guidelines will be resolved by our ServLine Leak Protection Representatives.
9. Any customer may decline to participate in our ServLine Leak Protection Program by calling 1-888-977-7494. Any customer declining to participate in the program will be responsible for the full amount of their water bill with no adjustments being made. The ServLine Leak Protection Program is the only way qualifying leak adjustments will be made for leaks occurring after March 1, 2022.


Approved by:


Date:

PAYMENT ARRANGEMENT POLICY

1. Payment arrangements may be requested for bills with remaining balances of \$300 or more after a billing adjustment for customers enrolled in the ServLine Leak Protection Program. No penalties will be waived on unpaid balances. Arrangements to pay may be approved at DUD Manager's discretion.
2. Customers who choose to not participate in the ServLine Leak Protection Program and have a balance of over \$300 from their regular bill (average of bill for prior 3 months) after experiencing and repairing a water leak may request a payment arrangement to timely address the unpaid balance. No penalties will be waived on unpaid balances. Arrangements to pay the unpaid balance may be reviewed and subject to approval at DUD Manager's discretion.
3. In the event that a payment arrangement is approved for any customer (participants of the ServLine Leak Protection Program or not), a minimum monthly payment arrangement of \$100 in addition to the payment in full of the regular monthly bill is required.
4. For any approved payment arrangement, payment is due by the 10th day each month.
5. For any approved payment arrangement, if monthly payment arrangement, regular monthly bill and penalty have not been paid by 4:00 PM on the 20th, the account will be considered delinquent and the entire balance remaining on the payment arrangement will be due in full as well as any other charges associated with delinquency. See Billing and Delinquent Policy.

Approved per minutes of:

1/13/22

Effective 3/1/22



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Englewood**
Referral Reason: **Customer Complaint**
Utility Type Referred: **Water And Sewer**
County: **McMinn**

Staff Summary:

Ms. Lisa Snell submitted a complaint to the Tennessee Board of Utility Regulation regarding two unusually high water bills issued by the Town of Englewood Water Department following a leak at her residence that was repaired on November 25, 2024. The first billing period, October 21 through November 25, 2024 (35 days), reflected an increase from meter reading 4738 to 5189 (451 units) and a charge of \$699.95. The second billing period, November 25 through December 18, 2024 (23 days), reflected an increase from 5189 to 6012 (823 units) and a charge of \$1,275.60. Ms. Snell disputes the accuracy of the second bill, noting that the leak was repaired on November 25, 2024—the same day as the prior meter reading—and asserts that usage should not have increased during the shorter subsequent billing period. Although the utility maintains that the bill is accurate based on the meter readings, she states that no explanation has been provided as to why the second month's usage was nearly double the prior month despite the repair. She has provided documentation from the contractor confirming the repair was completed on November 25, 2024. While the department issued an estimated \$500 credit, the total charges for the two months exceeded \$2,000, which she has paid. Ms. Snell requests a review of the billing accuracy and the utility's handling of her complaint, including clarification of the meter readings and the basis for the charges.

Staff Recommendation:

Informal hearing between the customer and utility.

Formal Complaint

Complainant: Lisa Snell

Utility System: Town of Englewood, Water Department

Date Brought Before Local Utility Board: November 10, 2025 (2nd time)

Date Submitted to TBOUR Staff: December 4, 2025

Jurisdiction: The justness and reasonableness of a utility system's rates, fees, or charges.

Summary of Complaint: Please see the attachment for lengthy explanation of complaint

Summary of Board's Decision: They cannot give me an answer as to "why" they believe it is accurate

Remedy Being Sought: I do not feel that we should have had to pay the December invoice due to us having the leak fixed on that date of November 25, 2024. They stated "this is what we read so its correct. Well it can't be correct because we got it FIXED on November 25th, 2024.

October 21, 2024 to November 25, 2024 (duration of 35 days)

Previous reading was 4738 – meter was read on November 25th @ 5189 (451 gallons) = \$699.95

November 25, 2024 to December 18, 2024 (duration of 23 days)

Previous reading was 5189 and was read on December 18th @ 6012 (823 gallons) = \$1,275.60

They were never able to give me an answer to why the 2nd month was double the first one even though it was fixed the day they read it for the previous month. They also stated at the meeting that they do help people on a “one on one” basis even if they have given them a 1-time adjustment. Even though it is in their policies that they only allow a 1-time adjustment. I feel this department needs an audit performed to see why there are “no answers” for why this happened. I also know there are a lot of Englewood water customers who have been complaining on the “Englewood, TN What’s Up” page on Facebook. Please, investigate this department’s employees and Town Manager. I paid my \$1,500.00 but I also know I have a very good friend who went down there, told them her meter was broke she thought at which time the receptionist asked if “she” wanted to get a work order written up to check it and at that point she said I guess so. She was told that they must just not be using but the minimum amount of water each month so her bill has been \$33 +~ for the past 2 years or more and there are 4 people in her home of which 2 of them take 2 showers a day she said plus wash vehicles, etc. Englewood has lost who knows how much revenue just from them. I was told “our meters don’t break”. Really, well hers is broken!

They did offer and gave me a credit of \$500 (estimate) but between the two months it was over \$2k dollars of which I have paid it.

When I went to the commissioner’s meeting on November 10, 2025 to ask if they were able to figure it out and explain to me how that my issues could have been accurate, I was asked why was I asking this again and that he, Joe Cline stated he had sent me a letter sometime earlier this year telling me that they would not be adjusting anything. I then stated to him that we had not received anything from him or the Town of Englewood and asked if he would supply me with a copy of this letter. He then stated he didn’t know if he still had a copy and that since it was earlier in the year, he probably didn’t have it anymore. I have multiple items that I can supply, like my invoice from where we had the work performed on November 25, 2024, and it was fixed that same day, even though Joe Cline stated at the meeting that he didn’t believe me when I stated we had it fixed that day. I stated to him that we most definitely did have it fixed and why was he questioning that. He stated that because the invoice from the contractor stated 12-10-24 on the invoice I supplied to show it was paid and the work was completed. I explained that the owner was out of town for the holiday and that the office staff are not allowed to invoice anyone until he reviews the work order, supplies purchased to complete the work and that is why it stated 12-10-24. I have a letter from the owner of the company now stating it was called in on the morning of 11-25-24 and the work was completed that day and our water was back on by 4:00 to 4:30 that day!

The minutes from February 10th, 2025, meeting I have a copy of and can supply if needed. It stated in it that after discussion, no further action was taken. As I am sure the meeting on November 10th, 2025, the

same thing will be written. I can't get a copy of that set of minutes until the December 2025 meeting is held.

I am requesting that an investigation/audit be completed on Mr. Joe Cline and his department and billing practices.

I will be happy to supply multiple citizens' names with complaints if necessary.

I will also tell you that I spoke with a local attorney after seeing a post she made on her own page asking if anyone has had an issue that she will provide her services to them to help them get help. She also lives in Englewood and will be submitting her own complaint along with multiple citizens once she speaks with them individually.

I was also told that Mr. Cline, they believed had been fired previously from a former employer due to embezzlement of department funds. No idea if this is correct but I thought it might need to be investigated also.

I appreciate your time and any effort that can to given to help with this matter.

Sincerely,

Lisa Snell

142 County Rd 574

Englewood, TN 37329

Formal Response to Complaint

Complainant: Lisa Snell

Utility System: Englewood

Date Brought Before the Local Utility Board: 10-Nov-25

Summary of Complaint: First contact from Ms. Lisa Snell was by phone call on November 25, 2024 at 10:24 AM. She had left a voicemail to let us know about a leak at 142 County Road 574. Second contact from Ms. Lisa Snell was by phone call on December 10, 2024 at 2:25 PM. She had said that she was coming to pay or talk to us about their really high bill. She had said that she had gotten it fixed the week of Thanksgiving. I was given an invoice dated December 10, 2024 where JBC had repaired her leak as proof to give her a leak adjustment. Third contact by Ms. Lisa Snell was in person on February 10, 2025 at the city board meeting. Fourth contact by Ms. Lisa Snell was in person on November 10, 2025 at the city board meeting. Lisa Snell addressed the board regarding a leak at her residence that occurred in November of 2024.

Summary and Justification of Decision Rendered by the Local Utility Board: Ms. Lisa Snell was given an adjustment of \$581.46 on her water bill. Her leak spanned over two separate water bills. The leak was shown on her November 2024 and December 2024 bills because of when the meters are read. Her November 2024 bill was for the dates of October 21, 2024 and November 25, 2024 and her December 2024 bill was for the dates of November 25, 2024 and December 18, 2024. Per our leak policy (ORDINANCE NO. 04-14-14-81), we are only allowed to give a leak adjustment once per customer every three years. This policy is no longer in affect as of today (February 18, 2025), but was in affect when this event took place. No action was taken by the board at either board meeting (February 10, 2025 and November 10, 2025) due to her having an adjustment given to her for this leak. The board felt that the leak policy had been followed.

Response Provided by: Joe Cline

ORDINANCE NO. 04-14-14-81

**AN ORDINANCE OF THE TOWN OF ENGLEWOOD AMENDING TITLE 18,
CHAPTER 4 WATER AND SEWER LEAKS OF THE TOWN OF ENGLEWOOD,
TENNESSEE MUNICIPAL CODE BY ALLOWING ADJUSTMENTS ONCE EVERY
TWO (2) YEARS INSTEAD OF EVERY FIVE YEARS(5)**

Be it ordained by the Board of Commissioners of the Town of Englewood, Tennessee that:

Section 1: The following text in Section 18- 402 (1):

“Water leaks at the coupling on the customer’s side of the meter—water and sewer will be adjusted one-half (1/2) bill of leak adjustment once every five (5) years” shall be changed to

“Water leaks at the coupling on the customer’s side of the meter—water and sewer will be adjusted one-half (1/2) bill of leak adjustment once every two (2) years if the amount of the leakage exceeds fifty percent (50%) of the average of the prior six (6) months consumption”

Section 2: The following text in Section 18-402 (2):

“Water leaks located on the service from meter to residence—sewer will be adjusted one-half (1/2) bill of leak adjustment once every five (5) years” shall be changed to:

“Water leaks located on the service line from the meter to residence—water and sewer will be adjusted one-half (1/2) consumption of leak adjustment at fifty percent (50%) of the average of the prior six (6) months consumption”

Section 3: The following text in Section 18-402 (4):

“If a customer receives an adjustment due to a validated water leak, they will not be allowed to receive another adjustment for five (5) years from the date of the last adjustment to:

“If a customer receives an adjustment due to a validated water leak, they will not be allowed to receive another adjustment for two (2) years from the date of the last adjustment.

Section 4: The following text in Section 18-402 (5):

“The adjustment will be for fifty percent (50%) of the bill once every five (5) years” to:
“The adjustment will be for fifty percent (50%) of the leakage once every two (2) years”

Section 5: The following language is added to Section 18-402:

The Board may also consider such hardships that would allow for an additional twenty-five (25%) adjustment off of their bill within the same 2 year time period.

Adjustment procedures mentioned herein may also apply to water and sewer leaks which occur due to breakage in lines in residential or commercial dwellings.

To clarify, the policy would further state that a water adjustment would only be made if there was a hidden leak, such as a line break and there would not be an adjustment made on water once the leak was beyond the service line. A hidden leak could be considered as a leak the customer could not reasonably have been expected to find until a bill for excessive consumption indicated the presence of such leaks. However, an adjustment could be made on sewer if the leak were on the line and beyond the line. For example, if a customer had a water line inside the home break, they could receive an adjustment on sewer only. The leak would have to exceed a consumption of the customers normal six month average by fifty percent (50%) and the adjustment would be for one half (1/2) of the consumption total of the leak above the customers normal usage for a six (6) month period.

For example: a water adjustment will not be given for a leak from frozen water lines; however the sewer may be adjusted. Leaks in interior plumbing, leaking or dripping faucets, leaking or dripping yard hydrants, leaks in commodes, frozen pipes or water used to keep the pipes from freezing are specifically cited as examples of leaks which will not be termed as "hidden leaks" for the purpose of this policy. The policy would further state that an adjustment could never be below a customer's normal bill average.

Section 6. All leaks are to be verified by the maintenance department. If the maintenance personnel do not verify the leak, an adjustment will not be made.

Section 7. No adjustment in billing shall be made where the premises are vacated without a notice to discontinue service having been given to Englewood Water and Sewer Department.

Section 8. Customers are advised to use Schedule 40 PVC, Schedule 80 PVC, Copper or Polyethylene pipe when installing a new water line. Englewood Water and Sewer Department cannot force the customer to use the suggested piping materials.

Section 9. There will be no water adjustments because of cold temperatures. An example of a prohibited claim would be leaving water dripping to keep pipes from freezing, or frozen or burst pipes, etc.

Section 10. This ordinance shall take effect from and after its final passage, the public welfare requiring it.

Passed 1st Reading _____

Passed 2nd Reading _____

MAYOR

RECORDER

The Town of Englewood met for a regular scheduled meeting on Monday, November 10th, 2025 at 6:00PM. This meeting was held at the Municipal Building located at 35 Carroll Road.

Call to Order

This meeting was called to order by Mayor Tony Hawn.

Roll Call

Roll call was given by Angie Napier with Mayor Hawn, Vice Mayor Chris Cochran, Commissioner Dwayne Arrowood, Commissioner Richard Robinson and Commissioner Jerry Shirk all present.

Invocation/ Pledge of Allegiance

Invocation was given by Commissioner Jerry Shirk, followed by the Pledge of Allegiance.

Mayor Communications

N/A

Commissioner Reports

N/A

Approve October 2025 Minutes

A motion was made by Commissioner Jerry Shirk to approve the October 2025 Minutes, seconded by Vice Mayor Chris Cochran; all ayes.

Resolution No. 11-10-25-172 A resolution authorizing the Town of Englewood to participate in the Property Conservation Matching Grant Program

A motion was made by Commissioner Robinson to approve Resolution No. 11-10-25-172, seconded by Commissioner Arrowood; all ayes.

Amend the Town of Englewood Personal Policy- Political Activity Portion

A motion was made by Vice Mayor Chris Cocran to approve the amendment to the personal policy; seconded by Commissioner Robinson; all ayes.

Lisa Snell- Water Issue

Lisa Snell addressed the board regarding a leak at her residence that occurred in November 2024. No action taken.

Fire Department Report

N/A

Financial Report

The Financial Report prepared by Finance Director Cassie Edrington was presented by Town Manager Joe Cline.

Police Department Report

The Police Report was presented by Police Chief Michael Hayes.

Library Report

The Library Report prepared by Librarian Tina Webb was presented by Town Manager Joe Cline.

Any Business to Legally Come Before the Board/ Public Comments

Gregory Hunter addressed the board with the concern that he has not received his utility bill in the mail for months. He was informed that all utility bills go to the post office at the same time each month and he needs to contact the Postmaster with this issue.

Adjournment

A motion was made by Commissioner Arrowood to adjourn the meeting, seconded by Vice Mayor Chris Cochran; all ayes.

Mayor

City Recorder

The Town of Englewood met for a regular scheduled meeting and Public Hearing on Monday, February 10th, 2024 at 6:00PM. This meeting was held at the Municipal Building located at 35 Carroll Road.

Call to Order

The meeting was called to order by Mayor Tony Hawn.

Roll Call

Roll call was given by Angie Napier with Mayor Hawn, Vice Mayor Chris Cochran, Commissioner Jerry Shirk, Commissioner Dwayne Arrowood all present. Commissioner Richard Robinson was absent.

Invocation/ Pledge of Allegiance

Invocation was given by Commissioner Jerry Shirk followed by the Pledge of Allegiance.

Mayor Communications

N/A

Commissioner Reports

N/A

Approve January 2025 Minutes

A motion was made by Commissioner Arrowood to approve the January 2025 minutes, seconded by Commissioner Jerry Shirk; all ayes.

Second Reading of Ordinance No. 12-9-24-172 An Ordinance to Amend the Official Zoning Ordinance Regarding Multi-Family Dwellings in the Town of Englewood, Tennessee

A motion was made by Commissioner Shirk to approve the second reading of Ordinance No. 12-9-24-172, seconded by Vice Mayor Chris Cochran; all ayes.

Purchase Rescue Truck for Fire Department

A motion was made by Commissioner Jerry Shirk to approve the purchase of the rescue truck for the Fire Department, seconded by Commissioner Arrowood; all ayes.

Jacob Slack- Water Bill

A motion was made by Mayor Hawn to table this discussion until the next board meeting on March 10th 2025 to give Mr. Jacob Slack time to contact his insurance provider, seconded by Commissioner Arrowood; all ayes.

Lisa Snell- Water Bill

After discussion, no action was taken.

Request for Street Light at Meadow Lawn

After discussion, no action was taken.

Fire Department Report

The Fire Department Report was given by Fire Chief Billy Roach.

Police Department Report

The Police Department Report was given by Police Chief Michael Hayes.

Financial Report

Then Financial Report prepared by Finance Director Cassie Edrington was presented by Town Manager Joe Cline.

Library Report

The Library Report prepared by Librarian Tina Webb was presented by Town Manager Joe Cline.

Any Business to Legally Come Before the Board/ Public Comments

Paul Patel addressed the Board of Commission in regards to opening a liquor store within the Town of Englewood.

Dennis Schlink addressed the Board regarding an ongoing ordinance issue set for a court appearance in March 2025.

Adjournment

A motion to adjourn the meeting was made by Commissioner Jerry Shirk, seconded by Commissioner Arrowood; all ayes.

Mayor

City Recorder

Hannah Morgan

From: noreply-tpbus.mobility@bl.comcast.net
Sent: Tuesday, December 10, 2024 2:52 PM
To: town@townofenglewood.com
Subject: Comcast Business voicemail from 4238290424 - CLINTON SNELL
Attachments: voicemail.wav



Comcast Business Voicemail from 4238290424 - CLINTON SNELL.
44 seconds

Hi, this is Lisa Snell, 142 County Road 574. Umm I had to leave at 3 o'clock this morning to come to Alabama. My mom fell. I was coming to pay or talk to you guys about our real high water bill. We have still, we've gotten it fixed, but of course it was the week of Thanksgiving and so those people were out of town, the owners of the company. We're still waiting to find out what we are going to owe them for this. So, but I need to make a payment on this. I don't want my water cut off and I don't know how long I'm going to be in Alabama. So if somebody can please call me back, 423-829-0424. Thank you so much. Bye bye.

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One Comcast Center
1701 JFK Blvd
Philadelphia, PA 19103-2836
Attn: Comcast Interactive Media



Hannah Morgan

From: noreply-tpbus.mobility@bl.comcast.net
Sent: Monday, November 25, 2024 10:24 AM
To: town@townofenglewood.com
Subject: Comcast Business voicemail from 4238296264 - CLINTON SNELL
Attachments: voicemail.wav



Comcast Business Voicemail from 4238296264 - CLINTON SNELL.
22 seconds

Yes, I'd like to report a possible water leak at 142 County Road 574. My name is Clint Snell, S-N-E-L-L. Phone number is 423-829-6264. Thank you.

This is a service-related email. Comcast will occasionally send you service-related emails to inform you of service updates or new benefits. Services and features are subject to Comcast's standard terms and conditions of service and are subject to change.

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**Englewood Water & Gas
Account Transactions Report**

User: Kayla Raper
Date/Time: 2/4/2025 2:19
Page 1 of 1

Location Address: 142 Co. Rd. 574
Englewood, TN 37329

From Date: 5/1/2024
Thru Date: 12/31/2024

Created Date	Batch/Reference	Description	Voided	Affect A/R	Amount	Balance
12/31/2024 8:37 AM	Adjustment per leak policy. Approved by Joe.	Adjustment			(\$581.46)	\$993.81
12/27/2024 2:54 PM	December 2024 Billing	Billing			\$1,275.60	\$1,575.27
12/26/2024 9:12 AM	POS: 12/26/2024	Receipt			(\$400.00)	\$299.67
12/11/2024 3:06 PM	had work order in	Penalty Adjustment			(\$63.75)	\$699.67
12/11/2024 11:49 AM	November 2024 Penalty -	Apply Penalty			\$63.75	\$763.42
12/11/2024 11:45 AM		Void: Apply Penalty			(\$63.75)	\$699.67
12/11/2024 11:44 AM	November 2024 Penalty	Apply Penalty	Yes		\$63.75	\$763.42
12/11/2024 11:44 AM		Void: Apply Penalty			(\$63.75)	\$699.67
12/11/2024 11:39 AM	November 2024 Penalty	Apply Penalty	Yes		\$63.75	\$763.42
11/27/2024 3:33 PM	Credit Roll	Credit Roll			\$0.00	\$699.67
11/27/2024 3:07 PM	November 2024 Billing	Billing			\$699.94	\$699.67
11/11/2024 2:27 PM	POS: SB - 11/11/2024 - 1	Receipt			(\$101.00)	(\$0.27)
10/31/2024 10:29 AM	Credit Roll	Credit Roll			\$0.00	\$100.73
10/31/2024 9:39 AM	October 2024 Billing	Billing			\$102.62	\$100.73
10/08/2024 8:52 AM	POS: HM - 10/7/2024	Receipt			(\$90.00)	(\$1.89)
09/30/2024 3:48 PM	Credit Roll	Credit Roll			\$0.00	\$88.11
09/30/2024 3:23 PM	September 2024 Billing	Billing			\$88.69	\$88.11
09/10/2024 9:36 AM	POS: HM - 9/10/2024	Receipt			(\$107.00)	(\$0.58)
08/29/2024 5:24 PM	Credit Roll	Credit Roll			\$0.00	\$106.42
08/29/2024 5:00 PM	August 2024 Billing	Billing			\$107.26	\$106.42
08/07/2024 1:45 PM	20240807-SB-01	Receipt			(\$93.00)	(\$0.84)
07/30/2024 3:26 PM	Credit Roll	Credit Roll			\$0.00	\$92.16
07/30/2024 2:49 PM	July 2024 Billing	Billing			\$94.88	\$92.16
07/08/2024 9:38 AM	POS: SB - 7/8/2024	Receipt			(\$160.00)	(\$2.72)
06/28/2024 8:04 AM	Credit Roll	Credit Roll			\$0.00	\$157.28
06/27/2024 1:27 PM	June 2024 Billing	Billing			\$159.87	\$157.28
06/04/2024 3:45 PM	POS: HM - 6/4/2024	Receipt			(\$125.00)	(\$2.59)
05/31/2024 8:45 AM	Credit Roll	Credit Roll			\$0.00	\$122.41
05/30/2024 3:39 PM	May 2024 Billing	Billing			\$122.73	\$122.41
05/08/2024 12:47 PM	POS: HM - 5/8/2024	Receipt			(\$115.00)	(\$0.32)

Total Transactions: 30

Invoice

JBC

11 LONG ST.
ATHENS, TN 37303
423-745-9570

Date	Invoice #
12/10/2024	4219

Bill To
CLINT AND LISA SNELL 142 COUNTY RD. 574 ENGLEWOOD, TN. 37329 <i>(423) 829-0424</i>

P.O. No.	Terms	Project
	Due on receipt	

Quantity	Description	Rate	Amount
	PLUMBING SERVICE CALL- WATER METER SPINNING, EXCESS WATER USE PER UTILITY COMPANY- TROUBLESHOOT/ LOCATE ISSUE, DUG UP WATERLINE, REMOVED AND REPLACED WATERLINE FROM METER BOX TO HOUSE- LABOR AND MATERIALS <i>Approved 12-31-24 for Kim</i> <i>MAILED 12/11</i> <i>Paid check #3127 - \$905.85</i> <i>SM</i>	905.85 <i>Per Policy</i> <i>Adjusted by Kayla on 12/31/24</i>	905.85

PLEASE MAKE YOUR CHECK PAYABLE TO JBC PAYING BY CHARGE CARD AN ADDTL 3% SERVICE FEE WILL BE CHARGED.	Total	\$905.85
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Jason E. Mumpower
Comptroller

Entity Referred: **Town of Mason**
Referral Reason: **Customer Complaint**
Utility Type Referred: **Water**
County: **Tipton**

Staff Summary:

Stacie Sims submitted a complaint to the Tennessee Board of Utility Regulation regarding disputed water bills issued by the Town of Mason, Tennessee. She reports that her monthly bill, which is typically around \$60, increased to amounts ranging from \$150 to \$400 over a period of approximately three months. Upon reviewing her statements, she observed that the meter readings listed on her bills reflected seven digits, while her physical water meter displays only six digits. At one point, she was billed for approximately 100,000 gallons of usage. The utility attributed the high bills to a possible leak; however, Ms. Sims states that a plumber inspected her property and found no leak, and she notes there was no visible flooding or other indication of water loss. She further asserts that when she inspected the meter herself, it appeared not to have been regularly accessed. Despite being told by the mayor that her water service would not be disconnected while the issue was being reviewed, her service was shut off, and she incurred late fees and reconnection charges. After approximately three months of elevated bills, the utility replaced her meter. Following the replacement, her bills decreased significantly, with her most recent bill totaling \$40 and reflecting usage from the new meter only. Although the remaining balance associated with the prior readings was removed, Ms. Sims seeks reimbursement for payments she made that she believes were based on incorrect meter readings. She states that when she presented her concerns and documentation to the local utility board on December 15, 2025, no explanation was provided regarding the discrepancy in meter digits, and no resolution was reached.

The Customer is seeking to be reimbursed for excessive charges over the three month period in question.

Staff Recommendation:

Informal hearing between the Customer and Utility.

Tennessee Board of Utility Regulation (TBOUR) Customer Complaint Form

Complainant: Stacie sims

Utility System: Town of Mason, TN

Date Brought before Local Utility Board: 12/15/2025

Date Submitted to TBOUR staff: I contacted before and right after the board meeting. Holidays delayed response time. Official submitting day 2/9/2026. Attempted to submit before.

Summary of Complaint:

My water bill was reading extremely high and continued to go up each month. My bill was ranging from 150-400. My bill is normally \$60ish. After looking at the bill, I noticed that the numbers they were putting down for my reading was incorrect. My meter only has 6 digits on it, however by bill was reading for 7 digits. There is no possible way for me to have 7 numbers when the meter only has 6. At one point that had me for using 100,000 gallons of water. They kept saying I had a water leak, which a plumber checked and I did not. Also, my yard would be flooded if I had a leak that big. I have documentation showing all of this. After they said they just checked my meter, I looked at it. I had to pull weeds back to even get it to which shows they weren't checking it, I also have documentation of this if needed. I was told by the mayor that my water would not be cut off until we get it figured out. The lady that was in charge was out of the office. This went on for a little over a month, and no resolution. My water got cut off the day that woman got back in the office. It was cut off at 9 that morning. No one reached out to try to fix the problem that day. I had to get it turned back on, late fees more than one, and reconnection fees. They changed my meter out after this (3 months of high bills) and after they changed my meter, my first bill was cheaper. It was still half of the old meter reading on there. The last bill I received was 40 and it was all from the new meter.

Summary of Local Utility Board's Decision:

When presented to the board, they just argued with me telling me I had a leak. No one could explain to me how my bills have 7 numbers and my meter only had 6. They were very rude and didn't care to listen. I took all the documentation I had and showed them. There was no resolution to the problem. I told them I will just contact and fill out a complaint and they told me to go ahead pretty much.

Remedy Being Sought:

After receiving my last bill which was only \$40, I noticed that they took the remaining balance that I owed from the wrong meter reading off the bill. However, I want to be reimbursed the money that I paid that wasn't supposed to be paid.



Jason E. Mumpower
Comptroller

Entity Referred: **Minor Hill Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

County: **Giles**

Staff Summary:

Keeley Mendez submitted a complaint to the Tennessee Board of Utility Regulation regarding billing practices and charges assessed by Minor Hill Utility District (MHUD). She states that her November 2025 water bill totaled \$373.24, significantly higher than her typical monthly bill of \$75–\$110, reflecting approximately 15,000 gallons more than normal usage. She reports that no repairs were made at her residence and that when the meter was reread, usage returned to normal levels. After obtaining three years of usage history, she asserts that consumption had never previously reached that level, even when filling a swimming pool, and contends the meter reading was faulty. She further alleges that the District improperly applied tax to customer bills by charging rates described as “tax included” and then taxing the total amount, resulting in double taxation. Additionally, she challenges the rate structure itself, stating that the \$41.95 minimum charge for the first 1,500 gallons and \$15.56 per 1,000 gallons thereafter are excessive, and disputes the \$100 disconnect/reconnect fee as unreasonable.

In response, MHUD states that staff reviewed the account with Ms. Mendez and offered application of its one-time leak adjustment policy for unusually high usage, which she declined because she did not believe a leak had occurred. The District reports that the meter was not altered and that the elevated consumption appeared isolated to the November billing period, with subsequent usage returning to normal. Regarding taxation, MHUD acknowledges an administrative error during implementation of a recent rate increase, in which the billing provider interpreted rates as exclusive of tax; the configuration was corrected and credits were issued to affected customers. The District explains that the \$41.95 minimum bill includes up to 1,500 gallons, with additional usage billed at \$15.56 per 1,000 gallons pursuant to its adopted rate schedule, and that the \$100 fee is a standard service lock fee applied when service is physically disconnected for nonpayment. Ms. Mendez seeks review of the November 2025 charges and related fees.

Staff Recommendation:

The Board should take no action. An appropriate remedy in line with the Utility's leak adjustment policy was offered yet declined. Informal hearing between the Customer and Utility.

Tennessee Board of Utility Regulation

Complainant: Keeley Mendez

Utility System: Minor Hill Utility District

Date Brought before Local Utility Board: December 9, 2025

Date Submitted to TBOUR staff: January 2, 2026

Summary of Complaint: Faulty meter reading, overcharge for water in general but especially first 1500 gallons, overcharge for reconnection, and double taxation.

- 1) My November 2025 water bill was \$373.24. My average bill runs \$75-\$110. That's approximately 15,000 gallons more than our typical usage. With no repairs made when they came out to reread our meter the usage was back down to normal. I went to the office and got 3 years of our usage record, not even when fill the swimming pool is it this high. They refuse to acknowledge that the meter could be wrong.
- 2) They have been double taxing our bills. By their fee schedule they charge \$41.95 (tax included) for the first 1500 gallons and \$15.56 (tax included) for each additional 1000 gallons, yet if you look at the bills they charge by their schedule then tax the total.
- 3) The charge for the first 1500 gallons of water is ridiculous. They charge \$41.95 for the first 1500 gallons of water then \$15.5 for every 1000 gallons after that. They buy water at 3.16 per 1000 gallons but charge us 5 times that. We have some of the highest rates in the country.
- 4) The fee to have your water turned back on if it is ever turned off is \$100 which is too high.

Summary of Local Utility Board's Decision: They refused to adjust my bill because then they would have to do it for everyone. The overcharge for the water and reconnection fee wasn't addressed. The only item that was addressed was the double taxation. I had to break down my bill by usage for them to see I was right. Josh Stafford called the billing company and found out it had supposedly been happening since August. They did refund that to me. He was supposed to make a post on Facebook and refund it to every customer. He never made the post on Facebook and I m not sure they refunded everyone. I also haven't had a chance to check prior to August. I don't have the previous fee schedule.

Remedy Being Sought: I want my bill adjusted down to what my normal usage would have been, the \$75-\$110. I want them to charge a reasonable price for our water in general and our reconnection fee. There are many people in the district with the same problem, no leaks and outrageous water bills. Minor Hill Utility District can operate with a 46% water loss that the customers pay for, yet they are unwilling to adjust bills when they are wrong because then they would have to do it for everyone. There should be no question that they do it for everyone if it is proven that the customer had no leak. They also need to refund everyone for the double taxation if they haven't and I would like to make sure it hasn't been going on longer than since August. In general I think there has been gross mismanagement of the district that needs to be addressed. For example, if I hadn't broken down my bill to prove the double taxation I don't think they would have ever noticed, and it had been happening for 4 months possibly longer.

Formal Response to Complaint

Complainant: Keeley Mendez

Utility System: Minor Hill Utility District

Date Brought Before the Local Utility Board: 9-Dec-25

Summary of Complaint: Faulty meter reading, overcharge for water in general but especially first 1500 gallons, overcharge for reconnection, and double taxation. ||1) My November 2025 water bill was \$373.24. My average bill runs \$75 -\$110. That's approximately 15,000 gallons more than our typical usage. With no repairs made when they came out to reread our meter the usage was back down to normal. I went to the office and got 3 years of our usage record, not even when we fill the swimming pool is it this high. They refuse to acknowledge that the meter could be wrong. 2)They have been double taxing our bills. By their fee schedule they charge \$41.95 (tax included) for the first 1500 gallons and \$15.56 (tax included) for each additional 1000 gallons, yet if you look at the bills they charge by their schedule then tax the total. 3)The charge for the first 1500 gallons of water is ridiculous. They charge \$41.95 for the first 1500 gallons of water then \$15.56 for every 1000 gallons after that. They buy water at \$3.16 per 1000 gallons but charge us 5 times that. We have some of the highest rates in the country. 4)The fee to have your water turned back on if it is ever turned off is \$100 which is too high.

Summary and Justification of Decision Rendered by the Local Utility Board:

Minor Hill Utility District (MHUD) respectfully provides the following response regarding the concerns raised by Mrs. Mendez: ||MHUD has previously communicated directly with Mrs. Mendez regarding her November billing. District staff, including Mr. Stafford, reviewed her account and explained the charges in detail. During this discussion, Mrs. Mendez was offered the District's leak adjustment policy, which allows customers to receive a one-time adjustment within a 12-month period when unusually high usage occurs. Mrs. Mendez declined to utilize this adjustment, stating she did not believe a leak had occurred. ||The meter serving the residence has not been altered or adjusted by MHUD staff. The November billing reflected higher-than-normal consumption, while the following month returned to typical usage levels without any corrective action by the District. Based on the meter data, the elevated usage appears to have been isolated to that billing period. ||Regarding the concern about ""double taxation,"" MHUD acknowledges that an administrative error occurred during implementation of the most recent rate increase. The District believed the rate included applicable tax, while the third-party billing provider interpreted the 'per 1,000' rate as exclusive of tax. Upon identifying the issue, MHUD corrected the billing configuration and issued credits to all affected customer accounts for any overcharges. ||For clarification of the rate structure, the current minimum bill of \$41.95 includes up to 1,500 gallons of water usage. Usage above 1,500 gallons is billed at the established volumetric rate of \$15.56 per 1,000 gallons. The District provides the initial 1,500 gallons at this

base rate as part of its adopted rate schedule. The \$100 fee referenced by Mrs. Mendez is the District's standard service lock (disconnect/reconnect) fee, which is applied when service is physically disconnected due to delinquent payment and personnel must be dispatched to the site. Finally, the referenced 46% water loss figure reflects historical system conditions reported in 2023. MHUD has since undertaken corrective measures and is actively working to reduce system water loss, and current performance is improved from that prior level. MHUD remains committed to working with Mrs. Mendez in good faith and will continue to review any additional documentation she wishes to provide.

Response Provided by: Chance Motter



Jason E. Mumpower
Comptroller

Entity Referred: **City of Rocky Top**
 Referral Reason: **Customer Complaint**
 Utility Type Referred: **Water And Sewer**
 Counties: **Anderson, Campbell**

Staff Summary:

The City of Rocky Top ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") on the matter of a customer complaint in accordance with Tennessee Code Ann § 7-82-702(b)(2). Mr. Bradley Utley ("the Customer") filed a complaint against the Utility at their August 21, 2025 governing body meeting regarding a water bill for \$1,049 that he was charged. The customer believes that he is not responsible for this charge because a tenant broke a lock to a water meter and stole water from a property that the customer owns. According the customer, the meter and service at the property were never in his name.

Board Staff determined that the utility did not change or refund the charges to the customer. The customer is seeking to be refunded for the charges. The customer is also seeking changes in the utility's procedural charges.

The board held an informal hearing at the October 17th board meeting. Board staff were asked to determine whether the customer ever had service established in their name at the address in question. Board staff determined that the customer did not have service established in their name at the address in question. The utility presented that they advised the customer multiple times that, before providing keys to any new tenant, they must verify that the water account is properly established in the renter's name.

Due to additional information being provided from both parties and the board not being able to speak with either party during the last meeting, board staff believes that this should come before the board again.

Staff Recommendation:

Informal Hearing between Customer and Utility.

Tennessee Board of Utility Regulation

Complainant: Bradley Utley

Utility System: Rocky Top Water Dept

Date Brought Before Local Utility Board: 21-Aug-25

Date Submitted to TBOUR Staff: 9/11/2025

Jurisdiction: The justness and reasonableness of a utility system's rates, fees, or charges.

Summary of Complaint: I had tenant that broke lock to water meter and stole water, tenant moved out leaving bill. Rocky Top said I must pay \$1049 for water bill. I told them I don't lock and read meters and I'm not responsible. The meter was never in my name. I pay \$50 for 3 day cleaning charge. Also they have billed me 3 inflated work invoices. Which was for their infrastructure. I'm responsible only from meter onward. I've attached invoices

Summary of Board's Decision: to follow

Remedy Being Sought: Refund. I want to pay what im legally liable for. Change in City's procedural charges. Thank You Brad



Jason E. Mumpower
Comptroller

Entity Referred: **Bedford County Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

Staff Summary:

To Follow

Staff Recommendation:

To Follow



Jason E. Mumpower
Comptroller

Entity Referred: **Ocoee Utility District**

Referral Reason: **Customer Complaint, Water Loss, Decrease in Net Position, Administrative Review**

Utility Type Referred: **Water and Sewer**

County: **Bradley**

Staff Summary:

The Ocoee Utility District "the Utility" has multiple open cases in front of the Tennessee Board of Utility Regulation ("the Board") as described above. Board staff is currently not recommending any action against the District in any of the cases. Below is a summary of each of the cases. Since the last Board meeting, the Utility has promoted Mr. Ben Witt from Assistant Manager to General Manager after the departure of its previous manager. Mr. Witt is actively working with Board staff to improve the District. Board staff is satisfied with the progress in the improvement of the utility.

Customer Complaint: The Utility is currently working to resolve a wastewater capacity issue involving a developer. The Utility is coordinating with the Developer and the Tennessee Department of Environment and Conservation (TDEC) to identify a viable solution.

Based on information provided to Board staff, the Developer owns property within the Utility's service area. Previously, a wastewater system was designed to serve this property. However, due to the lack of development over an extended period, the Utility allocated treatment capacity originally intended for the Developer's property to other users.

The Developer has now expressed an intent to move forward with development. Because the previously designated treatment capacity has since been utilized, sufficient capacity is no longer available to serve the proposed project. Although a wastewater solution was developed, the District was unable to secure funding for the project due to the involvement of the Tennessee Board of Utility Regulation (TBOUR).

The Utility is currently evaluating more cost-effective alternatives and has undertaken the necessary engineering and regulatory steps to develop an appropriate solution. The Developer has expressed dissatisfaction with the pace of progress; however, the Utility continues to pursue an engineered and approved resolution.

After reviewing the additional information received, Board staff has determined that this complaint does not fall within the Board's jurisdiction. The matter does not involve the denial of access to available utility service. Rather, it concerns a prior arrangement that is no longer feasible due to the passage of time and subsequent allocation of system capacity.

Accordingly, Board staff recommends that the Board close the complaint.

Decrease in Net Position: On November 24, 2025, Daniel E. Peterson, CPA, recommended that Ocoee Utility District increase wastewater rates to no less than 150%–200% of water rates as the first phase of a multi-year adjustment to address ongoing operating deficits and move the wastewater fund toward financial self-sufficiency. The analysis reflects rising operating expenses, depreciation, planned capital

improvements, and associated debt service, and concludes that current wastewater revenues are insufficient to meet cost-of-service requirements, resulting in continued subsidization by the water fund. The projection model demonstrates that even with the recommended adjustment, ongoing monitoring and periodic review will be necessary to maintain adequate debt service coverage and long-term financial stability. No changes to water rates are proposed or adopted as part of this recommendation.

Water Loss: The Utility is working towards improving its water loss through pursuing new meters and replacing failing infrastructure. Board staff will continue to monitor the progress of the Utility.

Administrative Review: The Utility is undergoing many changes and improvements, and Board staff believes leaving the Administrative Review case open is prudent to continue to monitor the situation.

Staff Recommendation:

1. The Utility's Customer Complaint Case is officially released from the Board's oversight.
2. Staff and Counsel shall close the case.

Ocoee Utility District

	Category: Water And Sewer		County: Bradley	
	2022	2023	2024	2025
Net Assets	\$39,412,108.00	\$36,725,839.00	\$36,758,066.00	\$36,294,821.00
Deferred Outflow Resources	\$1,246,131.00	\$1,157,769.00	\$1,069,406.00	\$981,042.00
Net Liabilities	\$29,430,405.00	\$28,846,889.00	\$28,740,184.00	\$27,310,193.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$11,227,834.00	\$9,036,719.00	\$9,087,288.00	\$9,965,670.00
Operating Revenues	\$5,437,496.00	\$6,091,925.00	\$6,563,500.00	\$7,479,671.00
Net Sales	\$4,885,965.00	\$5,579,587.00	\$5,968,742.00	\$6,865,530.00
Operating Expenses	\$4,677,841.00	\$5,426,458.00	\$5,386,692.00	\$6,164,740.00
Depreciation Expenses	\$885,805.00	\$993,191.00	\$1,091,273.00	\$1,171,656.00
Non Operating Revenues	-\$867,680.00	-\$1,415,789.00	-\$755,675.00	-\$464,049.00
Capital Contributions	\$13,496.00	\$99,673.00	\$0.00	\$27,500.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$1,634,995.00	-\$1,021,213.00	\$421,133.00	\$878,382.00
Statutory Change In Net Position	-\$1,648,491.00	-\$1,120,886.00	\$421,133.00	\$850,882.00

Daniel E. Peterson
Certified Public Accountant

Ocoee Utility District
Board of Commissioners and Management
RE: Water and Wastewater Rates

November 24, 2025

Wastewater Rates Recommendation

Based on our analysis, we recommend wastewater rates be set at **no less than 150% to 200% of water rates**. This is a significant increase and should not be considered lightly; however, this represents **the first phase of a multi-year wastewater rate adjustment**. Even at these levels, applying the rates to the current customer base will not make the wastewater fund fully self-sufficient.

The wastewater deficit has accumulated over many years, and the financial data indicates that it would be **unreasonable to expect this shortfall to be resolved within a single year**. A phased approach is the only viable path toward long-term sustainability.

We understand several projected residential developments are in progress, and therefore we expect some increase in wastewater customers. This growth will increase tap fees, capacity fees and ongoing revenue. As this occurs, it will be necessary to **review the wastewater rates and revenue requirements regularly**.

Based on current facts and assuming wastewater expenses remain stagnant, our analysis indicates:

Required Additional Wastewater Customers for Self-Sufficiency

- 100% of water rate ~ 533 additional residential customers needed
- 125% of water rate ~ 427 additional residential customers needed
- 150% of water rate ~ 356 additional residential customers needed
- 200% of water rate ~ 267 additional residential customers needed

Current wastewater revenue does not meet either present or projected cost-of-service requirements.

Our recommendation is designed to move the District toward **a financially self-sufficient wastewater system**.

Current Wastewater Financial Position (Looking forward 2 years)

Our "Recap" shows Wastewater operations are **not currently financially self-sufficient**. Core cost components include:

Operating Expenses

- FY 2025: ~\$317,286
- FY 2026: ~\$424,350 (Projected Expenses using prior and current data)
- FY 2027: ~\$437,081 (3% increase)

Depreciation

- FY 2025: ~\$ 55,511
- FY 2026: ~\$106,138 (Assumes 2MM completed)
- FY 2027: ~\$156,138 (Assumes 2MM completed)

Interest Expense

- FY 2025: has no direct interest expense
- FY 2026: ~\$ 63,326 (assumes 6 months of debt service 3MM, 4.25% 20yrs)
- FY 2027: ~\$119,226 (assumes 12 months of debt service)

Total Cost of Service (Operating + Depreciation + Allocated Overhead)

- FY 2025: ~\$372,797
- FY 2026: ~\$593,814
- FY 2027: ~\$712,444

Actual wastewater revenues are significantly below these requirements, indicating immediate and future shortfalls.

Conclusion:

Wastewater operations are operating at a **deficit relative to its cost of service** and are presently **subsidized by water revenues**. This is inconsistent with industry cost-of-service principles and long-term utility financial standards.

Our Six-Year Planning Analysis

Key Assumptions Driving the Need for Rate Adjustments

The six-year model incorporates several assumptions affecting both water and wastewater funds:

1. Inflation and Cost Escalation

- a. Ongoing reinvestment in water and wastewater infrastructure.
- b. Rising construction and equipment costs.
- c. Wastewater gas no major projects planned beyond Year 1 improvements.
- d. Significant water capital projects and debt are scheduled planned beginning year 2.

2. Growth-Related Capacity Needs

- a. Customer growth projections reflect conservative assumptions based on historical current trends.
- b. Even modest growth creates incremental capital needs (lines, pumps, and treatment capacity).
- c. If wastewater rates remain unchanged, the additional growth related will deepen wastewaters reliance on water revenues.

3. Debt Capacity and Coverage Requirements

- a. Maintaining debt service coverage ratios above 1.25x is essential for future borrowing capacity.
- b. Current wastewater revenue cannot support any new wastewater debt.

4. Operating Cost Increases

- a. Wages, chemicals, power, and contracted services rise annually
- b. The model applies annual inflationary escalators consistent with historical trends.

Conclusion:

The combined water and wastewater funds can support the planned capital projects and related additional debt **under the current water rates and recommended sewer rates**. While the debt service coverage is projected to be above 1.25x, it does not appear likely to reach the desired 1.75x level.

This analysis takes into consideration a variety of assumptions and variables. Therefore, it will be essential to monitor financial results on an ongoing basis to ensure underlying assumptions remain accurate and to revisit rate requirements as conditions change.

		W	S	Total	
6/30/2025					
Expenses	Audited Financial	4,687,786	317,286	5,005,072	
Depreciation	Statements Split into	1,116,145	55,511	1,171,656	
Interest	Funds based on	827,005	0	827,005	
	Allocation Factors				
Total Expenses		6,630,936	372,797	7,003,733	
		Projecting 6/30/2026			
	Total Projected Other Revenues	476,215	50,000	640,658	
	Capacity Fees - Annualized based on 4 mo trend	105,000	40,500	145,500	New Fee designed to assist with additional capacity to serve
	Changes based on PY, Current Trend and Other Adjustments				
Projected Expenses		5,411,200	424,350	5,835,551	Projected 2026 Expenses split by fund based on allocations
Projected Depreciation		1,136,865	56,138	1,193,003	
Projected Interest		801,148	0	801,148	
New Asset Depreciation	*	0	50,000	50,000	Projected 2026 Additional Based on Capital & Debt Plan
New Asset Interest	**	0	63,326	63,326	
Total Expenses		7,349,214	593,814	7,943,028	
Expenses Remaining to be Recovered from Rates		6,767,999	503,314	7,156,870	
Projected Revenue Recovery at W Current : S 125%		8,329,030	192,406		Projected 2026 Based on Consumption
Revenue Recovery Overage / (Shortfall)		1,561,031	-310,908	1,250,123	
		Projecting 6/30/2027			
	Total Projected Other Revenues	476,215	50,000	640,658	
Capacity Fees - Annualized based on 4 mo trend		154,000	141,750	295,750	
	Flat % Increase Applied	3%	3%		Applying a % increase to projected 2026
Projected Expenses		5,573,536	437,081	6,010,617	
Projected Depreciation		1,136,865	56,138	1,193,003	
Projected Interest		768,843	0	768,843	
New Asset Depreciation	*	393,750	100,000	493,750	
New Asset Interest	**	403,330	119,226	522,556	
Total Expenses		8,276,325	712,444	8,988,769	
Revenue to revenue from Rates		7,646,110	520,694	8,052,361	
Projected Revenue Recovery at W Current : S 125%		8,329,030	192,406		
Revenue Recovery Overage / (Shortfall)		682,920	-328,288	354,632	

* From 6 Year Projection Worksheets, planned capital
 ** From 6 Year Projection Worksheets, planned debt

A B	C	D	E	F	G	H	I	J	K
OCOEE UTILITY DISTRICT OF									
POLK AND BRADLEY COUNTIES, TENNESSEE									
AFFECT OF ASSUMPTIONS USED TO ANALYZE THE FINANCIAL IMPACT TO UTILITY									
IF CAPITAL IMPROVEMENT AND DEBT PLAN WERE TO PROCEED									
AFFECT OF ASSUMPTIONS									
11	TBOUR Debt Service Coverage				1.20	TBOUR			
12	-Debt Service Coverage Ratio				1.75	Minimum Allowed			
13	-Revenue shortfall to achieve Debt Service Coverage								
14	-Monthly Revenue Per Water Customer needed								
15	-Days Cash on Hand				180	Recommended			
16	-Debt to Assets Ratio				75%	Recommended			
17	-Debt Per Customer				\$ 5,000	Recommended			
20			YR1	YR2	YR3	YR4	YR5	YR6	
21	-Debt Service Coverage Ratio		1.740	1.325	1.383	1.425	1.461	1.497	
24	Statutory Change in Net Position		1,715,000	1,105,700	1,246,466	1,382,743	1,515,071	1,730,917	
25	Revenue needed for + Change in NP		n/a	n/a	n/a	n/a	n/a	n/a	
26	-Monthly Revenue Per Water Customer needed		-	-	-	-	-	-	
27	-Days Cash on Hand		293	192	224	260	300	342	
28	-Debt to Assets Ratio		68.28%	74.36%	71.82%	69.06%	66.09%	62.93%	
29	-Debt Per Customer		\$ 3,327	\$ 4,747	\$ 4,430	\$ 4,126	\$ 3,833	\$ 3,551	
36	Capital Improvement Plan								
37	Sewer		\$ 2,000,000	\$ 2,150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	
38	Water			\$ 15,600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	
41	Total Capital Improvements by year	B	\$ 2,000,000	\$ 17,750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	
42	Funding Plan for CIP								
43	Self Funded - Cash Reserves Sewer		\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	
44	Self Funded - Cash Reserves Water		\$ -	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	
45	RD Funding		\$ -	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -	
46	Bond Issue Funding		\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	
47	Bond Issue Funding		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
48	Funding TBD - Sewer		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
49	Funding TBD - Water		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
51	Capital Contributions								
52	Grant		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
53	TDEC - ARPA Grant		\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	
54	SRF ??? Forgiveness	C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
55	Transfer of Assets		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
57	Total Cash and Grant funded CIP by year		\$ 4,000,000	\$ 15,750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	
59	Funding Difference to Resolve		\$ (2,000,000)	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	
61	Pending Financing		\$ 3,000,000	\$ 15,000,000					
62	Term of Debt - in months		240	456					
63	Interest Rate		4.25%	2.75%					
64	First Monthly Principal		\$ (7,952)	\$ (18,682)					
65	First Monthly Interest		\$ (10,625)	\$ (34,375)					
66	Yr 1 Payment Beginning #		1	7	19	31	43	55	
67	Yr 1 Payment Ending #		6	18	30	42	54	66	
68	Yr 2 Payment Beginning #			1	13	25	37	49	
69	Yr 2 Payment Ending #			12	24	36	48	60	
70	Yr 3 Payment Beginning #				1	13	25	37	
71	Yr 3 Payment Ending #				12	24	36	48	
73	Avg Depreciable Life in years		40	40	40	40	40	40	
76	Assumptions		YR1	YR2	YR3	YR4	YR5	YR6	
77	Capital Improvements		\$ 2,000,000	\$ 17,750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	
78	Depreciation increase YR +1		\$ (50,000)	\$ (493,750)	\$ (512,500)	\$ (531,250)	\$ (550,000)	\$ (568,750)	
80	Annual % Water Revenue Increase	D	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
81	Annual % Sewer Revenue Increase	E	120.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
82	Annual % Expense Increase	F	16.70%	3.00%	3.00%	3.00%	3.00%	3.00%	
84	Existing Debt Service								
85	Annual Principal Reduction	G1	\$ (1,290,276)	\$ (1,327,496)	\$ (1,324,752)	\$ (1,352,020)	\$ (1,389,336)	\$ (1,421,688)	
86	Annual Interest Expense	H1	\$ (709,293)	\$ (676,987)	\$ (644,611)	\$ (611,686)	\$ (577,521)	\$ (542,862)	
87	Annual Existing Debt Service		\$ (1,999,569)	\$ (2,004,483)	\$ (1,969,363)	\$ (1,963,706)	\$ (1,966,857)	\$ (1,964,550)	
88	Planned New Debt Service								
89	Annual Principal Reduction	G2	\$ (48,137)	\$ (326,423)	\$ (337,054)	\$ (348,046)	\$ (359,415)	\$ (371,173)	
90	Annual Interest Expense	H2	\$ (63,326)	\$ (533,186)	\$ (522,556)	\$ (511,563)	\$ (500,194)	\$ (488,436)	
91	Annual New Debt Service		\$ (111,462)	\$ (859,609)	\$ (859,609)	\$ (859,609)	\$ (859,609)	\$ (859,609)	
93	Projected YR 1 Depreciation								
94	Projected Depreciation for YR 0		\$ (1,193,003)	(1,193,003)	(1,193,003)	(1,193,003)	(1,193,003)	(1,193,003)	
95	Yr 0 Depr plus Increase for Assets added		(50,000)	(493,750)	(512,500)	(531,250)	(550,000)	(568,750)	
96	Yr x Projected Depreciation	I	\$ (1,243,003)	\$ (1,686,753)	\$ (1,705,503)	\$ (1,724,253)	\$ (1,743,003)	\$ (1,761,753)	
98		PY	8,295						
99	Annual Increase In Water Customers		150	220	220	220	220	220	
100	Number of Active Customers	J	8,445	8,665	8,885	9,105	9,325	9,545	
102	Water Capacity Fee	1,400							
103	Water Capacity Fee % of Customers	50%	50%	50%	50%	50%	50%	50%	
104	Revenue from Water Capacity Fee	k1	105,000	154,000	154,000	154,000	154,000	154,000	
106		PY	93						
107	Annual Increase In Sewer Customers		10	35	35	35	35	35	
108	Number of Active Customers	J	103	138	173	208	243	278	
110	Wastewater Capacity Fee	4,500							
111	Wastewater Capacity Fee % of Customers		90%	90%	90%	90%	90%	90%	
112	Revenue from Water Capacity Fee	k2	40,500	141,750	141,750	141,750	141,750	141,750	



Jason E. Mumpower
Comptroller

Entity Referred: **South Fork Utility District**
Distress Type: **Financial Distress, Statutory Decrease in Net Position**
Utility Type Referred: **Water**
County: **Sullivan**

Staff Summary:

South Fork Utility District is requesting a change to the due date for its quarterly reports to TBOUR.

Under the current Order, the next report is due on the first business day of April. However, complete financial data for the first quarter of 2026 will not be available until approximately one week into April. To avoid submitting an incomplete report followed by a supplemental filing (as occurred in January), SFUD is asking that the quarterly report deadline be moved from the first business day of each quarter to the 15th day of the quarter.

Staff Recommendation:

Board staff recommends the Board grant the request.

South Fork Utility District

	Category: Water		County: Sullivan	
	2021	2022	2023	2024
Net Assets	\$2,198,014.00	\$2,258,255.00	\$3,900,411.00	\$4,347,506.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$1,380,684.00	\$1,295,981.00	\$1,144,382.00	\$909,767.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$817,330.00	\$962,274.00	\$2,756,029.00	\$3,437,739.00
Operating Revenues	\$2,004,400.00	\$2,153,113.00	\$2,170,804.00	\$2,318,707.00
Net Sales	\$1,890,871.00	\$2,018,043.00	\$2,035,145.00	\$2,161,097.00
Operating Expenses	\$1,846,086.00	\$1,948,870.00	\$1,772,636.00	\$1,742,980.00
Depreciation Expenses	\$141,477.00	\$149,440.00	\$204,320.00	\$205,063.00
Non Operating Revenues	-\$58,899.00	-\$59,299.00	-\$64,183.00	-\$30,313.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$136,296.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$99,415.00	\$1,604,714.00	\$333,985.00	\$681,710.00
Statutory Change In Net Position	\$99,415.00	\$1,604,714.00	\$333,985.00	\$545,414.00

BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION

IN THE MATTER OF:)	
)	
)	
SOUTH FORK UTILITY DISTRICT)	TENN. CODE ANN. § 7-82-701, <i>et seq</i>
)	
)	
)	

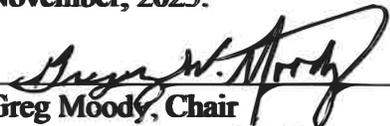
ORDER

On October 17, 2025, the Tennessee Board of Utility Regulation (“the Board”) reviewed the South Fork Utility District (“SFUD”) pursuant to Tenn. Code Ann. § 7-82-701, *et seq.* SFUD has been before the Board for financial distress for a number of years. SFUD’s governing body remains adamantly opposed to a merger with the Bristol-Bluff City Utility District, a merger which would have further stabilized the system and lowered customer rates. Recent changes in management call into question SFUD’s continued financial and managerial stability. Given the extent to which SFUD’s improvements were attributable to the experienced and steady leadership of its manager, a sudden change in management warrants further monitoring until the Board can be confident that the district will maintain a positive trajectory.

Accordingly, the Board orders SFUD to provide Board staff with quarterly reports advising the Board and staff of changes in management, SFUD’s financial condition, environmental violations or concerns (including, but not limited to, citations or violations noted by the Tennessee Department of Environment and Conservation), and any other financial or managerial changes which occur. Board staff will provide a form for SFUD’s convenience and may request additional

information as needed. The reports must be submitted by the first business day of January, April, July, and October, until the Board releases SFUD from this requirement.

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



Greg Moody, Chair
Tennessee Board of Utility Regulation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via first class mail and email to the following on this, the 13 day of November, 2025:

South Fork Utility District
2800 Highway 421 #5
Bristol, TN 37620

creecher@elliottlawson.com



J. Seth May
Assistant General Counsel



Jason E. Mumpower
Comptroller

Entity Referred: **Cherokee Hills Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

County: **Polk**

Staff Summary:

The Cherokee Hills Utility District ("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. The Utility experienced consecutive negative statutory change net position in fiscal years 2024 and 2023. Based on the questionnaire completed by the Utility, board staff determined that the Utility has not had a rate study completed in the last 5 years. Board staff did determine that the utility approved increased rates in November of 2025.

Although the Utility increased rates in November of 2025, board staff believes that the Utility should carry out a rate study with a third party expert.

Staff Recommendation:

The Board should order the following:

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, 2026 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 December 31, 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.

Cherokee Hills Utility District

	Category: Water		County: Polk	
	2021	2022	2023	2024
Net Assets	\$279,736.00	\$295,734.00	\$288,976.00	\$2,867,132.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$11,005.00	\$4,576.00	\$2,189.00	\$1,013,744.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$268,731.00	\$291,158.00	\$286,787.00	\$1,853,388.00
Operating Revenues	\$65,610.00	\$68,326.00	\$73,675.00	\$69,643.00
Net Sales	\$65,610.00	\$68,326.00	\$71,525.00	\$67,763.00
Operating Expenses	\$52,124.00	\$55,315.00	\$78,133.00	\$85,376.00
Depreciation Expenses	\$4,600.00	\$4,578.00	\$4,500.00	\$4,477.00
Non Operating Revenues	\$230.00	\$111.00	\$87.00	\$3,297.00
Capital Contributions	\$4,000.00	\$9,305.00	\$0.00	\$1,579,037.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$17,716.00	\$22,427.00	-\$4,371.00	\$1,566,601.00
Statutory Change In Net Position	\$13,716.00	\$13,122.00	-\$4,371.00	-\$12,436.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Surgoinsville**

Referral Reason: **Administrative Review**

Utility Type Referred: **Sewer**

County: **Hawkins**

Staff Summary:

The Town of Surgoinsville ("the Utility") was referred to the Tennessee Board of Utility Regulation ("the Board") for administrative review in Fiscal Year 2025 pursuant to Tenn. Code. Ann. § 7-82-703. The 2024 audit reported a significant issue related to the utility's use of the modified approach for depreciating utility infrastructure—specifically, the sewer system. 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 reported that the Utility spent only \$2,019 on sewer system maintenance in 2024, which was short of the \$40,000 annual investment budgeted to sustain the system's condition.

Board staff interviewed staff from the utility as well as the utility's legal counsel to determine why the utility only spent \$2,019 on sewer system maintenance in 2024. Based on interview, board staff determined that the utility did not report the correct amount of maintenance or repairs expense related to the sewer system in the audit. There should have been an additional \$14,979 added for maintenance and repairs expense for the sewer system. The expenses included purchases for pumps, floats, risers, lids, vaults, boxes, alarms, relays, and valves. While this figure is short of the budgeted figure of \$40,000, board staff believes these expenses would be more realistic for maintaining the utility's sewer system annually.

Board staff was unable to determine why the utility decided to use the modified approach when the sewer system was created in 2016. However, board staff believes that the utility is meeting the requirements outlined in GASB 34 for the modified approach. Specifically, the utility uses a Triannual Condition Report that outlines the inventory of assets of the sewer system and provides an assessment of the condition of the system. The utility is also completing monthly Sewer call logs that details upkeep done to the sewer system. The utility also completed a rate study in 2024 and implemented the recommendations accordingly.

Staff Recommendation:

The board should close the administrative review of the utility.

Surgoinville

	Category: Sewer		County: Hawkins	
	2021	2022	2023	2024
Net Assets	\$5,450,240.00	\$5,414,064.00	\$5,873,799.00	\$5,768,577.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$1,639,158.00	\$1,544,904.00	\$1,634,515.00	\$1,469,947.00
Deferred Inflow Resources	\$0.00	\$0.00	\$373,616.00	\$373,616.00
Total Net Position	\$3,811,082.00	\$3,869,160.00	\$3,865,668.00	\$3,925,014.00
Operating Revenues	\$168,346.00	\$175,790.00	\$180,118.00	\$168,766.00
Net Sales	\$168,344.00	\$0.00	\$176,398.00	\$168,711.00
Operating Expenses	\$83,383.00	\$110,052.00	\$133,056.00	\$101,988.00
Depreciation Expenses	\$0.00	\$0.00	\$98,080.00	\$0.00
Non Operating Revenues	-\$53,587.00	-\$52,660.00	-\$50,554.00	-\$30,688.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$23,256.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$31,376.00	\$13,078.00	-\$3,492.00	\$59,346.00
Statutory Change In Net Position	\$31,376.00	\$13,078.00	-\$3,492.00	\$36,090.00

**MODIFIED APPROACH FOR PUBLIC SANITARY SEWER COLLECTION INFRASTRUCTURE CAPITAL ASSETS
THIRD TRIENNIAL CONDITION REPORT AS OF JUNE 30, 2025**

PRELIMINARY STATEMENT

1. **In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the Town reported its initial condition assessment at inception using the modified approach. The condition assessment was completed by the Town and documented that eligible public sanitary sewer collection system infrastructure assets are being preserved at or above the condition level established by the Town. This Third Triennial Condition Assessment was completed on a cyclical basis as of the end of the ninth year of operation during which period the Town was able to maintain the infrastructure at a level above its committed level of maintenance rating of 2 "Functions as Intended" for all of the public sanitary sewer collection system.**

2. **The inventory of the public sanitary sewer collection system infrastructure assets is declared to be:**
 - a. **those installed components of the public sanitary sewer collection system as described in Partial Payment Estimate Twenty-two (22) submitted June 9, 2016, as "Total to Date" by the sewer construction contractor; and,**
 - b. **those installed components of the public sanitary sewer collection system as described in Contractor's Application for Payment No. 7 (Final) submitted February 28, 2019, as "Total to Date" by the sewer construction contractor; and,**
 - c. **those installed components of the public sanitary sewer collection system added as in-fill; and,**
 - d. **those installed components of the public sanitary sewer collection system to be added by the extension of the existing sewer trunk line along Main Street to Lee Highway (US 11-W) through proximity to the Virginia Hills Subdivision;**

all of which are on file in the Office of the Recorder.

3. **This assessment of condition performed as of June 30, 2025, is the Third Triennial Condition Assessment performed of the public sanitary sewer collection system.**

4. **The final completion date of the construction of:**
 - a. **the initial Public Sanitary Sewer Collection System is June 30, 2016; and,**
 - b. **the 2017 CDBG Sewer Collection System Extension (Johnson Estates Sewer Extension Project) is October 5, 2018, therefore, there has not been a prior estimate of an annual amount necessary to maintain and preserve at (or above) the condition level established and disclosed by the Town as compared with amounts actually expensed in the past.**
 - c. **the in-fill to the Public Sanitary Sewer Collection System is on-going.**
 - d. **the extension of the existing sewer trunk line along Main Street to Lee Highway (US 11-W) through proximity to the Virginia Hills Subdivision will be let out for bid later this year.**

5. **The basis for the condition measurement of "Functions as Intended" as defined in Resolution No. 106-2015 relating to the adoption of the Governmental Accounting Standards Board (GASB) Statement**

**MODIFIED APPROACH FOR PUBLIC SANITARY SEWER COLLECTION INFRASTRUCTURE CAPITAL ASSETS
THIRD TRIENNIAL CONDITION REPORT AS OF JUNE 30, 2025**

- No. 34 modified approach to depreciation of public sanitary sewer collection system infrastructure assets is that the measurement scale used to assess and report condition is as found in said Resolution.
6. The condition level at which the Town intends to preserve its eligible public sanitary sewer collection system infrastructure assets reported using the modified approach is "Functions as Intended" as defined in Resolution No. 106-2015 relating to the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 34 modified approach to depreciation of public sanitary sewer collection system infrastructure assets.
 7. Since the final completion date of the construction of the public sanitary sewer collection system on June 30, 2016, and the Sewer Collection System Extension on October 5, 2018, there have not been any factors identified that have significantly affected trends in the information reported in the required schedules, including any changes in the measurement scale, the basis for the condition measurement, or the condition assessment methods used during the periods covered by the schedules.

BURIED WASTEWATER COLLECTION ASSET OVERVIEW

Recognizing that the value of a public sanitary sewer collection system is its ability to provide service for the longest time possible for the least cost, the Town's buried wastewater collection asset management program is its effort to avoid a "Run-To-Failure" management model by a continuous process guiding the acquisition, use and disposal of public sanitary sewer collection system infrastructure assets to optimize service delivery and minimize costs over the asset's entire life. In developing the buried wastewater collection asset management program, a number of publications were considered, including the United States Environmental Protection Agency framework for a dynamic management approach to collection systems called the Capacity, Management, Operation, and Maintenance (CMOM) approach. The Town's buried wastewater collection asset management program is a simpler form of asset management intended for the Town's small, and only recently created, public sanitary sewer collection system, with a small Town staff and limited resources. It is anticipated that the buried wastewater collection asset management program will be continuously improved to provide buried wastewater collection asset management program depth and coverage as implementation progresses. It has at this juncture been largely compiled from records and reports that had to be locally developed for the purpose, and, the personal knowledge of the Town's officials and staff. The goal of the buried wastewater collection asset management program is to develop and promote efficient financial and physical resource investments and to prolong the life of collection infrastructure system components. The buried wastewater collection asset management program may, as it progresses, serve as a logical, cost-effective framework for making possible organizational changes to meet any new environmental regulations and financial reporting requirements. It specifically sets out to manage the Town's public sanitary sewer collection system infrastructure assets to minimize the total cost of owning and operating them, while delivering the service levels the users need or want by:

Demonstrating Responsible Management

Communicating and Justifying Funding Requirements and

Complying with Regulatory Requirements.

The Town's buried wastewater collection asset management program seeks to meet the generally accepted standards of audit. It puts in place systems that will improve documentation, maintain an asset register, asset condition assessment, and cost monitoring and control. This buried wastewater collection asset management program will be reviewed, updated and revised at least every three years. In this cycle, as part of the review preparatory to final design of the extension of the existing sewer trunk line along Main Street to Lee Highway (US 11-W) through proximity to the Virginia Hills Subdivision, geographically referenced information was assembled in a Geographic Information System (GIS) capable of analyzing, displaying and updating the assembled data.

**MODIFIED APPROACH FOR PUBLIC SANITARY SEWER COLLECTION INFRASTRUCTURE CAPITAL ASSETS
THIRD TRIENNIAL CONDITION REPORT AS OF JUNE 30, 2025**

PUBLIC SANITARY SEWER COLLECTION SYSTEM INFRASTRUCTURE ASSETS

The public sanitary sewer collection system infrastructure assets consist of buried plastic pipe and ancillary fixtures, individual buried S.T.E.P. (Septic Tank Effluent Pump) and S.T.E.G. (Septic Tank Effluent Gravity) interceptors and associated pumps and two (2) buried flow meters. The flow capacity of the existing public sanitary sewer collection system infrastructure assets meet and exceed the reasonably foreseeable financial ability for future expansion of the public sanitary sewer collection system. Buried plastic pipe is understood to ordinarily provide a minimum of fifty (50) years maintenance-free service with an expected life-span of fifty to seventy (50-70) years; although, some literature on the topic tends to indicate a possible one hundred plus (100+) year life and some manufacturers' estimates are as much as three (3) centuries. Over time, the system will use its own experiences to refine the useful lives. Treatment of wastewater is provided under a contract with the City of Church Hill.

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 34 relating to the Modified Approach to Depreciation of Infrastructure Assets, Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments, the Town has adopted an alternative method for reporting costs associated with public sanitary sewer collection system infrastructure assets. Under this alternative method, referred to as the "modified approach," public sanitary sewer collection system infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The Town capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of public sanitary sewer collection system infrastructure assets reported under the modified approach.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 relating to the Modified Approach to Depreciation of Infrastructure Assets, the Town is required to account for and report infrastructure capital assets. The Town defines such infrastructure assets as the basic physical assets of the public sanitary sewer collection system, including the major subsystems thereof, including, pipe, individual S.T.E.P. and S.T.E.G. components and flow metering.

The Town has elected to use the "Modified Approach" as defined by Governmental Accounting Standards Board (GASB) Statement No. 34 relating to the Modified Approach to Depreciation of Infrastructure Assets, for infrastructure reporting for its public sanitary sewer collection system. Under GASB Statement No. 34, eligible public sanitary sewer collection system infrastructure assets are not required to be depreciated under the following requirements:

The Town manages the eligible public sanitary sewer collection system infrastructure assets using an asset management system with characteristics of

- (1) an up-to-date inventory; and,
- (2) perform condition assessments and summarize the results using a measurement scale; and,
- (3) estimate annual amount to maintain and preserve at the established condition assessment level.

The Town documents that the eligible public sanitary sewer collection system infrastructure assets are being preserved approximately at or above the established and disclosed condition assessment level.

The Town has information allowing it to determine public sanitary sewer collection system infrastructure assets by their category (*i.e.*, various size pipe, valves, and ancillary fixtures) and by their location (*e.g.*, all assets on Main Street.). In this manner, the system can answer various questions about the system, such as, "If pipe is replaced on Main Street, what other assets are associated with that pipe that will also have to be replaced?" To that end, the Town has "As-Built" plans illustrating the location of all public sanitary sewer collection system components for the initial construction, for the first sewer extension project and in-fill, all of which are on file in the Office of the Recorder. The Town has maintained a public sanitary sewer collection system inventory based upon "Payment Requests" made pursuant to the sewer construction contracts and in-fill permitted, that itemize all component parts of the public

**MODIFIED APPROACH FOR PUBLIC SANITARY SEWER COLLECTION INFRASTRUCTURE CAPITAL ASSETS
THIRD TRIENNIAL CONDITION REPORT AS OF JUNE 30, 2025**

sanitary sewer collection system. The Town has maintained a "Repair and Maintenance Log" documenting information related to identified structural and nonstructural defects, including type of defect, severity, location, and date of discovery, which establish public sanitary sewer collection system component condition. Beginning for Fiscal Year 2019-2020, a summary of the "Repair and Maintenance Log" activities has been reported to the Board of Mayor and Aldermen at its regular public meeting. The few sanitary public sanitary sewer collection system overflows experienced have been documented and timely reported to the Tennessee Department of Environment and Conservation. The Town has maintained the inventory of maintenance facilities and equipment, including replacement parts required by its State Operating Permit. The Town determined that its first physical condition assessment of the public sanitary sewer collection system was completed as a benchmark, no prior assessment study ever having been done. The public sanitary sewer collection system, and the major subsystems thereof, including, pipe, individual S.T.E.P. and S.T.E.G. components and flow metering, were defined as all physical features associated with the operation of public sanitary sewer collection system that exist within the limits of public right-of-way or easements. The following conditions were defined by Resolution No. 106-2015 relating to the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 34 modified approach to depreciation of public sanitary sewer collection system infrastructure assets as follows:

CONDITION OF PUBLIC SANITARY SEWER COLLECTION SYSTEM INFRASTRUCTURE ASSETS

A final inspection was completed for the initial Sanitary Sewer Collection System Construction Project by its engineer; and, the Johnson Estates Sewer Extension Project by its engineer. In each case, a written notice of particulars (Punch-List) indicating all incomplete or defective work made and a Final Application for Payment was approved by each engineer indicating any corrections were completed to their satisfaction.

Inasmuch as the public sanitary sewer collection system is almost entirely buried underground where asset condition cannot be readily established, the condition of the system has been determined by an operational needs assessment considering the essential capabilities required of the system to effect a fully functional sanitary public sanitary sewer collection system. As of the date of this Third Triennial Condition Report, the Town's public sanitary sewer collection system infrastructure assets will have established condition assessment levels as follows:

<u>2016 Sanitary Sewer Collection System</u>		
Like New	1	5%
Functions as Intended	2	95%
Not functioning as Intended	3	0%
Not Operational	4	0%

<u>Johnson Estates Sewer Extension Project</u>		
Condition	Rating	Percentage
Like New	1	5%
Functions as Intended	2	95%
Not functioning as Intended	3	0%
Not Operational	4	0%

<u>In-Fill</u>		
Condition	Rating	Percentage
Like New	1	5%
Functions as Intended	2	95%
Not functioning as Intended	3	0%
Not Operational	4	0%

- A physical condition assessment of the public sanitary sewer collection system infrastructure assets shall be completed at least every three (3) years, more often if deemed necessary by the Board of Mayor and Aldermen.

**MODIFIED APPROACH FOR PUBLIC SANITARY SEWER COLLECTION INFRASTRUCTURE CAPITAL ASSETS
THIRD TRIENNIAL CONDITION REPORT AS OF JUNE 30, 2025**

The Town Policy established by the Initial Condition Report as of June 30, 2016 is to achieve an average rating of 2 "Functions as Intended" for all of the public sanitary sewer collection system. This rating allows minor issues to be present. As of June 30, 2025, the Town's public sanitary sewer collection system was rated at a 2 on average with the detail condition "Functions as Intended." There being only seven (7) significant condition issues found, those being:

- (1) a manufacturing defect in the pump discharge hoses installed in all S.T.E.P. systems was discovered and a cash settlement from the manufacturer was paid for acquiring and installing replacement hoses. This is being treated as a one-time maintenance issue; and,
- (2) an inflow and infiltration issue is being resolved at the site of the two (2) Hawkins County schools with the installation of a flow meter to measure and bill for effluent discharged into the public sanitary sewer collection system; and,
- (3) a sewer lateral was damaged during excavation work by the Natural Gas Utility District of Hawkins County whereupon a dispute arose concerning the marking of the location of the sewer line. On August 24, 2017, the insurer denied the claim. The damage was repaired as a one-time maintenance issue. The Town is in compliance with the Underground Utility Damage Prevention Act, *Town Code Ann. §§65-31-101 et seq.*; and,
- (4) a sewer lateral was damaged when what was in effect a "sinkhole" opened up around a leaking waterline owned by The Surgoinsville Utility District of Hawkins County, which entity repaired the damage; and,
- (5) a disputed "inverted syphon" condition was created during construction of the sewer main line serving the Johnson Estates Sewer Extension Project which required additional engineering and converting one (1) S.T.E.G. unit to a S.T.E.P. unit, which was resolved in 2019 by a cash settlement agreement with the engineer. There may be periodic flushing maintenance of the sewer main line required by low wastewater velocity during low flow times creating conditions for sediment deposit to cause blockage. "Pig-stations" have been installed to permit future video inspection of the sewer line which will be treated as a maintenance issue.
- (6) a flow meter was installed at the schools.
- (7) the flow meter at Phipps Bend was calibrated.

INFRASTRUCTURE ASSET MAINTENANCE EXPENSES

The Town's public sanitary sewer collection system infrastructure assets will constantly deteriorate as a result of use. The Town shall calculate needed maintenance of its public sanitary sewer collection system as part of its Annual Budget consideration and anticipates continuously taking actions to arrest such deterioration through short-term maintenance activities. However, the scheduling of these maintenance activities may cross fiscal years. Also, sewer components will likely be restored as utility work is performed. Therefore, actual maintenance expenditures may be less than or greater than the expected expenditures in any fiscal year.

Actual and Budgeted Sewer Maintenance Expense Recorded *

FY 2022 - 2023	FY 2023 - 2024	FY 2024 - 2025
(A) \$40,000.00	(A) \$40,000.00	(A) \$23,200.00
(B) \$22,562.30 **	(B) \$ 2,018.95 ***	(B) \$17,425.96 ***

- * acquisition of spare parts inventory and equipment classified under line item "Repair and Maintenance"
- ** includes repair of herein above listed significant condition issues
- *** includes line item "Repair and Maintenance" and "Water Meters"

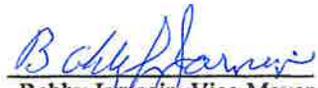
**MODIFIED APPROACH FOR PUBLIC SANITARY SEWER COLLECTION INFRASTRUCTURE CAPITAL ASSETS
THIRD TRIENNIAL CONDITION REPORT AS OF JUNE 30, 2025**

These expenditures delayed deterioration, however the overall condition of the public sanitary sewer collection system was not improved from "Functions as Intended" condition through these maintenance expenditures. There has been no schedule of estimated annual amount calculated to maintain and preserve the public sanitary sewer collection system at the current level compared to actual expenditures for sewer maintenance because the amount of annual expenditures required to maintain the public sanitary sewer collection system at the average rating of 2 through the years has varied considerably, depending on circumstances. The Town anticipates creating an on-going sewer rehabilitation program funded in the Capital Improvement Program which will be intended to maintain the condition rating of public sanitary sewer collection system. The Public Works Director reports the sewer Flow Meter readings monthly to the Board of Mayor and Aldermen. The Town has engaged the accounting firm of Rodefer Moss & Co. PLLC, to consult on financial reporting and anticipates its assistance in developing financial reporting to the Board of Mayor and Aldermen for use in its decision-making processes.

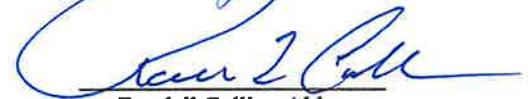
During the three (3) fiscal years ending June 30, 2025, there have been instances where S.T.E.P. pumps have been replaced as a result of negligence or misuse of the S.T.E.P. System by the individual User, in which cases the User has borne the entire cost of replacement; but, the principle change in the asset condition has been ordinary wear to individual S.T.E.P. pumps. There have been no significant recognized adverse changes in condition levels of other public sanitary sewer collection system infrastructure assets. The goal in the next triennial cycle, at which time S.T.E.P. pumps will have reached the end of their expected service life, will be to have a professional life-cycle evaluation to optimize preventative maintenance and replacement funding by an outside engineering consultant. A long-term funding strategy will be developed taking into account the results of that life-cycle evaluation, changes in replacement cost over time and in consideration of the reduction of Town's sewer construction debt service load over such life-cycle.

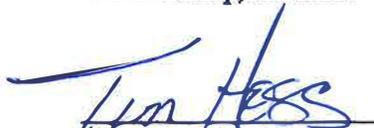
RECEIVED AND APPROVED


Merrell Graham, Mayor

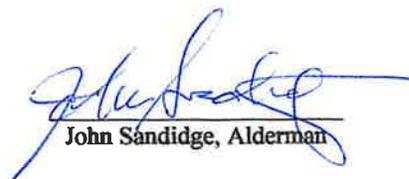

Bobby Jarnagin, Vice-Mayor


Warren Bishop, Alderman


Randall Collier, Alderman


Tim Hoss, Alderman


Kaley Mirek, Alderman


John Sandidge, Alderman



Jason E. Mumpower
Comptroller

Entity Referred: **City of Tusculum**

Referral Reason: **Decrease in Net Position**

Utility Type Referred: **Sewer**

County: **Greene**

Staff Summary: The City of Tusculum ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since the fiscal year 2024 audit pursuant to Tenn. Code Ann. § 7-82-703. The Utility has returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

- The Utility has not performed a rate study for more than five years.
- The Utility does currently have a plan to increase rates in the next six months.

Staff Recommendation:

The Board should order the following:

1. The Utility shall have a qualified expert, as approved by Board staff, perform a rate study that includes the following:
 - a. the creation of the capitalization policy;
 - b. the creation of a debt management policy,
 - c. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy, should one not exist;
 - d. the review of the asset management plan, including any recommended modifications;
 - e. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - f. a review of relevant utility fees, including but not limited to connection or tap fees, including any recommended modifications;
 - g. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - 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, 2026, 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 December 31, 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.

Tusculum

	Category: Sewer		County: Greene	
	2021	2022	2023	2024
Net Assets	\$1,048,509.00	\$1,051,864.00	\$1,048,263.00	\$1,064,350.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$0.00	\$0.00	\$0.00	\$1,219.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$1,048,509.00	\$1,051,864.00	\$1,048,263.00	\$1,063,131.00
Operating Revenues	\$13,253.00	\$18,780.00	\$23,952.00	\$23,750.00
Net Sales	\$13,253.00	\$18,780.00	\$23,952.00	\$23,750.00
Operating Expenses	\$12,468.00	\$15,425.00	\$27,553.00	\$17,512.00
Depreciation Expenses	\$0.00	\$0.00	\$0.00	\$0.00
Non Operating Revenues	\$0.00	\$0.00	\$0.00	-\$6,925.00
Capital Contributions	\$0.00	\$0.00	\$0.00	\$15,555.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$785.00	\$3,355.00	-\$3,601.00	\$14,868.00
Statutory Change In Net Position	\$785.00	\$3,355.00	-\$3,601.00	-\$687.00

Contact Information and Comptroller Filings

Entity ID Number	1889
Utility Name	City of Tusculum, TN
Name of Person Filling this Out	Randy Harley
Utility Email	recorder@tusculumcity.org
Utility Phone	14236386211
Mailing Address	145 Alexander Street City of Tusculum, TN 37745
Has the most recent Annual Information report been timely filed for this utility?	Yes
Has the utility filed its most recent budget with the Comptroller's Office within 15 days of adoption?	Yes
Has the utility filed its most recent audit with the Comptroller's Office within 6 months of the last fiscal year end?	Yes

Financial Distress Remedy Plans

Does this utility have a plan to remedy the current financial distress?	Yes
Please describe the current plan to remedy the utility's financial distress.	Rate increase and additional customers.

Rates and Fees Information

Has a rate study been completed for the utility in the previous 5 years?	No
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Has the utility implented a rate increase in the last 6 months?	No
Does the utility have plans to implement a rate increase in the next 6 months?	Yes
Is this rate increase based on a rate study conducted by an independent third party?	No
Please upload a copy of the current, approved rate ordinance or resolution.	https://www.formstack.com/admin/download/file/18850643987
Has this utility had any changes to fees in the last 5 years?	Yes
Please upload a copy of the current, approved utility fee schedule.	https://www.formstack.com/admin/download/file/18850643989
Please how current rates and fees were determined.	<p>Analysis of required rates/fees to cover expenses.</p> <p>We have had a significant change in our revenue as our largest customer closed in June 2024. Their average bill was \$1,354.18/month (data from June 2022 until May 2024), The balance of our customers pay approximately \$650.00 total per month. This shows we lost 67% of our annual revenue or \$16,200 per year. The loss of our largest customer has had an enormous impact on our sewer revenue. It is possible they may reopen in the future. Secondly, there are 2 new customers being added in the next 6-12 months; however, they will be small users.</p>

Financial Initiatives

Has the utility incurred any new debt during its current fiscal year, or does the utility plan on incurring any new debt during the current or next fiscal year?	No
Has the utility received any grants during its current fiscal year, or does the utility plan on applying for or receiving any new grants during the current or next fiscal year?	Yes

How much is this funding, and what is the source of this funding?

Water Infrastructure Investment Plan with TDEC (TN Dept. of Environment & Conservation).

What will this funding be used for?

To expand the sewer plant. There is commercial property available for development, and we want to have the capacity to accommodate any new businesses. At the time we applied for the grant we were surpassing plant capacity on some days.

Utility Information

Does this utility offer water service?

No

Does this utility offer sewer or wastewater service?

Yes

Water Utility Information

What percentage of sales do the largest 10 customers account for annually?

0.000

What percentage of volume do the largest 10 customers account for annually?

0.00

Wastewater Utility Information

How many billed customers does the wastewater utility have?

8

How many unbilled customers does the wastewater utility have?

0

How many metered customers does the wastewater utility have?

0

How many unmetered customers does the wastewater utility have?

0

What was the net sales revenue from the largest 10 customers last fiscal year?

10387

What was the net sales revenue for the wastewater utility last fiscal year?

10387

How many thousand gallons of wastewater were treated for the largest 10 customers last fiscal year?	911
How many thousand gallons of wastewater were treated by the utility last fiscal year?	911
Percentage of sales from Largest 10 Customers	1.00
Percentage of flow from Largest 10 Customers	1.00
Does the wastewater utility have a rate structure with differing rates based on location?	No
Does this utility treat all of the wastewater collections without sending wastewater to another utility for treatment?	Yes
Does this utility treat wastewater from another utility?	No
Is it feasible for this utility regionalize, merge, or consolidate with a surrounding utility to improve wastewater service to its current or future customer base?	The City of Greeneville does serve some customers in Tusculum with sewer. That might be a possibility. our plant only serves commercial customers currently, no residential.
Does this utility treat wastewater for customers on wells?	No
Excluding any potential customers on wells, are all customers billed based on metered water usage?	Yes
Does this utility treat wastewater at a wholesale rate to any customers such as large commercial/industrial customers or other surrounding utilities?	No
What is the design capacity of the wastewater treatment facility?	15000

What is the average operating capacity of the wastewater treatment facility? 2500

Are there any environmental concerns including government environmental orders for the wastewater utility? No

Does this utility have a sewer use ordinance or resolution? No

Plans and Policies

Does this utility have a debt management policy? Yes

Does this utility have a capitalization policy? Yes

Does this utility have an asset management plan? Yes

Does this utility have a copy of its capital asset list on file? Yes

How often is this capital asset list reviewed and by whom? Annually by Auditor and City Recorder



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Byrdstown**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

County: **Pickett**

Staff Summary: The Town of Byrdstown (“the Utility”) has been referred to the Tennessee Board of Utility Regulation (“the Board”) pursuant to Tenn. Code Ann. § 7-82-703 due to a Decrease in Net Position in its water and sewer fund since 2025. The Utility submitted its Financial Distress Questionnaire and indicated that it plans to increase rates by 3–5% in the upcoming fiscal year. However, the Utility has not completed a comprehensive third-party rate study within the previous five years. Board staff believes that a professional cost-of-service rate study is necessary to determine whether the current rate structure is sufficient to generate a positive statutory change in net position and ensure long-term financial sustainability.

Staff Recommendation:

1. The Utility shall have the Tennessee Association of Utility Districts, or another 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; and
 - (g) a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure
2. By **April 30, 2026**, the utility shall send Board staff a copy of the contract(s) between the utility and the qualified expert(s) who are to perform the tasks in paragraphs 1 and 2.
3. By **October 31, 2026**, the utility shall provide Board staff with the completed rate study, along 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 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.

Byrdstown

	Category: Water And Sewer		County: Pickett	
	2022	2023	2024	2025
Net Assets	\$14,194,576.00	\$14,000,505.00	\$15,257,862.00	\$17,222,093.00
Deferred Outflow Resources	\$164,154.00	\$170,113.00	\$125,451.00	\$135,403.00
Net Liabilities	\$1,546,002.00	\$1,545,529.00	\$1,755,586.00	\$1,844,884.00
Deferred Inflow Resources	\$219,946.00	\$420.00	\$132,938.00	\$110,623.00
Total Net Position	\$12,592,782.00	\$12,624,669.00	\$13,494,789.00	\$15,401,989.00
Operating Revenues	\$1,911,914.00	\$1,911,755.00	\$2,233,312.00	\$2,165,464.00
Net Sales	\$1,775,256.00	\$1,763,570.00	\$2,087,059.00	\$1,991,924.00
Operating Expenses	\$1,831,716.00	\$2,014,733.00	\$2,293,643.00	\$2,434,001.00
Depreciation Expenses	\$486,249.00	\$491,239.00	\$532,131.00	\$611,564.00
Non Operating Revenues	-\$21,661.00	-\$25,448.00	-\$28,727.00	\$27,007.00
Capital Contributions	\$149,563.00	\$160,313.00	\$966,419.00	\$2,319,439.00
Transfers In	\$120,000.00	\$0.00	\$0.00	\$0.00
Transfers Out	-\$120,000.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$208,100.00	\$24,646.00	\$706,652.00	\$2,077,909.00
Statutory Change In Net Position	-\$61,463.00	-\$135,667.00	-\$259,767.00	-\$241,530.00

Contact Information and Comptroller Filings

Entity ID Number	1618
Utility Name	Town of Byrdstown
Name of Person Filling this Out	Michelle Mitchell
Utility Email	michellem@tobtn.com
Utility Phone	19318646215
Mailing Address	109 West Main ST Byrdstown, TN 38549

Has the most recent Annual Information report been timely filed for this utility?	Yes
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Has the utility filed its most recent budget with the Comptroller's Office within 15 days of adoption?	Yes
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Has the utility filed its most recent audit with the Comptroller's Office within 6 months of the last fiscal year end?	Yes
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Financial Distress Remedy Plans

Does this utility have a plan to remedy the current financial distress?	Yes
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Please describe the current plan to remedy the utility's financial distress.	Increase rates by 3 to 5% in the new FY
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Rates and Fees Information

Has a rate study been completed for the utility in the previous 5 years?	No
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Has the utility implented a rate increase in the last 6 months? Yes

Does the utility have plans to implement a rate increase in the next 6 months? Yes

Is this rate increase based on a rate study conducted by an independent third party? No

Please upload a copy of the current, approved rate ordinance or resolution. <https://www.formstack.com/admin/download/file/19180409083>

Has this utility had any changes to fees in the last 5 years? Yes

Please upload a copy of the current, approved utility fee schedule. <https://www.formstack.com/admin/download/file/19180409085>

Please how current rates and fees were determined. The city council set the fees.

Financial Initiatives

Has the utility incurred any new debt during its current fiscal year, or does the utility plan on incurring any new debt during the current or next fiscal year? No

Has the utility received any grants during its current fiscal year, or does the utility plan on applying for or receiving any new grants during the current or next fiscal year? No

Utility Information

Does this utility offer water service? Yes

Does this utility offer sewer or wastewater service? Yes

Water Utility Information

How many billed customers does the water utility have?	3185
How many unbilled customers does the water utility have?	96
How many metered customers does the water utility have?	3702
How many unmetered customers does the water utility have?	0
What was the net sales revenue from the largest 10 customers last fiscal year?	20083275
What was the net sales revenue for the water utility last fiscal year?	213976517
What percentage of sales do the largest 10 customers account for annually?	0.010
How many gallons were sold to the largest 10 customers last fiscal year?	16235979.00
How many gallons were sold last fiscal year?	127629926.00
What percentage of volume do the largest 10 customers account for annually?	0.13
Does the water utility have a rate structure with differing rates based on location?	Yes
Please provide a customer count breakdown of these different rate classes.	This info is on the water & sewer rates sheet which is attached
Please explain how these rates have been determined to be reasonable and justifiable.	city council set rates
Does this utility have a water connection to another utility to purchase water or to have a backup water supply in case of emergency?	No

Does this utility produce its entire water supply without purchasing water from another utility? Yes

Is it feasible for this utility to regionalize, merge, or consolidate with a surrounding utility to improve water service to its current or future customer base? no

Does this utility sell water at a wholesale rate to any customers such as large commercial/industrial customers or other surrounding utilities? No

Does this utility have a water treatment facility? Yes

What is the design capacity of the water treatment facility? 2.2 million

What is the average operating capacity of the water treatment facility? 1.1 million

Are there any environmental concerns including government environmental orders for the water utility? No

Please describe these environmental concerns for the water utility and the extent of the financial burden to remedy these financial concerns. none

Wastewater Utility Information

How many billed customers does the wastewater utility have? 342

How many unbilled customers does the wastewater utility have? 0

How many metered customers does the wastewater utility have? 342

How many unmetered customers does the wastewater utility have?	0
What was the net sales revenue from the largest 10 customers last fiscal year?	2051315
What was the net sales revenue for the wastewater utility last fiscal year?	11222976
How many thousand gallons of wastewater were treated for the largest 10 customers last fiscal year?	2758210
How many thousand gallons of wastewater were treated by the utility last fiscal year?	13104070
Percentage of sales from Largest 10 Customers	0.18
Percentage of flow from Largest 10 Customers	0.21
Does the wastewater utility have a rate structure with differing rates based on location?	No
Does this utility treat all of the wastewater collections without sending wastewater to another utility for treatment?	Yes
Does this utility treat wastewater from another utility?	No
Is it feasible for this utility regionalize, merge, or consolidate with a surrounding utility to improve wastewater service to its current or future customer base?	no
Does this utility treat wastewater for customers on wells?	No
Excluding any potential customers on wells, are all customers billed based on metered water usage?	Yes

Does this utility treat wastewater at a wholesale rate to any customers such as large commercial/industrial customers or other surrounding utilities?	No
What is the design capacity of the wastewater treatment facility?	6
What is the average operating capacity of the wastewater treatment facility?	2
Are there any environmental concerns including government environmental orders for the wastewater utility?	No
Does this utility have a sewer use ordinance or resolution?	No
Plans and Policies	
Does this utility have a debt management policy?	Yes
Does this utility have a capitalization policy?	No
Why has a capitalization policy not been adopted?	Didn't know we had to.
Does this utility have a leak adjustment policy?	Yes
Does this utility have an asset management plan?	Yes
Does this utility have a copy of its capital asset list on file?	Yes
How often is this capital asset list reviewed and by whom?	yearly By Michelle Mitchell and John Keisling Alderman/ Ins Agent



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Celina**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

County: **Clay**

Summary: The City of Celina (the “Utility”) was originally referred to the Tennessee Board of Utility Regulation (the “Board”) in 2017 for financial distress pursuant to Tenn. Code Ann. § 7-82-703. Since that time, the Utility has remained under Board oversight and was placed in the Update Cycle after demonstrating periods of improvement in its financial condition.

However, the Utility’s most recent audited financial statements reflect two consecutive years of statutory decrease in net position. This pattern suggests that prior corrective measures have not resulted in sustained long-term financial stability.

Board staff believes that a comprehensive rate study is necessary to determine whether the Utility’s current rates are sufficient to support ongoing operations and future capital needs. Additionally, given the Utility’s extended history under Board oversight since 2017 and the reemergence of financial decline while in the Update Cycle, Board staff believes a feasibility study is warranted to evaluate potential operational efficiencies, shared services, or consolidation opportunities with neighboring utilities to ensure the long-term viability of the system.

Staff Recommendation

1. The Utility shall have the Tennessee Association of Utility Districts, or another 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; and
 - (g) a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. The Utility shall retain a qualified expert, as approved by Board staff, to perform a feasibility study evaluating the utility’s long-term financial sustainability, operational capacity, and structural options, including but not limited to regionalization or merger, if appropriate.
3. By **April 30, 2026**, the utility shall send Board staff a copy of the contract(s) between the utility and the qualified expert(s) who are to perform the tasks in paragraphs 1 and 2.

4. By **October 31, 2026**, the utility shall provide Board staff with the completed rate study and feasibility study, along with either proof of implementation of the resulting recommendations or a proposed plan of implementation. Page 114
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. 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.

Celina

	Category: Water And Sewer		County: Clay	
	2022	2023	2024	2025
Net Assets	\$13,564,029.00	\$14,371,559.00	\$13,670,141.00	\$12,820,342.00
Deferred Outflow Resources	\$20,869.00	\$31,027.00	\$44,460.00	\$81,385.00
Net Liabilities	\$2,096,055.00	\$2,129,053.00	\$1,708,080.00	\$1,535,695.00
Deferred Inflow Resources	\$3,647.00	\$0.00	\$21,157.00	\$22,074.00
Total Net Position	\$11,485,196.00	\$12,273,533.00	\$11,985,364.00	\$11,343,958.00
Operating Revenues	\$1,760,713.00	\$1,999,040.00	\$1,935,726.00	\$2,125,605.00
Net Sales	\$1,709,552.00	\$1,874,383.00	\$1,855,692.00	\$2,049,465.00
Operating Expenses	\$1,712,242.00	\$1,986,659.00	\$2,258,187.00	\$2,784,735.00
Depreciation Expenses	\$535,428.00	\$531,623.00	\$557,639.00	\$616,286.00
Non Operating Revenues	-\$51,502.00	-\$9,796.00	-\$30,597.00	-\$5,590.00
Capital Contributions	\$302,699.00	\$785,752.00	\$64,859.00	\$23,314.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$299,668.00	\$788,337.00	-\$288,199.00	-\$641,406.00
Statutory Change In Net Position	-\$3,031.00	\$2,585.00	-\$353,058.00	-\$664,720.00

BEFORE THE TENNESSEE WATER AND WASTEWATER FINANCING BOARD

IN THE MATTER OF:

CITY OF CELINA

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**TENN. CODE ANN. § 68-221-1010
-FINANCIAL DISTRESS**

ORDER

On November 15, 2018, the Tennessee Water and Wastewater Financing Board (“the Board”) reviewed the financially distressed status of the City of Celina (“the City”) pursuant to Tenn. Code Ann. § 68-221-1010. Based on the City’s continued financial deficiencies, the Board hereby orders the following:

1. By December 31, 2018, Town shall have the Municipal Technical Advisory Service, the Tennessee Association of Utility Districts, or another qualified expert to:
 - a. complete a rate analysis of the sewer system;
 - b. update the completed water rate analysis to include the four-tiered water rate structure that is currently in place;
 - c. create a capitalization policy and develop a plan of implementation of said policy;
 - d. create a capital asset list;
 - e. create a five-year capital asset budget and develop a plan of implementation of said budget; and
 - f. review the leak adjustment policy.

2. The City shall justify the higher rates for outside customers. If the higher rates cannot be justified, the City shall have one flat rate for all residential customers and one flat rate for all commercial customers.
3. The City shall implement the recommendations of both the updated water rate analysis and of the sewer rate analysis by February 28, 2019.
4. The City shall send financial updated to Board staff by March 1 and September 1 of each year, beginning March 1, 2019, until the Board releases the City from its oversight.

ENTERED this 27th day of November, 2018.

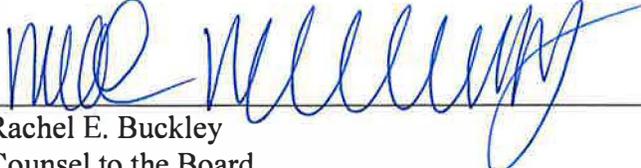


ANN V. BUTTERWORTH, Chair
Water and Wastewater Financing Board

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via certified mail return receipt requested to the following on this 27th day of November, 2018:

Mayor Joe Rich
Ms. Shannon Boles, City Recorder
Town of Celina
330 Dow Ave.
P.O. Box 449
Celina, TN 38551



Rachel E. Buckley
Counsel to the Board



Jason E. Mumpower
Comptroller

Entity Referred: **Gladeville Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

County: **Wilson**

Staff Summary:

Board staff met with Gladeville Utility District on May 1, 2025. Board staff had received complaints regarding water hardness at the Gladeville Utility District. Upon Board staff's review there is no issues operationally, managerially, or financially at the UD. Board staff has attempted contact with the business in the area that initiated the issue against the Gladeville Utility District, but no correspondence has been received.

Staff Recommendation:

Board staff believes the matter has been resolved and recommends the TBOUR close the case.

Gladeville Utility District

	Category: Water		County: Wilson	
	2022	2023	2024	2025
Net Assets	\$53,400,008.00	\$58,615,662.00	\$69,518,935.00	\$80,176,388.00
Deferred Outflow Resources	\$764,814.00	\$801,406.00	\$948,027.00	\$921,514.00
Net Liabilities	\$8,014,999.00	\$7,832,171.00	\$7,834,934.00	\$8,300,190.00
Deferred Inflow Resources	\$1,071,545.00	\$262,051.00	\$208,601.00	\$243,498.00
Total Net Position	\$45,078,278.00	\$51,322,846.00	\$62,423,427.00	\$72,554,214.00
Operating Revenues	\$7,461,590.00	\$8,426,705.00	\$8,676,543.00	\$9,562,242.00
Net Sales	\$6,677,479.00	\$7,484,528.00	\$7,681,070.00	\$8,405,973.00
Operating Expenses	\$5,412,406.00	\$6,224,845.00	\$6,666,363.00	\$6,642,646.00
Depreciation Expenses	\$1,241,057.00	\$1,301,358.00	\$1,466,851.00	\$1,641,936.00
Non Operating Revenues	-\$349,744.00	\$33,844.00	\$446,945.00	\$1,073,484.00
Capital Contributions	\$3,656,621.00	\$4,008,864.00	\$8,643,456.00	\$6,175,126.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$5,356,061.00	\$6,244,568.00	\$11,063,162.00	\$10,168,206.00
Statutory Change In Net Position	\$1,699,440.00	\$2,235,704.00	\$2,419,706.00	\$3,993,080.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Watertown**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

Watertown **Wilson**

Staff Summary:

The City of Watertown (“the utility”) has been under the supervisory jurisdiction of the Tennessee Board of Utility Regulation (“the Board”) for financial distress since 2017. The utility is currently in an update cycle; however, its two most recent audited financial statements reflect consecutive decreases in net position, indicating continued financial decline.

Board staff believes that a comprehensive rate study is necessary to determine whether the utility’s current rates are sufficient to support long-term financial stability and meet its operational and capital obligations. Additionally, given the recurring financial deterioration, Board staff recommends that a feasibility study be conducted to evaluate potential operational efficiencies, shared services, or consolidation opportunities with neighboring utilities to ensure the long-term viability of the system.

Staff Recommendation:

1. The Utility shall have the Tennessee Association of Utility Districts, or another 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; and
 - (g) a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. The Utility shall retain a qualified expert, as approved by Board staff, to perform a feasibility study evaluating the utility’s long-term financial sustainability, operational capacity, and structural options, including but not limited to regionalization or merger, if appropriate.
3. By **April 30, 2026**, the utility shall send Board staff a copy of the contract(s) between the utility and the qualified expert(s) who are to perform the tasks in paragraphs 1 and 2.
4. By **October 31, 2026**, the utility shall provide Board staff with the completed rate study and feasibility study, along with either proof of implementation of the resulting recommendations or a

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. 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.

Watertown

	Category: Water And Sewer		County: Wilson	
	2022	2023	2024	2025
Net Assets	\$2,863,303.62	\$2,906,472.36	\$8,911,405.50	\$8,541,184.58
Deferred Outflow Resources	\$327.96	\$0.00	\$0.00	\$0.00
Net Liabilities	\$257,948.67	\$102,246.43	\$6,143,495.95	\$5,865,440.76
Deferred Inflow Resources	\$6,561.36	\$0.00	\$0.00	\$0.00
Total Net Position	\$2,599,121.55	\$2,804,225.93	\$2,767,909.55	\$2,675,743.82
Operating Revenues	\$574,018.33	\$605,883.93	\$651,473.77	\$673,095.49
Net Sales	\$534,138.69	\$553,774.59	\$568,246.50	\$620,956.08
Operating Expenses	\$608,691.04	\$610,915.57	\$637,650.09	\$732,457.63
Depreciation Expenses	\$82,969.47	\$86,434.02	\$90,120.96	\$101,613.56
Non Operating Revenues	\$510.56	\$10,138.83	-\$50,140.06	-\$32,803.59
Capital Contributions	\$7,266.38	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$199,997.19	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	-\$26,895.77	\$205,104.38	-\$36,316.38	-\$92,165.73
Statutory Change In Net Position	-\$34,162.15	\$5,107.19	-\$36,316.38	-\$92,165.73



Tennessee Utility Assistance, LLC
840 Commercial Court
Murfreesboro, TN 37129
Voice (615) 896-9022
Fax (615) 898-8283

July 2, 2020

Via email

Honorable Michael Jennings
City of Watertown, Tennessee
8630 Sparta Pike
Watertown, TN 37184

Re: City of Watertown – Compliance with WWFB Order Dated
September 30, 2019

Dear Mayor Jennings:

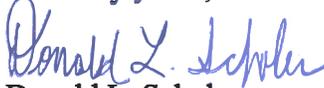
I have enclosed the Report for the City of Watertown prepared by Tennessee Utility Assistance, LLC (TUA) on the directives of the Water and Wastewater Financing Board (WWFB) in its September 30, 2019 Order. You need to email the Report to John Greer at john.greer@cot.tn.gov who works with the WWFB.

The recommendations of TUA for compliance with the directives of WWFB's Order are pages 4 and 5 of the Report. The WWFB will be meeting again on August 27, 2020. The City should act on these recommendations as soon as it can do so. You will probably receive a communication from Mr. Greer around the first of August to get an update from you on City's actions or plan of action on these recommendations. If I can answer any questions about the recommendations or how to move forward on the recommendations, please feel free to contact me.

I have enclosed an invoice from TUA for \$3,000 for the Report pursuant to the fee set forth in our engagement letter.

Thank you for allowing TUA to assist you with complying with the WWFB's Order.

Sincerely yours,


Donald L. Scholes

Enclosures



Invoice

Date

7/1/2020

Invoice #

NJ385

Tennessee Utility Assistance, LLC

840 Commercial Court
Murfreesboro, TN 37129

Bill To

City of Watertown, TN
8630 Sparta Pike
Watertown, TN 37184

Description	Qty	Amount
Financial Analysis and Reporting Updates in response to the Water & Wastewater Finance Board		3,000.00
	Total	\$3,000.00



Tennessee Utility Assistance, LLC
840 Commercial Court
Murfreesboro, TN 37129
Voice (615) 896-9022
Fax (615) 898-8283

REPORT FOR CITY OF WATERTOWN, TENNESSEE

WATER AND WASTEWATER FINANCING BOARD ORDER DATED SEPTEMBER 30, 2019

July 2, 2020

INTRODUCTION

Relevant History of the City's Water and Sewer System and Rates

The City of Watertown, Tennessee ("the City") provides water service to approximately 650 customers and sewer service to approximately 615 customers. Since the City's water and sewer fund had a negative change in net position for its fiscal years ending June 30 of 2016 and 2017, the financial condition of the City's water and sewer fund has improved. This improvement was primarily due to a decrease in interest expense from paying off the debt of the water and sewer fund and a decrease in annual depreciation expenses. As a result, the City's water and sewer fund had a positive change in net position of \$75,189 for its fiscal year ending June 30, 2018, and a positive change in net position of \$35,699 and for its fiscal year ending June 30, 2019.

TUA projects that the City's water and sewer fund will have a positive change in net position of \$4,619 for its current fiscal year ending June 30, 2020.

In 2015, the City entered into a Consent Order and Agreement with the Tennessee Department of Environment and Conservation (TDEC) to resolve enforcement actions in two Director's Order and Assessment cases, WPC14-0120 and WPC15-0030. The Consent Order requires that the City make substantial improvements to its sewer collection system by the end of 2025. The City has contracted with Water Management Services, LLC to design the needed project and to assist it with obtaining the funding the project.

The City has elected to finance the sewer collection system improvements using a loan from the Clean Water State Revolving Fund (SRF). The City completed its loan application for \$2,300,000 with SRF in March of 2020. The City anticipates that its sewer system collection system rehabilitation project will be completed in late 2022.

The City's water rates and sewer rates are the same. The City's current rates for water service and sewer service are as follows:

Inside City

Minimum bill (includes 2,000 gallons)	\$15.39
0 - 2,000 gallons	\$4.12 per 1,000 gallons
2,001 - 10,000 gallons	\$5.64 per 1,000 gallons
Over 10,000 gallons	\$6.57 per 1,000 gallons

Outside City

Minimum bill (includes 2,000 gallons)	\$23.08
0 - 2,000 gallons	\$6.16 per 1,000 gallons
2,001 - 10,000 gallons	\$8.46 per 1,000 gallons
Over 10,000 gallons	\$9.86 per 1,000 gallons

These rates have been in effect since 2009.

WWFB Order

The City was referred to the Water and Wastewater Financing Board (WWFB) upon the submission of its audit for its fiscal year ending June 30, 2017, because it met the statutory definition for a financially distressed municipal water and sewer system. The system had a negative change in net position for two consecutive years without regard to any grants or capital contributions for its fiscal years ending June 30, 2016 and June 30, 2017.

On September 30, 2019, the WWFB entered an order directing the City to do the following:

- 1) The City shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study to include the following:
 - a. Creation of a capitalization policy;**
 - b. A review of the cost of compliance with environmental issues;**
 - 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; and**
 - d. A review of the leak adjustment policy, including any recommended modifications.****
- 2) By October 31, 2019, the City shall send Board staff a copy of the contract between the City and the qualified expert who is to perform the tasks in paragraph 1.**
- 3) By December 31, 2019, the City shall send Board staff proof that all members of the utility's governing body have compiled with the training requirements set out in Tenn. Code. Ann. 7-34-115(j).**
- 4) By February 28, 2020, the City shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.**

RECOMMENDATIONS

Recommendation #1

To meet its annual revenue requirements for its fiscal year ending June 30, 2021, TUA recommends that the City make the following rate adjustments effective October 1, 2020.

- (1) **The City should eliminate its outside-city water and sewer rate classes. The City only has 13 outside-city water customers. The City only has one outside-city sewer customer. With such a small number of outside-city customers, no cost justification exists to have separate outside-city rate classes.**
- (2) **The City should increase its minimum water bill and sewer bill by \$0.25 and should increase the usage rate in each rate block by \$0.25 per 1,000 gallons.**

Recommendation # 2

Beginning July 1, 2021, the City will need to review existing rates annually to determine whether annual rate increases are needed so the water and sewer fund will continue to have a positive change in net position. The completion of the sewer collection system rehabilitation project in late 2021 will definitely require a rate increase for the fiscal year beginning July 1, 2022, due to the increased depreciation expense and debt costs of the project.

TUA suggests that the adoption of any rate increases to become effective on or after July 1, 2021 should be done annually as a part of the budgetary process each year to ensure that rates recommended later in this Report will continue to produce sufficient revenues to give the water and sewer fund a positive change in net position in future fiscal years.

Recommendation # 3

TUA recommends that the City adopt a resolution to establish a capitalization policy which incorporates the capitalization cost thresholds and service lives the City currently uses for all capital assets except its water and sewer system assets. The City's capitalization policy should adopt the service lives for its water and sewer system using the recommended service lives adopted by the WWFB for municipal water and sewer systems.

Currently, the City uses \$500 as a capitalization threshold. This threshold is low. Capitalizing each asset which cost more than \$500 and depreciating the asset over its useful life requires extra recordkeeping for the City which provides no real benefit to the City. The GFOA recommends that the capitalization threshold for local governments be no less than \$5,000. While a smaller city such as Watertown may not need to have \$5,000 as its capitalization threshold, something greater than \$500 seems warranted.

Recommendation # 4

TUA does not recommend any changes to the City’s current leak adjustment policy. The City may want to incorporate the leak adjustment policy into an ordinance.

Recommendation # 5

TUA was informed that the Mayor and members of the City Council have had no municipal utility official training as mandated by T.C.A. § 7-34-115(j). TUA recommends the members get the required 12 hours of initial training as soon as they can.

FIVE YEAR CAPITAL ASSET PLAN AND COST OF COMPLIANCE WITH ENVIRONMENTAL ISSUES

The City expects to spend \$2,300,000 during the next five years to rehabilitate of the City's sewer collection system as required by the TDEC Consent Order. Because of this sizeable expenditure, the City desires to limit the capital improvements for the Five-Year Capital Asset Plan to this sewer collection system rehabilitation project. While the City may be entitled to some principal forgiveness on the SRF loan, the amount of any principal forgiveness is unknown at this time. Therefore, the Five Year Capital Asset Plan assumes the City's sewer collection system rehabilitation project will be financed by loan funds only. The City's suggested the Five-Year Capital Asset Plan is attached to this Report as **Exhibit 1**.

RATE STUDY AND PROPOSED PLAN OF ACTION

To determine whether existing rates will produce sufficient revenues to make the City's water and sewer system self-supporting, TUA first projected a Statement of Revenues and Expenses and Changes in Net Position for the City's water and sewer fund for its current fiscal year ending June 30, 2020. TUA projected the revenues for the system using existing rates. TUA projected operating expenses by reviewing historical information from the five previous years and reviewing expenses for the current fiscal year. The City's water and sewer system has no debt.

Then, TUA projected Statements of Revenues and Expenses and Changes in Net Position for the City's water and sewer fund for its fiscal years ending June 30 of 2021, 2022, 2023, 2024, and 2025. See **Exhibit 2** attached to this Report.

Revenue Projections:

- Water and sewer sales for the fiscal year ending June 30, 2020, were projected based upon nine months of actual water and sewer sales and plus projected sales for the remaining three months of the fiscal year based upon the previous nine months.
- Since 2015 the City has experienced minimal annual customer growth and does not plan to expand its existing water or sewer system in the near future. Therefore, the water and sewer sales projections for the fiscal years ending June 30th of 2021, 2022, 2023, 2024, and 2025 do not include any revenue increases based on annual customer growth.

Expense Projections:

- Except for depreciation, all operating expenses for the current fiscal year are projected based upon nine months of actual expenses plus estimated expenses for the remaining three months of the fiscal year based upon the previous nine months. Depreciation for the current fiscal year is based upon the City's fixed asset schedule which includes the annual depreciation of capital assets.
- For the remaining fiscal years in the five-year projection, all operating expenses, except depreciation, contracted services and miscellaneous expenses, are increased by 2% annually over the projected amount for the current fiscal year.
- Miscellaneous expense is projected to be \$13,725 for the fiscal year ending June 30, 2021 based upon the average of prior two fiscal years and is then increased by 2% for subsequent years.
- Contracted services expense was projected to be \$85,266 for the fiscal year ending June 30, 2021 based upon the average of prior two fiscal years and was then increased by 2% for subsequent years.
- Annual depreciation expenses are projected based upon the City's existing fixed asset schedule and the useful service lives used on the schedule for depreciation and upon the

new depreciation of the sewer collection system improvements which will be constructed as required by the TDEC Consent Order.

- Interest expenses for the fiscal years ending June 30, 2022, 2023, 2024 and 2025 are projected based on a new State Revolving Fund Loan assuming an interest rate of 1.75% with a life of 20 years. The fiscal year ending June 30, 2022 only includes one six month interest payment.

Revenue Sufficiency and Rate Modifications Required

Based upon the projected Statements, the City's water and sewer fund will have a positive change in net position for its current fiscal year. However, at current rates the positive change in net position over the last two years and the current fiscal year are on a downward trend.

Rate Changes Effective October 1, 2020

Therefore, TUA recommends the City make the following rate modifications effective October 1, 2020:

- (1) The City should eliminate its outside-city water and sewer rate classes. The City only has 13 outside-city water customers which provide only 2.8% of the water revenues of the City. The City only has 1 outside-city sewer customer who provides only 0.26% of the City's sewer revenues. With such a small number of outside-city customers, no cost justification exists to have separate outside-city rate classes. The elimination of the outside-city rates on the City's total water and sewer revenues is immaterial in the establishment of rates for future years.
- (2) The City should increase its minimum water bill and sewer bill by \$0.25 and should increase the usage rate in each rate block by \$0.25 per 1,000 gallons.

These rate changes should produce a positive change in the net position of the City's water and sewer fund for its next fiscal year ending June 30, 2021 of \$5,284.

The City's new rate schedule effective October 1, 2020, will be as follows:

Water and Sewer

Minimum bill	\$15.64
0 – 2,000 gallons	\$4.37 per 1,000 gallons
2,001 – 10,000 gallons	\$5.89 per 1,000 gallons
Over 10,000 gallons	\$6.82 per 1,000 gallons

Future Rate Changes Beginning July 1, 2021

The City will have significant expense increases starting with its fiscal year beginning July 1, 2021 due to the depreciation of its sewer collection system rehabilitation project and debt payments on its SRF loan. To continue to meeting its revenue requirements, TUA recommends the following rate changes to become effective at the beginning of each fiscal year, July 1 as shown below:

The City's new rate schedule effective July 1, 2021, will be as follows:

Water and Sewer

Minimum bill	\$16.64
0 – 2,000 gallons	\$5.87 per 1,000 gallons
2,001 – 10,000 gallons	\$7.39 per 1,000 gallons
Over 10,000 gallons	\$8.32 per 1,000 gallons

The City's new rate schedule effective July 1, 2022, will be as follows:

Water and Sewer

Minimum bill	\$16.64
0 – 2,000 gallons	\$6.12 per 1,000 gallons
2,001 – 10,000 gallons	\$7.64 per 1,000 gallons
Over 10,000 gallons	\$8.57 per 1,000 gallons

The City's new rate schedule effective July 1, 2023, will be as follows:

Water and Sewer

Minimum bill	\$16.64
0 – 2,000 gallons	\$6.37 per 1,000 gallons
2,001 – 10,000 gallons	\$7.89 per 1,000 gallons
Over 10,000 gallons	\$8.82 per 1,000 gallons

The City's new rate schedule effective July 1, 2024, will be as follows:

Water and Sewer

Minimum bill	\$16.64
0 – 2,000 gallons	\$6.62 per 1,000 gallons
2,001 – 10,000 gallons	\$8.14 per 1,000 gallons
Over 10,000 gallons	\$9.07 per 1,000 gallons

If the City adopts the rate changes recommended by TUA, the City's water and sewer fund should continue to have a positive change in net position for its fiscal years ending June 30 of 2022, 2023, 2024 and 2025. See **Exhibit 2**.

The rate recommendations for the fiscal years beginning July 1, 2021 are based upon revenue and expense projections which include assumptions which are subject to change. Therefore, the rate recommendations should be reviewed annually as a part of the budgetary process each year to ensure that rates recommended will continue to produce sufficient revenues to give the water and sewer fund a positive change in net position in future fiscal years.

The Water and Sewer Fund – Projected Cash and Investment Schedule is attached as **Exhibit 3**.

CREATION OF A CAPITALIZATION POLICY

The City was unable to locate a resolution which set for the its City's capitalization policy. The City should adopt a resolution to establish a capitalization policy which incorporates the capitalization cost thresholds and service lives the City currently uses for all capital assets except its water and sewer system assets. The City's capitalization policy should adopt the service lives for its water and sewer system using the recommended service lives adopted by the WWFB for municipal water and sewer systems. TUA prepared a draft of a resolution for the City to adopt to establish a capitalization policy. This draft resolution is attached as **Exhibit 4** to this Report.

Currently, the City uses \$500 as a capitalization threshold. This threshold is low. Capitalizing each asset which cost more than \$500 and depreciating the asset over its useful life requires extra recordkeeping for the City which provides no real benefit to the City. The GFOA recommends that the capitalization threshold for local governments of no less than \$5,000. While a smaller city such as Watertown may not need to have \$5,000 as its capitalization threshold, something greater than \$500 seems warranted.

REVIEW OF LEAK ADJUSTMENT POLICY

TUA reviewed the City's current leak adjustment policy and discussed with the City any possible changes to the policy. TUA reviewed the leak adjustments for fiscal year ending June 30, 2019, and these leak adjustments were determined to be minimal. TUA believes the current policy is adequate and does not need any revisions. The policy is attached as **Exhibit 5** to this report.

Watertown, Tennessee - Water & Sewer Fund
Five Year Capital Asset Plan

	<u>Estimated Cost</u>					
	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>
Sewer Collection System Rehabilitation/Replace	-	-	2,300,000	-	-	-
Total	-	-	2,300,000	-	-	-
Cumulative Depreciation	-	-	28,750	57,500	57,500	57,500
Total Capital Outlay & Depreciation	-	-	2,328,750	57,500	57,500	57,500
Source of Funds						
Loans	-	-	2,300,000	-	-	-
Grants	-	-	-	-	-	-
Cash	-	-	-	-	-	-
Total Funding Sources	-	-	2,300,000	-	-	-

Watertown, Tennessee - Projected Statements of Revenues and Expenses and Changes in Net Position
Water & Sewer Fund

	Projected <u>6/30/2020</u>	Projected <u>6/30/2021</u>	Projected <u>6/30/2022</u>	Projected <u>6/30/2023</u>	Projected <u>6/30/2024</u>	Projected <u>6/30/2025</u>
Operating Revenues:						
Water and Sewer Sales	521,557	521,557	521,557	521,557	521,557	521,557
Forfeited Discounts	24,380	24,380	24,380	24,380	24,380	24,380
Reconnection Fees	11,933	11,933	11,933	11,933	11,933	11,933
Tap Fees	12,000	12,000	12,000	12,000	12,000	12,000
Miscellaneous	(1,255)	(1,255)	(1,255)	(1,255)	(1,255)	(1,255)
Total Operating Revenues	568,615	568,615	568,615	568,615	568,615	568,615
Operating Expenses:						
Salaries	144,819	147,715	150,670	153,683	156,757	159,892
Payroll Taxes	11,079	11,301	11,527	11,757	11,992	12,232
Employee Insurance	24,883	25,381	25,888	26,406	26,934	27,473
Utilities	60,224	61,428	62,657	63,910	65,188	66,492
Materials and Supplies	42,055	42,896	43,754	44,629	45,522	46,432
Repairs and Maintenance	37,680	38,434	39,202	39,986	40,786	41,602
Insurance	40,000	40,800	41,616	42,448	43,297	44,163
Contracted Services	85,266	85,266	86,971	88,711	90,485	92,295
Depreciation	85,581	85,581	114,331	143,081	143,081	143,081
Office Supplies and Postage	3,823	3,899	3,977	4,057	4,138	4,221
Gas and Oil	4,180	4,264	4,349	4,436	4,525	4,615
Landfill Services	8,108	8,270	8,436	8,604	8,776	8,952
Professional Fees	3,900	3,978	4,058	4,139	4,221	4,306
Miscellaneous	13,275	13,541	13,811	14,088	14,369	14,657
Total Operating Expenses	564,873	572,754	611,247	649,935	660,072	670,412
Operating Income (Loss)	3,742	(4,139)	(42,632)	(81,320)	(91,457)	(101,797)
Nonoperating Revenues (Expenses)						
Interest Income	877	877	877	877	877	877
Recovery of Bad Debts	-	-	-	-	-	-
Interest Expense	-	-	(19,738)	(37,766)	(36,026)	(34,256)
Total Nonoperating Revenues (Expenses)	877	877	(18,861)	(36,889)	(35,149)	(33,379)
Change in Net Position before Contributed Capital	4,619	(3,262)	(61,493)	(118,209)	(126,606)	(135,176)
Capital Contributions & Transfers	-	-	-	-	-	-
Change in Net Position	4,619	(3,262)	(61,493)	(118,209)	(126,606)	(135,176)
Revenue Generated from Suggested Rate Increase	N/A	8,546	67,316	123,236	131,782	140,328
Change in Net Position after Suggested Rate Increase	4,619	5,284	5,823	5,027	5,176	5,152

Watertown, Tennessee - Water & Sewer Fund - Projected Cash and Investments Schedule

	<u>Projected 6/30/2020</u>	<u>Projected 6/30/2021</u>	<u>Projected 6/30/2022</u>	<u>Projected 6/30/2023</u>	<u>Projected 6/30/2024</u>	<u>Projected 6/30/2025</u>
Cash & Investments -						
Beginning Balance	743,188	833,388	924,253	995,955	1,045,450	1,093,354
Sources of Funds						
Water & Sewer Sales **	521,557	530,103	588,873	644,793	653,339	661,885
Other Revenues	47,058	47,058	47,058	47,058	47,058	47,058
Interest Income	877	877	877	877	877	877
SRF Loan	-	-	2,300,000	-	-	-
Total Sources of Funds	569,492	578,038	2,936,808	692,728	701,274	709,820
Uses of Funds						
Operating Expenses	564,873	572,754	611,247	649,935	660,072	670,412
Depreciation	(85,581)	(85,581)	(114,331)	(143,081)	(143,081)	(143,081)
Interest Expense	-	-	19,738	37,766	36,026	34,256
Principal Payment	-	-	48,452	98,614	100,353	102,124
Capital Outlay	-	-	2,300,000	-	-	-
Total Uses of Funds	479,292	487,173	2,865,105	643,234	653,370	663,711
Cash & Investments - Ending Balance	833,388	924,253	995,955	1,045,450	1,093,354	1,139,463

** Includes revenue from suggested rate increase

NOTE: This synopsis from beginning funds to ending funds does not include accounts receivable, accounts payable, fixed asset or any other adjustments made to the balance sheet. This is a "cash basis" summary.

RESOLUTION NO. 2020-_____

A RESOLUTION TO ESTABLISH CAPITALIZATION THRESHOLDS FOR ASSETS TO BE RECORDED AS CAPITAL ASSETS IN THE CITY'S FINANCIAL STATEMENTS

WHEREAS, the City of Watertown, Tennessee (the City) desires to formally adopt the capitalization thresholds at which its assets have historically been capitalized and recorded as capital assets in the City's financial statements; and

WHEREAS, the City desires to establish appropriate capitalization thresholds and service lives for its water system assets which are consistent with the directives of the Water and Wastewater Financing Board for municipal water systems.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Board of Aldermen that:

(a) **Capitalization Thresholds.** The capitalization thresholds for the City's assets are a cost of \$ _____ and an estimated useful life of one year. Land and Construction in Progress are capitalized but not depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

(b) **Asset Cost Basis.** Capital assets shall be recorded at historical cost when the cost is reasonably determinable. If historical cost data is not determinable, an estimated historical cost will be used.

- (1) **Actual Cost** – This cost will include the purchase or construction cost (which can be obtained through invoice, purchase order, and paid check files) and charges necessary to place the asset into service at its intended location. Such necessary costs may include costs such as freight and transportation, site preparation expenditures, interest costs, professional fees, and legal claims directly attributable to asset acquisition.
- (2) **Estimated Cost** – This cost will be based on as much documentary evidence as can be found to support the cost, such as interviews with vendors selling such assets engineers, or other personnel and price level adjustments based on the Consumer Price Index for each asset.
- (3) **Donated Cost** – These assets will be based on their estimated fair market value at time of acquisition. A determination as to the fair market value basis will be included with property records.
- (4) **Interest on Debt Issued** – Interest on debt issued for the construction of an asset will be capitalized as part of the asset's cost to the extent of the interest that was incurred during the construction period only.

(c) Depreciation.

- (1) **Depreciation is a method for allocating the cost of capital assets over their useful lives. Generally accepted accounting principles dictate that the value of the capital asset must be written off as an expense over the useful life of the asset.**
- (2) **Annual depreciation expense will be calculated using the straight-line method.**
- (3) **When the asset is disposed of, the actual date of disposal is disregarded, and the disposal date is the end of the month prior to the month of disposal (i.e. no depreciation is taken for the month of disposal).**
- (4) **The salvage value of an asset is an estimate made by management of what the value of an asset will be at the end of its useful life. If the City intends to utilize a capital asset until it is literally worthless, a salvage value of zero (0) will be assigned.**

(d) Useful Lives of Capital Assets

<u>Asset Type</u>	<u>Useful Life in Years</u>
Land and Easements	No depreciation
Infrastructure (Other than Water Plant in Service)	40 - 50
Buildings	10 - 50
Furniture and Fixtures	5 - 10
Water Plant in Service and Wastewater Plant in Service:	
Buildings (Office and Plant)	30 - 50
Equipment and Tools	10 - 15
Furniture and Fixtures	5 - 10
Machinery, Equipment and Service Vehicles	5 - 15
Pumps and Treatment Equipment	15 - 20
Transportation Equipment	5 - 10
Water Lines and Storage	40 - 50
Well / Dam	Engineer's Estimate

Adopted this ____ day of _____, 2020

Mayor

Attest: _____
City Recorder

NEW POLICY FOR ADJUSTMENT OF WATER AND SEWER BILLS

The utility system will take the average of the three previous months from the leak bill. Divide by two and add that amount back to the amount of the average bill of the previous three months.

This can be done once per twelve month period.

On tax relief the water and sewer bill with a leak will be adjusted to normal average monthly bill.

Water and sewer customer needs to provide proof that correctiva means have been taken to repair leak and prevent futher leaks.

EXAMPLE

Leak Bill \$84.99 12,330 Gallons

Step 1: Average of three previos months	33.94	3990 gallons
	32.96	3810 gallons
	33.45	3680 gallons
	<u>101.35</u>	

Average \$33.78

Step 2: 84.99
 -33.78
 51.21

Step 3: 2 $\overline{)51.21}$
 4
 11
 10
 12
 12
 1

Step 4: 25.60
 +33.78
 59.38

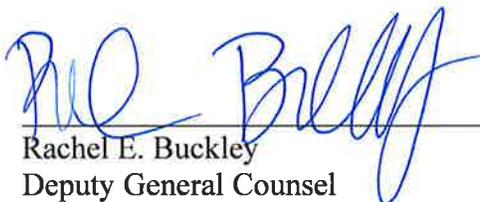
\$59.38 is the total after adjustment

Leak was in April of 93 no more adjustments until April of 94.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served via certified mail return receipt requested and U.S. mail to the following on this 22nd day of September, 2021:

Mayor Michael Jennings
Ms. April Lamberson, City Recorder
City of Watertown
8630 Sparta Pike
Watertown, TN 37184



Rachel E. Buckley
Deputy General Counsel



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Centerville**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Sewer**

County: **Hickman**

Staff Summary:

The Town of Centerville ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint since the fiscal year 2024. The customer alleged that the Utility's policy, which charges both the sewer minimum and usage for customers who have access but are not connected, was unreasonable. The TBOUR concurred with the complainant's argument and ordered the Utility to conduct a rate study with a third-party expert to assess the current fee structure. Additionally, the TBOUR ordered that the Utility should immediately cease charging variable usage fees to customers who had access to sewer but were not directly connected to it. At this time, the study has been completed, and the Utility has ceased charging the aforementioned customers a usage charge. Board staff believes that the complaints originally filed against the Utility have been resolved by the Utility's actions.

Staff Recommendation:

The Board should order the following:

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

Centerville

	Category: Water And Sewer		County: Hickman	
	2021	2022	2023	2024
Net Assets	\$19,501,991.00	\$20,042,264.00	\$21,126,594.00	\$22,500,141.00
Deferred Outflow Resources	\$90,182.00	\$132,685.00	\$113,170.00	\$158,821.00
Net Liabilities	\$5,299,219.00	\$5,009,764.00	\$4,672,326.00	\$4,845,529.00
Deferred Inflow Resources	\$24,668.00	\$194,642.00	\$33,372.00	\$22,602.00
Total Net Position	\$14,268,286.00	\$14,970,543.00	\$16,534,066.00	\$17,790,831.00
Operating Revenues	\$2,949,334.00	\$2,960,276.00	\$4,166,988.00	\$3,986,482.00
Net Sales	\$2,875,001.00	\$2,902,004.00	\$4,065,924.00	\$3,931,946.00
Operating Expenses	\$2,471,197.00	\$2,301,022.00	\$2,555,480.00	\$2,725,057.00
Depreciation Expenses	\$702,909.00	\$694,538.00	\$701,567.00	\$739,838.00
Non Operating Revenues	-\$129,653.00	-\$123,847.00	-\$130,603.00	-\$123,620.00
Capital Contributions	\$6,776.00	\$166,850.00	\$82,618.00	\$118,960.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$355,260.00	\$702,257.00	\$1,563,523.00	\$1,256,765.00
Statutory Change In Net Position	\$348,484.00	\$535,407.00	\$1,480,905.00	\$1,137,805.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Lexington**
Referral Reason: **Negative Unrestricted Net Position**
Utility Type Referred: **Water And Sewer**
County: **Henderson**

Staff Summary:

The City of Lexington ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since its 2024 fiscal year audit, pursuant to Tenn. Code Ann. § 7-82-703. For fiscal year 2024, the Utility reported a negative unrestricted net position of \$1,182,674. The negative value is caused by pension and OPEB liabilities. The Water and Sewer Fund has a pension trust but does not have an OPEB trust. The Utility has complied with the Board's prior directives. Board staff believes the Utility should be placed into the update cycle until released by the Board.

Staff Recommendation:

The Board should order the following:

1. The Utility has complied with the Board's prior directives. The Utility has shown progress in correcting its financial distress, and Board staff believe the Utility should be placed in the update cycle. This requires the Utility to respond to staff requests for information to monitor the Utility's progress until released from Board oversight.

Lexington

	Category: Water And Sewer		County: Henderson	
	2021	2022	2023	2024
Net Assets	\$35,592,626.00	\$36,617,410.00	\$35,846,967.00	\$37,069,460.00
Deferred Outflow Resources	\$385,110.00	\$213,557.00	\$516,738.00	\$393,560.00
Net Liabilities	\$19,630,736.00	\$18,244,407.00	\$18,212,861.00	\$18,143,930.00
Deferred Inflow Resources	\$534,999.00	\$1,676,091.00	\$1,070,431.00	\$857,409.00
Total Net Position	\$15,812,001.00	\$16,910,469.00	\$17,080,413.00	\$18,461,681.00
Operating Revenues	\$7,338,313.00	\$7,283,975.00	\$7,801,380.00	\$8,874,782.00
Net Sales	\$7,334,899.00	\$7,281,316.00	\$7,799,761.00	\$8,873,760.00
Operating Expenses	\$6,316,914.00	\$6,458,995.00	\$7,400,065.00	\$7,729,914.00
Depreciation Expenses	\$1,286,675.00	\$1,390,296.00	\$1,407,345.00	\$1,421,198.00
Non Operating Revenues	-\$315,107.00	-\$167,575.00	-\$188,120.00	-\$163,453.00
Capital Contributions	\$0.00	\$554,015.00	\$122,131.00	\$523,732.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	-\$106,071.00	-\$112,952.00	-\$165,382.00	-\$123,879.00
GAAP Change In Net Position	\$600,221.00	\$1,098,468.00	\$169,944.00	\$1,381,268.00
Statutory Change In Net Position	\$600,221.00	\$544,453.00	\$47,813.00	\$857,536.00



Jason E. Mumpower
Comptroller

Entity Referred: **Town of Mason**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

County: **Tipton**

Staff Summary:

On March 13, 2025, the Tennessee Board of Utility Regulation (the "Board") issued an order requiring the Town of Mason ("the Utility") to contract with a third-party expert in order to complete an up-to-date feasibility study by December 31, 2025. The Utility contracted with CEC Inc. and has since then completed a feasibility study. Additionally, the Utility is working with Buddy Petty to complete an updated rate study. The town has completed the 2024 audit but has not yet produced a financial report for 2025. Board staff is deeply concerned about the three-year consecutive decline in statutory net position the Utility has experienced, even after the significant resources and focus directed to the Utility in past years. The Utility has lost approximately 22% of its net position over the past three years, with 2024 resulting in a loss equal to over half its total revenues.

On February 17, 2026, Board staff met with the governing body at a regularly scheduled public meeting. During the meeting, the board demonstrated severe managerial ineffectiveness and a complete lack of proper procedure. These issues were expressly evident during two portions of the meeting. First, the governing body failed to adopt an updated purchasing policy. A third-party consultant is currently working with the Utility to help update the necessary policies and procedures. The governing body was unable to understand the proper procedure for adopting a resolution, even with the assistance of the third-party consultant, and instead voted to roll the item to the next meeting. Secondly, the Utility failed to properly address a customer complaint that was presented and of urgent matter. During the public meeting, a resident of Mason addressed the board and explained that the apartment complex she managed was currently experiencing raw sewage backflowing into tenants' dwellings. According to the customer, this had been an ongoing issue for around three years. The Mayor added that this was actually an ongoing issue for over ten years. Once the complaint was made to the governing body, the board members took no action other than agreeing to discuss the matter further.

Board staff followed up with the Tennessee Department of Environment and Conservation ("TDEC") after the meeting and requested assistance in this matter. The Department immediately deployed a team to investigate and address the issue. According to TDEC, a lift station serving the apartment complex is currently bypassed due to a non-functional motor. However, when TDEC arrived at the Utility, they discovered that the bypass pump was shut off. TDEC was unable to provide any reason why a bypass pump would ever be shut off. A prior utility consultant also notified TDEC that the lift station was too small and would need a full replacement. Board staff also discussed the issue with the Utility's contract engineer. Based on his estimates, the Utility is currently unable to afford this capital expenditure. Due to past managerial issues and the financial distress the Utility is currently experiencing, Board staff is concerned about the issuance of debt at this time.

Staff Recommendation:

The Board should order the following:

1. The Utility shall provide Board staff with an update via email at utilities@cot.tn.gov to the issue described above by April 3, 2026.
 - a. If the Utility is unable to remedy the solution by the aforementioned date, an update via email at utilities@cot.tn.gov shall be required every two weeks until the issue is confirmed to be resolved by Board staff.
2. Board staff shall verify with the customer that the situation has been fully resolved upon notice of completion by the Utility.
3. If the Utility fails to provide timely reports to Board staff as described above, or Board staff is unable to verify that the issue has been resolved by June 1, 2026, either through the customer or another format. Board staff may issue subpoenas for the members of the Utility's governing body.

Mason

	Category: Water And Sewer		County: Tipton	
	2021	2022	2023	2024
Net Assets	\$4,368,416.00	\$4,405,265.00	\$3,984,771.00	\$3,882,896.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$322,127.00	\$333,847.00	\$402,791.00	\$727,106.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$4,046,289.00	\$4,071,418.00	\$3,581,980.00	\$3,155,790.00
Operating Revenues	\$794,554.00	\$890,435.00	\$743,560.00	\$741,785.00
Net Sales	\$747,028.00	\$794,396.00	\$668,547.00	\$643,202.00
Operating Expenses	\$630,166.00	\$882,951.00	\$1,099,242.00	\$1,186,498.00
Depreciation Expenses	\$80,427.00	\$81,119.00	\$304,979.00	\$117,768.00
Non Operating Revenues	-\$5,962.00	\$9,360.00	-\$7,890.00	\$18,522.00
Capital Contributions	\$50,150.00	\$0.00	\$0.00	\$0.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$216,861.00	-\$109,022.00	-\$363,572.00	-\$426,191.00
Statutory Change In Net Position	\$166,711.00	-\$109,022.00	-\$363,572.00	-\$426,191.00



Jason E. Mumpower
Comptroller

Entity Referred: **City of Ridgely**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

County: **Lake**

Staff Summary:

The City of Ridgely ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since the fiscal year 2024 audit pursuant to Tenn. Code Ann. § 7-82-703. The Utility has returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

- The Utility has not performed a rate study for more than five years.
- The Utility has not increased fees in the last 5 years.
- The Utility does not currently have a plan to increase rates in the next six months.
- The Utility does not have a debt management policy nor a capitalization policy.

Staff Recommendation:

The Board should order the following:

1. The Utility shall have a qualified expert, as approved by Board staff, perform a rate study that includes the following:
 - a. the creation of the capitalization policy;
 - b. the creation of a debt management policy,
 - c. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy, should one not exist;
 - d. the review of the asset management plan, including any recommended modifications;
 - e. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - f. a review of relevant utility fees, including but not limited to connection or tap fees, including any recommended modifications;
 - g. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - 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, 2026, 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 December 31, 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.

Ridgely

	Category: Water And Sewer		County: Lake	
	2022	2023	2024	2025
Net Assets	\$5,088,491.00	\$5,294,134.00	\$5,269,926.00	\$5,318,903.00
Deferred Outflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Net Liabilities	\$624,188.00	\$527,786.00	\$502,088.00	\$504,315.00
Deferred Inflow Resources	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Position	\$4,464,303.00	\$4,766,348.00	\$4,767,838.00	\$4,814,588.00
Operating Revenues	\$647,110.00	\$648,026.00	\$624,413.00	\$657,129.00
Net Sales	\$597,790.00	\$610,825.00	\$592,394.00	\$611,130.00
Operating Expenses	\$642,850.00	\$657,202.00	\$690,167.00	\$710,774.00
Depreciation Expenses	\$222,218.00	\$225,546.00	\$225,995.00	\$220,943.00
Non Operating Revenues	\$1,149.00	\$4,346.00	\$13,061.00	\$13,368.00
Capital Contributions	\$89,471.00	\$306,875.00	\$54,183.00	\$167,684.00
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00
Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00
GAAP Change In Net Position	\$94,880.00	\$302,045.00	-\$79,167.00	\$127,407.00
Statutory Change In Net Position	\$5,409.00	-\$4,830.00	-\$133,350.00	-\$40,277.00



JASON E. MUMPOWER
Comptroller

Asset Useful Life Discussion

Mallory Valley Utility District (MVUD) has submitted a written request asking the Tennessee Board of Utility Regulation (TBOUR) to consider amending the current depreciable service life guidelines for water lines to establish a minimum 75-year service life for ductile iron water lines

Background

In 2015, the Water and Wastewater Financing Board and Utility Management Review Board reevaluated the Uniform Depreciation Schedule for water and wastewater systems and recommended maintaining “Water Lines and Storage” at a range of 40-50 years. Those guidelines were adopted to provide consistency and financial accountability in depreciation practices across governmental water and wastewater systems.

The current request seeks reconsideration of that range as it applies specifically to ductile iron water lines.

Summary of the Request

MVUD asserts that the current 40–50 year guideline does not reflect the actual functional life of modern ductile iron pipe. MVUD states that:

Approximately \$9.2 million of its infrastructure will fully depreciate within the next 20 years under the current guidelines, although replacement is not anticipated.

By 2065, roughly 50% of its system will be fully depreciated despite expectations of continued serviceability.

MVUD contends that fully depreciating assets that remain in service may create accounting and rate-setting challenges and that extending the depreciable life would better align depreciation expense with the asset’s actual economic life.

Supporting Materials

MVUD provided a summary of industry and engineering sources asserting extended service lives for ductile iron pipe. The materials cite:

- Industry association positions indicating anticipated service lives of 75–100+ years;
- Survey data suggesting professional consensus above 50 years; and

- Academic and engineering references indicating service life estimates reaching or exceeding 100 years.

Staff notes that these materials primarily reflect industry and engineering perspectives. Staff has not independently validated the technical assertions and does not offer a technical opinion regarding pipe longevity.

Policy Considerations

If the Board elects to consider the request, relevant considerations may include:

- Whether depreciation guidelines should reflect conservative accounting estimates or projected engineering life.
- Whether any revision should apply exclusively to ductile iron pipe or to water lines generally.
- The potential financial reporting, rate-setting, and intergenerational equity implications of extending depreciation periods.
- Whether additional input from engineers, auditors, utilities, or other stakeholders is warranted before any change.

Staff Recommendation

Staff does not make a technical recommendation regarding the appropriate service life of ductile iron water lines.

Because the request involves potential revision to statewide depreciation guidance that affects governmental water systems, staff recommends that the Board:

1. Accept the request for discussion;
2. Determine whether it wishes to initiate a formal review of the 40-50 year guideline as it applies to ductile iron water lines; and
3. Either adopt the requested change or direct staff to gather additional stakeholder input, including from utility representatives, and subject-matter experts, prior to any proposed amendment.

This approach would allow the Board to evaluate the policy and financial implications in an open forum while ensuring that any potential change is supported by adequate information and deliberation.



Ross Colona
 Designated Manager of the Tennessee Board of Utility Regulation
 Tennessee Comptroller of the Treasury
 Cordell Hull Building
 425 John Lewis Way North
 Nashville, TN 37243
Ross.Colona@cot.tn.gov

Re: Request for TBOUR to Consider Amending Depreciable Service Lives Guidelines for Ductile Iron Water Lines

Dear Mr. Colona:

I am the General Manager of Mallory Valley Utility District (MVUD), a water utility serving the commercial Cool Springs area and surrounding residential communities in Williamson County. Our system, which began operations in the 1960s, currently consists of over 95% ductile iron pipe and represents approximately \$82 million investment in asset infrastructure.

I recently spoke with Don Scholes, General Counsel of the Tennessee Association of Utility Districts (TAUD) regarding the current guidelines for service lives of water system assets for depreciation purposes, and more specifically the service lives for water lines. Mr. Scholes sent me the enclosed letter dated July 6, 2015, from Jerry Durham with the Division of Local Government Audit to the UMRB and WWFB in which the Division of Local Government Audit recommended guidelines for the service lives of water and sewer system assets for governmental utilities, including utility districts. The current guideline for water lines and storage is 40-50 years.

I am writing to you today to request that you initiate a discussion with the Tennessee Board of Utility Regulation (TBOUR) to consider changing the current range of service lives for water lines to accommodate the longer service lives for ductile iron water lines which have been installed and which continue to be installed by public water systems in Tennessee. As outlined below, I believe that a new service life recommendation should be adopted for ductile iron water lines to be a minimum of 75 years.

Rationale for the Proposed Change

Changing the current guidelines for the service lives of water lines to a minimum of 75 years for ductile iron water lines is a matter of significant financial importance to our utility and, critically, to our customers. The request for an extended depreciable life is directly tied to the need for rate stabilization for our customers and accurate utility accounting. MVUD has observed a significant disconnect between the current recommended depreciable life for water lines and the actual functional life of our ductile iron assets:

- In the next 20 years, approximately \$9.2 million of our infrastructure will fully depreciate based on the current recommended guidelines. MVUD has no plans to replace this infrastructure at that time, as it is functioning well with minimal repair costs.
- By 2065, roughly 50% of our water system will be fully depreciated. Based on the material's performance, we do not anticipate needing to replace a substantial portion of these lines by that time.

Allowing assets to fully depreciate while they continue to be fully functional creates future accounting challenges that can unnecessarily pressure future rate increases. Extending the depreciable life to better reflect the asset's true longevity would help stabilize rates by spreading the cost of the asset over its true economic life.

Industry Support for Extended Life

The proposed 75-year minimum is supported by growing evidence within the water utility industry regarding the durability and longevity of modern ductile iron pipe:

- Ductile Iron Pipe Research Association (DIPRA): DIPRA reports often cite the successful performance of ductile iron pipe, noting that while the typical design life is 100 years, many utilities have found that the pipe remains in excellent condition well beyond 50 years.
- American Water Works Association (AWWA): Studies and data presented by AWWA acknowledge the significant shift in utility planning, often referencing an expected service life for ductile iron pipe that can range from 75 to 100 years, particularly with updated manufacturing standards and modern protective linings.

I have enclosed additional information supporting a longer service life for ductile iron lines for review by the TBOUR.

I would respectfully request that you ask the TBOUR to consider initiating a proceeding to consider a change in the current guidelines for the service lives of water lines at its next meeting in December. This change in the service life recommendation for ductile iron water lines will affect all public water systems and their customers in Tennessee and certainly warrants review and discussion by the TBOUR. Should the TBOUR decide to address this important issue, I am happy to meet with you, other TBOUR staff members, and representatives of Local Government Audit to discuss this matter further and to present detailed supporting data from MVUD, as well as the industry standards referenced above.

I appreciate you bringing this request to the TBOUR and for your commitment to local government utilities in Tennessee. Please let me know if my request will be on the agenda of the TBOUR's December 11, 2025 meeting.

Sincerely,



Jenny Clarke
General Manager
Mallory Valley Utility District

c: Nick Newman, Executive Director of TAUD

Here is a summary of the data from engineering sites and credible industry sources that supports changing your DIP depreciation life to at least 75 years.

Data Supporting Extended Life Expectancy of Ductile Iron Pipe

The following data points, derived from engineering organizations, research associations, and utility-focused studies, directly support increasing the depreciation/useful life of DIP from 50 years to 75 years or greater.

1. Ductile Iron Pipe Research Association (DIPRA)

DIPRA, the non-profit research and technical resource organization for the ductile iron pipe industry, provides the strongest and most consistent evidence for extended life:

Source	Claim/Stated Life Expectancy	Implication for Useful Life
Official Stance (DIPRA)	Modern, domestic Ductile iron pipe has an anticipated life of more than 100 years of service.	Sets a benchmark for depreciation schedule well beyond 50 or 75 years.
Industry Survey (DIPRA)	More than 70% of surveyed respondents (consulting and utility engineers) viewed DIP's service life as at least 75 years or more.	Reflects a professional consensus that exceeds the 50-year depreciation period.
Predecessor Performance	DIPRA maintains the "Century Club" for utilities with Cast Iron Pipe (DIP's predecessor) mains that have provided continuous service for 100+ years.	Ductile Iron Pipe is recognized as being stronger and expected to exceed the performance and longevity of Cast Iron Pipe.
Design Decision Model (DDM)	The DDM provides a risk-based model for corrosion control to achieve the century-long service life that users expect as the benchmark for iron pipe.	The design standard for DIP corrosion control is explicitly based on achieving a 100-year life.

2. Engineering and Academic Sources

Leading civil engineering and water quality organizations also cite service lives exceeding 50 years:

Source	Claim/Stated Life Expectancy	Implication for Useful Life
American Society of Civil Engineers (ASCE)	DIP is described as resilient, safe, and reliable, with a service life of over 100 years.	Independent engineering body validation of a 100-year service life.
AWWA (American Water Works Association)	AWWA states ductile iron pipes have expected service lives of 50–110 years.	Provides a range, with the midpoint and maximum both significantly higher than 50 years.
University of Michigan (LCCA Study)	A comprehensive literature review for a Life Cycle Cost Analysis (LCCA) concluded a consensus service life of 100 years for Ductile Iron Pipe (compared to 50 years for PVC).	Academic endorsement of the 100-year figure for LCCA modeling, which directly relates to asset value and economic life.

The data below organizes the key claims and provides the direct links to the engineering sites and credible industry resources.

Claim/Stated Life Expectancy	Source	Link
Service life of "over 100 years." (ASCE)	American Society of Civil Engineers (ASCE)	Benefits of ductile iron pipe
Anticipated life of "more than 100 years of service." (DIPRA)	Ductile Iron Pipe Research Association (DIPRA)	Longevity - DIPRA
Expected service lives of "50–110 years." (AWWA)	ResearchGate (citing AWWA 2012)	Total service life of ductile iron watermain as predicted by RSF

Claim/Stated Life Expectancy	Source	Link
Consensus service life of "100 years" for LCCA. (University of Michigan Study)	DIPRA (Life Cycle Cost Analysis)	Life Cycle Cost Analysis of Ductile Iron Pipe
Over 70% of industry experts view life as "at least 75 years or more." (Industry Survey)	Water Finance & Management (Industry Survey Report)	Ductile Iron Pipe
Cast Iron Pipe (predecessor) has provided service for "100+ years." (DIPRA Century Club)	Ductile Iron Pipe Research Association (DIPRA)	Longevity - DIPRA



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT

SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

July 6, 2015

Respective Chairmen and Board Members
Water and Wastewater Financing Board
Utility Management Review Board
505 Deaderick Street
Nashville, TN 37243

Subject: Reevaluation of Uniform Depreciation Schedule
for Water and Wastewater Systems

Dear Board Members:

In 1989, the Water and Wastewater Financing Board and the Utility Management Review Board adopted the guidelines for evaluating the useful lives of assets for water and wastewater systems. These guidelines were based upon guidance provided for in the Code of Federal Regulations as well as recommendations from our office. Since then these guidelines have been used by the municipal, utility district and quasi governmental water and wastewater systems across the State of Tennessee.

Our office and the respective boards have received requests from different parties representing water and wastewater systems for a reevaluation and revision of the estimated lives provided for in our original guidelines in order to reflect more current estimations established by engineers. Historically engineer estimates have significantly exceeded our guidelines as it relates to certain water lines and other utility infrastructure assets. Engineering estimates are often related to current developments of advanced technologies and represent *anticipated* lives based upon those new developments.

In response, we have reevaluated the estimated useful lives for water and wastewater systems with a focus on utility infrastructure. As recommended by accounting standard setting bodies, we considered various sources including the current Code of Federal Regulations, engineer estimates, industry associations, and other governments in close proximity with similar infrastructure assets.

When estimating useful lives, accounting standards require that consideration should be given to several factors including the use of the asset, required maintenance and upgrades, planned replacements, and how long it is expected to meet service and technology demands based upon population growth and other factors.

Based upon our reevaluation, we are recommending limited change to the original guidelines adopted by the boards. The underlying principles of financial responsibility and accountability require that water and wastewater systems account for and report their operations to adequately reflect the costs of running the system. We believe our proposed updates are reasonable in light of our research and experience with local water and wastewater systems.

<u>ASSET ACCOUNT</u>	<u>YEARS</u>
<i>Water Systems</i>	
Buildings (Office and Plant)	30-50
Equipment and Tools	10-15
Furniture and Fixtures	5-10
Machinery, Equipment and Vehicles	5-15
Pumps and Treatment Equipment	15-20
Transportation Equipment	5-10
Water Lines and Storage	40-50
Well / Dam	Engineer's Estimate
<i>Wastewater (Sewer) Systems</i>	
Buildings (Office and Plant)	30-50
Equipment and Tools	10-15
Furniture and Fixtures	5-10
Machinery, Equipment and Vehicles	5-15
Pumps and Treatment Equipment	15-20
Transportation Equipment	5-10
Wastewater (Sewer) System	40-50

We appreciate the concerns of local systems and their engineers. However, we believe the above useful lives represent estimates that will result in depreciation amounts that fairly represent the cost of providing water and wastewater utility services. Utility infrastructure replacements that are currently occurring across the state of Tennessee in response to excessive water losses reinforce our recommendations. We anticipate these revised guidelines will continue to provide a basis which our office and the Water and Wastewater Financing Board and Utility Management Review Board can use in establishing the minimum and maximum number of years to be used in depreciating capital assets for water and wastewater systems.

If we can be of additional assistance regarding this matter, please contact us. We look forward to hearing your views regarding our proposed changes.

Respectfully,



Assistant Director for Contract Review
Division of Local Government Audit



JASON E. MUMPOWER
Comptroller

TBOUR Meeting Dates

Board staff recommends the TBOUR adopt the following schedule for future meetings of the TBOUR to be held at 9:00 AM in the Volunteer Conference Center in the Cordell Hull Building at 425 Rep. John Lewis Way N, Nashville, TN 37243.

June 11, 2026

September 10, 2026

December 10, 2026

March 11, 2027