



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



JASON E. MUMPOWER
Comptroller

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



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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 \times 70 units \approx 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 Permit (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



JASON E. MUMPOWER
Comptroller

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



JASON E. MUMPOWER
Comptroller

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 $\frac{5}{8}$ " meter and $\frac{3}{4}$ " 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 $\frac{5}{8}$ " 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 $\frac{5}{8}$ " service



JASON E. MUMPOWER
Comptroller

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



JASON E. MUMPOWER
Comptroller

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



JASON E. MUMPOWER
Comptroller

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



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.



JASON E. MUMPOWER
Comptroller

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.

