



TENNESSEE BOARD OF UTILITY REGULATION

2023 Annual Report

Jason E. Mumpower
Comptroller of the Treasury



Ross Colona

*Assistant Director of Local Government Finance
Designated Manager of the Tennessee Board of Utility Regulation*

Pursuant to Tenn. Code Ann. § 7-82-705, this report provides an overview of the activities of the Tennessee Board of Utility Regulation for the period ending December 31, 2023.

MESSAGE FROM THE TENNESSEE BOARD OF UTILITY REGULATION STAFF



Ross Colona
*Assistant Director of Local
Government Finance,
Designated Manager of the
Tennessee Board of
Utility Regulation*

Over the past year, the Comptroller's Office staffed the newly created Tennessee Board of Utility Regulation (TBOUR), which was formed on July 1, 2023, as a result of Public Chapter 463. This combined the Water and Wastewater Financing Board and Utility Management Review Board to streamline the regulation of water, sewer, and natural gas local government utilities in Tennessee.

Utilities play an important part in the wellbeing of Tennessee citizens, and the services they provide help drive growth for the state. Our office works to ensure that Tennessee's utilities have rates that are reasonable and justifiable to protect the long-term health of these systems.

Utilities are an essential part of everyday life. By helping them stay financially healthy, and stepping in when they run into trouble, the Comptroller's Office helps ensure that Tennesseans have access to reliable water, sewer, and natural gas services.

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 utility services are acceptable to Tennesseans.

Our role is not only to oversee the proper management of the utility system, but also to protect the ratepayer from adverse action of a local utility. The TBOUR strives to take customer complaints seriously and ensure customers have adequate protections in place.

Supporting the financial and managerial health of utility systems today, while also planning for tomorrow's needs, allows Tennessee to maintain its position as a leader in economic development and quality of life.

Thank you,



Ross Colona
*Assistant Director of Local Government Finance
Designated Manager of the Tennessee Board of Utility Regulation*

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*For additional information about the
Tennessee Board of Utility Regulation, visit:
www.comptroller.tn.gov/boards/utilities*

The Tennessee Board of Utility Regulation (“TBOUR”) was formed on July 1, 2023, as a result of Public Chapter 463 which combined the Water and Wastewater Financing Board and Utility Management Review Board. The TBOUR is responsible for regulating water, sewer, and natural gas local government utilities in Tennessee. Below is a breakdown of the utilities that the TBOUR oversees.

	City/Town	Utility District	County	Authority	Joint Ventures	Total
Water	13	124	4	3	4	148
Sewer	38	1	3	3	2	47
Natural Gas	0	18	0	0	0	18
Water and Sewer	128	22	5	7	2	164
Water and Natural Gas	1	3	0	0	0	4
Sewer and Natural Gas	1	0	0	0	0	1
Water, Sewer, and Natural Gas	63	1	0	3	0	67
Total	244	169	12	16	8	449

TBOUR CASES

Financial Distress: A financial distress case is the most common case that comes before the TBOUR. In these instances, a utility has been deemed to be in financial distress per state statute (Tenn. Code Ann. §7-82-703(b)), and the Board is charged with helping the utility remedy its financial issues.

Water Loss: A water loss case refers to instances when a water utility is out of compliance with water loss standards in Tennessee. The TBOUR has set the water loss standard to be 40% or more of non-revenue water by volume based on water supplied compared to water sold.

Administrative Review: An administrative review case is opened when the TBOUR votes to open an investigation into the financial, managerial, or technical competencies of a utility.

Customer Complaints: The TBOUR is permitted to hear certain complaints from customers against their local government utility. After an informal hearing, the TBOUR is able to determine if the utility should provide a remedy. The TBOUR can also direct Board staff to investigate further to help guide their decision at a later Board meeting.

SUMMARY OF THE NUMBER OF CASES THAT ARE UNDER THE TBOUR

Financial Distress	73 Cases
Water Loss	124 Cases
Administrative Review	8 Cases
Customer Complaints	3 Cases

UTILITY REVITALIZATION FUND

The Utility Revitalization Fund (“URF”) was created by Tenn. Code Ann. § 7-82-708(a)(1) to mitigate the financial impact of mergers or consolidations between publicly owned utility systems across the state. Pursuant to Tenn. Code Ann. § 7-82-708(a)(2), the TBOUR oversees disbursements from the URF.

The URF began with \$2 million on July 1, 2023, from a one-time appropriation granted by the Tennessee General Assembly in Fiscal Year 2023. The TBOUR made one disbursement from this fund in 2023 to the Plateau Utility District (“Plateau”).

Plateau was awarded \$500,000 to mitigate the financial impact of its merger with the City of Wartburg’s wastewater system. The award consisted of one \$300,000 payment, and \$40,000 payments to be made annually for five years. As of June 30, 2024, Plateau has received the one-time \$300,000 payment and one \$40,000 annual disbursement. An outstanding obligation of \$160,000 remains, to be paid out over the next four years.

The General Assembly reallocated the unrestricted balance of \$1.5 million during the 2024 legislative session. There is \$160,000 remaining in the URF that is obligated to Plateau. There is no unrestricted balance remaining.

UTILITY ANNUAL INFORMATION REPORTS

As required by Tenn. Code Ann. § 7-82-707, utilities under the TBOUR must report to the Comptroller's Office certain demographic, financial, managerial, and technical information annually. A summary of each of these reports can be found on the Board's website. The information submitted is not audited; however, TBOUR staff work with the local utilities to ensure accurate submissions.

BOARD MEMBERS

As of December 31, 2023

Greg Moody

Chair, Comptroller's Designee

Tom Moss

*Vice-Chair,
Tennessee Department of Environment
and Conservation Designee*

Edwin Carter

Comptroller Appointee

David Purkey

Senate Speaker Appointee

Steve Stone

House Speaker Appointee

Eugene Hampton

Government Finance Representative

Bruce Giles

Utility District Representative

Anthony Pelham

Utility District Representative

Candace Vannasdale

Municipal Utility Representative

Nick Newman

Utility System Representative

Michael Adams

Utility System Representative

BOARD STAFF

As of December 31, 2023

Ross Colona

Designated Manager

Seth May

Attorney

Benjamin Johnson

Financial Analyst, East Tennessee

Meghan Huffstutter

Senior Financial Analyst, Middle Tennessee

Nate Fontenot

Financial Analyst, East Tennessee

