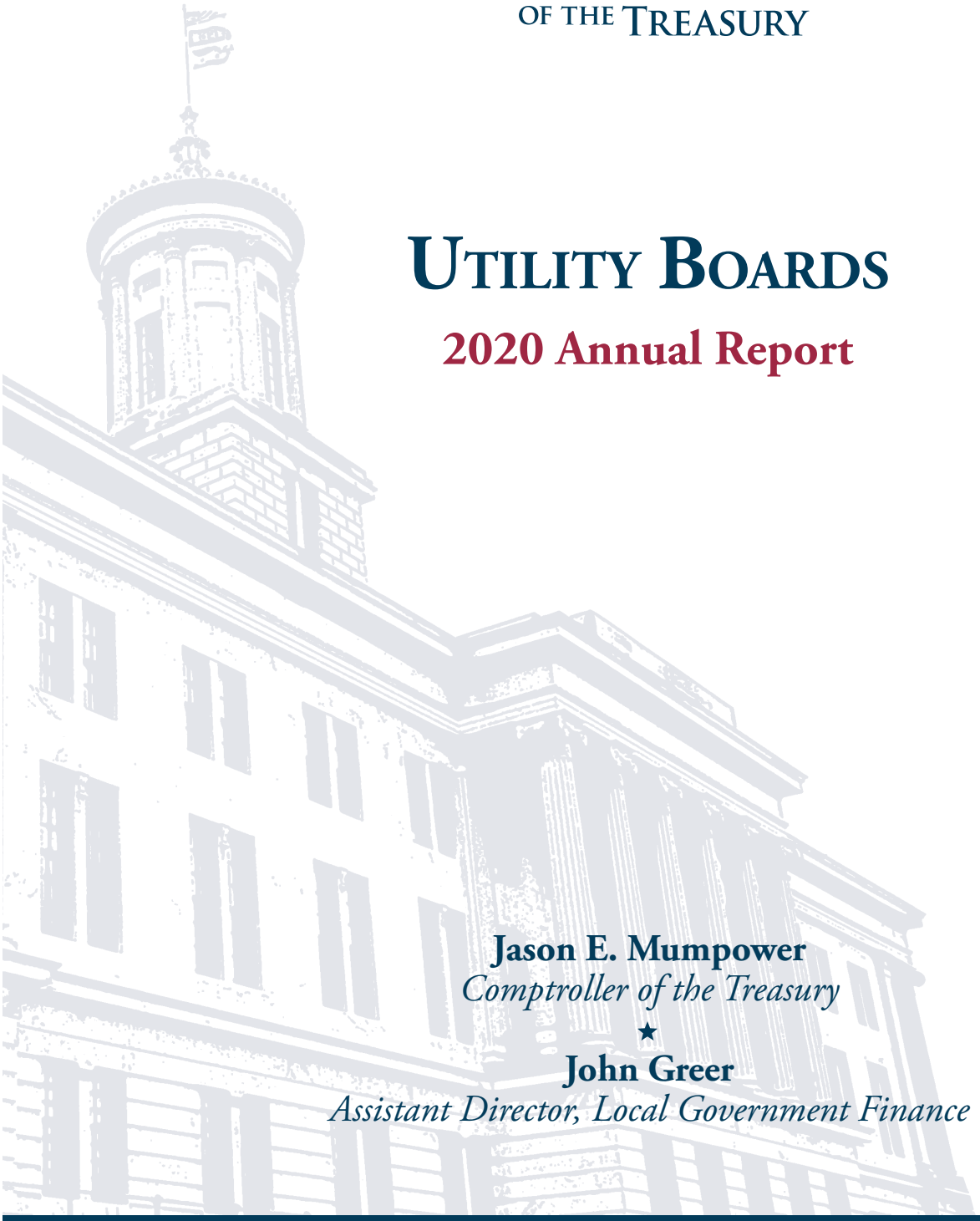

Utility Boards

2020 Annual Report

Jason E. Mumpower
Comptroller of the Treasury

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John Greer
Assistant Director, Local Government Finance

Pursuant to Tenn. Code Ann. § 7-82-705, this report provides an overview of the activities of the Utility Management Review Board for the period ending November 30, 2020. In addition, the report summarizes the activities of the Water & Wastewater Financing Board for the same period.

Message from the Utility Boards Staff

John Greer
Assistant Director

Dear Members of the 112th General Assembly,

Over the past year, the Comptroller's Office has worked with the Water & Wastewater Financing Board (WWFB) and the Utility Management Review Board (UMRB) to make utilities work better in almost every legislative district across Tennessee. While each utility is different, they all have the same goal of providing reliable and affordable service to customers. Our Office works to ensure that utilities have rates that are justifiable and reasonable.

As Technical Secretary for the WWFB, I work with my colleague, Ross Colona, to provide financial guidance, as well as technical and managerial assistance, to the 251 municipalities, 14 counties, and 10 treatment authorities that oversee a water and/or wastewater system in Tennessee. We also serve as staff to the UMRB, providing the same guidance and assistance to the 175 utility districts across Tennessee.

I hope this annual report demonstrates some of the successes we have had in the past year and the challenges we face moving forward. The WWFB and UMRB recognize that protecting the financial health of government utilities also protects public health. I am confident that with your continued support, we will make utilities work better.

If I can be of service to you or your constituents, please do not hesitate to contact me.

Thank you,

John Greer
Assistant Director, Local Government Finance
Staff to the Utility Boards

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Tennessee Comptroller of the Treasury
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For additional information about the Water & Wastewater Financing Board and the Utility Management Review Board, visit:
www.comptroller.tn.gov/boards/utilities

New Division

This year, the Comptroller's Office established the Division of Local Government Finance (LGF) to enhance services and support that help make Tennessee's local governments, including government utilities, work better. In addition to providing assistance and guidance to local government utilities on financial issues, LGF enables the Comptroller's Office to provide more in-depth research and information on local government finance matters to the Tennessee General Assembly.

LGF's staff consists of Director Betsy Knotts, Assistant Directors John Greer and Sheila Reed, seven analysts, and one specialist.

Seven Keys to a Fiscally Well-Managed Government

LGF has been a valuable resource to Tennessee's utilities throughout the challenges of this year, including the coronavirus pandemic. COVID-19 has brought many uncertainties to Tennessee's local government utilities, and many have had questions about how to continue their financial and operational responsibilities lawfully and effectively this year.

In response, LGF has developed seven keys to a fiscally well-managed government as a resource to address some of these questions. You can learn more about LGF's "Seven Keys" by visiting **tncot.cc/7keys.**

Challenges

Utilities are one of the most important services that government entities provide. The Water & Wastewater Financing Board and the Utility Management Review Board not only recognize the importance of efficient and stable utility systems, but their members also understand the significant challenges, even outside of the pandemic, that many local governments face in maintaining their financial stability.

While most utilities welcome assistance in developing financial plans from our Office, some refuse to accept help or advice. In these situations, the Boards are forced to exercise their statutory authority in issuing orders requiring the utilities to take certain actions necessary for financial success. While these orders are enforceable through chancery court, we are currently involved in only one such instance, and we only use this remedy if all other attempts to help have failed.

In other situations, the Boards initiate and participate in consolidation negotiations between two or more systems that serve the same general area. The Boards only initiate consolidation negotiations when they are convinced it is the best option for long-term viability. These cases often involve utilities located in areas where growth is impossible or unlikely or where the population has declined so significantly that the decreasing customer base can no longer support a utility. Affected customers typically enjoy stability in rates and service after a consolidation occurs.

Many utilities also struggle to navigate the high cost of preserving and replacing aging infrastructure while maintaining reasonable customer rates. Through training and education, the Comptroller's Office proactively helps utilities anticipate these costly investments, plan for the future, and find effective strategies for current maintenance projects.

Training

Thanks to the diligent efforts of the General Assembly, Tennessee is one of the leading states in the nation for utility training requirements. All board members that oversee government water and wastewater systems and natural gas utility districts are now required to have training. Other states are beginning to follow our model because of the success Tennessee utilities and their customers enjoy. We sincerely thank the General Assembly for its support of training and education.

The Comptroller's Office is proud to have successfully developed online training that is available at no cost to members of local utility boards. This virtual training has allowed members of governing bodies to safely meet their continuing education obligations without putting their health at risk.

We believe that by providing free training to the decision makers, giving technical and managerial assistance to the individuals running utilities daily, and building long-term plans for those facing financial distress, we ensure future generations will enjoy the same quality utility service we receive today.

2020 Board Statistics

During this reporting period, the **Water & Wastewater Financing Board** heard the following case types:

Financial: 45
New System Creation: 1

The **Utility Management Review Board** heard the following case types:

Financial:18
Customer Complaints: 3
Investigation: 3

Conclusion

Utilities are an essential part of everyday life. By helping utilities stay financially healthy and stepping in when they run into trouble, the Comptroller's Office helps ensure that all Tennesseans have access to the services on which they depend.

Utility systems have the challenge of balancing ratepayers' desires for low rates with the revenues necessary to fund current and future needs. Prudent financial management is essential to a well-run public utility. Nothing less than clean, accessible, and affordable water is acceptable to Tennesseans.

Providing utility services today while planning for tomorrow's needs allows Tennessee to maintain its position as a leader in economic development and quality of life.

Water & Wastewater Financing Board Members

Betsy Knotts
Chair, Comptroller's Designee

Tom Moss
Vice Chair, TDEC Designee

Mike Goodman
Manufacturing Interests

Rick Graham
Municipalities

Eugene S. Hampton II
Government Finance

Drexel Heidel
Active Employee of a Utility District

Nick Newman
Active Employee of a Municipal Water System

Jim Redwine
Environmental Interests

Michael Adams
Utility Districts

Utility Management Review Board Members

Betsy Knotts
Chair, Comptroller's Designee

Tom Moss
Vice Chair, TDEC Designee

Rebecca Hunter
Utility District Commissioner

Kevin Botts
Consumer Interests

Dan Coley
Utility District Commissioner

Bruce Giles
Utility District Manager

Phillip Combs
Utility District Manager

Pat Riley
Utility District Manager

Jason West
Utility District Commissioner