

**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**TOWN OF ALEXANDRIA**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

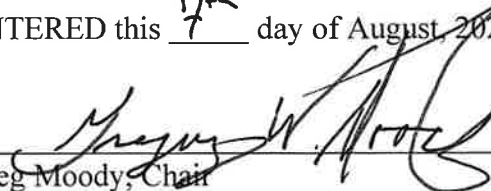
---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Alexandria (“the Entity”) to determine whether the Entity should be placed under administrative review, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* Board staff reported that there have been a number of complaints as to the Entity. The Commissioner of the Department of Environment and Conservation’s (“TDEC”) designee to the Board advised that TDEC has also received a number of complaints regarding the Entity. The complaints raise concerns as to the financial, technical, and managerial competence of the Entity, and warrant further investigation by Board staff.

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

1. The Entity is placed under administrative review. The Entity shall comply with Board staff requests for interviews and information.
2. Board staff shall update the Board as to its findings at the Board’s next regular meeting.
3. Should the Entity fail to comply with any directive in this order or Board staff requests, Board staff and Counsel may issue subpoenas for the Entity’s governing body and manager to appear in-person before the Board during its next meeting following non-compliance with this order.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**BROWNLOW UTILITY DISTRICT**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Brownlow Utility District (“the Entity”) for financial distress, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Entity returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

1. The Entity is delinquent for FY2023 and is working with a new auditor to complete the audit.
2. The Entity has experienced turnover with management and office staff.
3. The Entity has increased rates by the rate increase was not based on a rate study carried out by a qualified third-party expert.

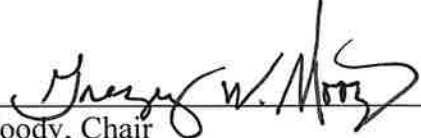
Based on the two years of negative change in statutory net position and information provided in the financial distress questionnaire, Board staff recommended that the Entity should conduct a rate study by a qualified third-party expert.

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

1. The Entity 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;
2. By October 31, 2024, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
  3. By February 28, 2025, the Entity 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 one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**SAMANTHA CRITES  
TOWN OF CENTERVILLE  
INFORMAL HEARING**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

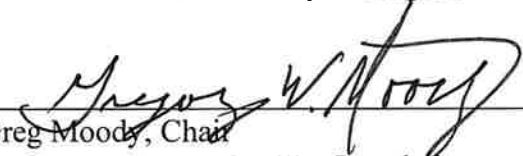
---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) heard the dispute between Samantha Crites (“Ms. Crites”) and the Town of Centerville (“the Entity”), pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Entity charges a sewer line access fee that is 130% of the total amount of water volume used that month. The sewer line access fee is charged by the Entity regardless of customer use. Ms. Crites has a septic system and does not use the services provided by the sewer line access fee. Ms. Crites challenged the reasonableness of the Entity’s rates, fees, or charges pertaining to the sewer line access fee.

Based on the testimony and evidence presented, the Board orders as follows:

1. The Entity shall contract with a qualified expert, subject to Board staff’s approval, to conduct a cost of service study to study the fixed and variable costs of providing sewer or wastewater service to its customers.
2. The Entity shall provide a copy of this study to Board staff, along with the proof of implementation, by September 30, 2024.
3. The Entity shall provide the completed study and explanation of the sewer line access fee’s fixed rate by December 31, 2024.
4. The Entity shall be permitted a single six (6) month extension for good cause shown, as determined by Board staff.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**CITY OF DECHERD**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Decherd (“the Entity”) for the status of the Entity’s delinquent audits, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The status of this Entity’s delinquent audit has prevented the Board from reviewing the current financial status of the Entity.

In addition to the review of the Entity’s delinquent audits, the Entity has been referred to the Board for financial distress since 2021. The Entity has engaged with Jackson Thronton for the rate study. There have been significant delays with the Entity’s audits. Board staff has been in contact with the Entity, Jackson Thronton, and the auditing firm.

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

1. The Entity shall submit all outstanding delinquent audits to the Board and to the Comptroller's Division of Local Government Audit (at [LGA.Web@cot.tn.gov](mailto:LGA.Web@cot.tn.gov)) by December 31, 2024.
2. By September 15, 2024, the Entity shall send Board staff and the Division of Local Government Audit ([LGA.Web@cot.tn.gov](mailto:LGA.Web@cot.tn.gov)) a written statement by email explaining the cause of the delinquent audits.
3. The Entity shall not issue any debt or receive any grants without express consent of Board staff. Board staff must respond to requests for funding permission within 15 business days of receipt. If Board staff does not respond in a timely manner, the funding request is considered approved.
4. Board staff has the authority to issue up to two (2) extensions of 90 days upon a showing of good cause by the Entity as it pertains to the submission of delinquent audits.



5. The deadline for the Entity to provide a completed rate study to Board staff is extended to December 31, 2024.

6. Board staff and Counsel may issue subpoenas for the Entity's governing body and Manager to appear in-person before the Board during the next meeting should the Entity fail to comply with any directive in this order.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**CITY OF DRESDEN**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Dresden (“the Entity”) for financial distress, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Entity has returned its financial distress questionnaire to Board staff. Board staff has identified the following weaknesses or findings:

1. The Entity has not increased fees in the past five years.
2. The Entity has not completed a rate study in the past five years.
3. The Entity does not have a separate commercial rate.
4. The Entity has a rate structure that is heavily weighted towards outside city limit customers, who are charged a minimum fee 2.1x higher and a usage rate 1.6x higher than customers inside city limit.

The Board noted at the meeting that the Entity’s leadership has taken great strides to remedy the Entity’s financial distress, and that their efforts are appreciated.

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

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by the 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 by 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 September 26, 2024, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.

3. By June 30, 2025, the Entity 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 one extension of up to six (6) months of the foregoing deadlines upon a showing of good cause by the Entity.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**FIRST UTILITY DISTRICT  
OF HARDIN COUNTY**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the First Utility District of Hardin County (“the Entity”) for financial distress pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Entity has returned its financial distress questionnaire to Board staff. Board staff has identified that the Entity has not completed a rate study in the previous 5 years.

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

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by the 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 by not limited to connection or tap fees, including any recommended modifications;
  - e. Verification that all governing body members of the utility are in compliance with all relevant training requirements;
  - f. A review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist.

- g. And a justification of the inside and outside the city limit rates, including any recommended modifications to the rate structure.
2. By September 26, 2024, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By June 30, 2025, the Entity 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 one extension of up to six (6) months of the foregoing deadlines upon a showing of good cause by the Entity.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation





**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:** )  
 )  
 )  
**ALLISON WILLIAMS** ) **TENN. CODE ANN. § 7-82-701 *et seq.***  
**TOWN OF HUNTINGDON** )  
**INFORMAL HEARING** )  
 )

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) conducted an informal hearing of Allison Williams’s (“the Customer”) grievances against the Town of Huntingdon (“the Entity”), pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Customer complained that the Entity was charging the Customer excessive water bills to account for past billing inaccuracies, challenging the reasonableness of the Entity’s rates, fees, or charges..

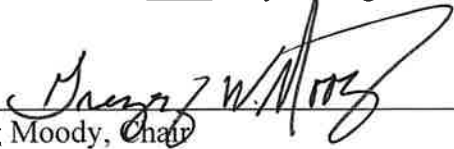
The Entity alleged that one or more former employees did not read water meters for one or more months, and as a result customers were over or undercharged for water consumption. The Entity subsequently charged the Customer the balance between past bills and what those balances should have been to account for the months when the Customer was undercharged. The Board reviewed Huntington Municipal Code § 18-131 and expressed its opinion that this code section should have been followed when applying adjustments to customer bills in these circumstances.

Based on the testimony and evidence presented, the Board orders as follows:

1. The Entity shall review Huntington Municipal Code § 18-131.
2. The Entity shall apply Huntington Municipal Code § 18-131 to instances where water meters are misread or not read by Entity employees.

3. The Entity will report its findings and any remedial actions taken to Board staff, to be presented to the Board at its next regular meeting.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**TOWN OF HUNTLAND**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Town of Huntland (“the Entity”), previously placed under administrative review, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Entity began a sewer project in 2018 which went over budget by approximately \$2.5M. The Entity alleges that the cost overruns are due to both rising material and labor costs and due to the Town's decision to not complete the project in stages. The Town had alerted Board staff and TAUD about possible changes in the contract, and legal concerns surrounding those changes. After Board staff's review, the Entity agreed to all work changes.

Board staff is concerned about the financial well-being of the sewer fund and it's ability to be self-sustaining. The Town has also requested an interfund loan in the amount of \$300,000 in order to finish the Sewer project. Board staff has concerns regarding the ability of the Sewer Fund to repay the General Fund.

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

1. The Entity 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;

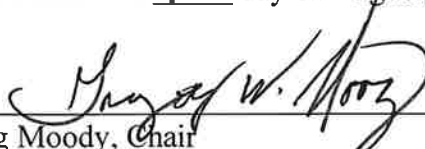
- d. A review of relevant utility fees including by not limited to connection or tap fees, including any recommended modifications;
- e. Verification that all governing body members of the utility are in compliance with all relevant training requirements; and
- f. A review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist.

2. By October 18, 2024, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform tasks in paragraph 1.

3. By January 31, 2025, the Entity 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 one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**LEOMA UTILITY DISTRICT**

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

)  
)  
)  
)  
)  
)  
)

---

**ORDER**

---

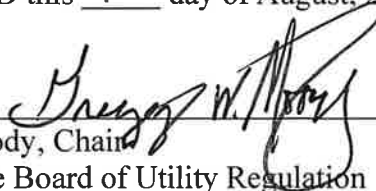
On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the Leoma Utility District (“the Entity”) for financial distress, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* As of July 12, 2024, the Entity had complied with applicable due dates mentioned in the March 14, 2024, Board order. Board staff has had discussions with other local government within Lawrence County. Currently, Rye Engineering is completing a project to map the water lines within the county. Staff believed that once the mapping is completed it will be more feasible to facilitate merger discussions with surrounding utilities. At the meeting on July 18, the commissioner of the Entity, Herbert Kelsim, spoke about how multiple board members of the Entity have changed since the past meeting of the Board. After hearing this, Board staff made a new recommendation for the Entity undergo a feasibility study.

Based on the Board staff’s recommendation and Board consideration, the Board orders as follows:

1. The Entity shall contract with a qualified expert, as approved by Board staff, to study the feasibility of a merger with another utility system in the area. By September 30, 2024, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the study.
2. The Entity shall provide a completed feasibility study to Board staff by December 31, 2024.

3. Board staff is given the authority to grant one extension of up to six (6) months of the foregoing deadlines upon a showing of good cause by the Entity.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation





**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**CITY OF LUTTRELL**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the City of Luttrell (“the Entity”) for financial distress since its fiscal year 2016, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Entity has continued to experience negative change in net position, most recently fiscal years 2022 and 2023.

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

1. The Entity 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;
2. The Entity shall contract with a qualified expert as approved by Board staff to study the feasibility of a merger between the Entity and surrounding utility systems, including Luttrell-Blaine-Corryton Utility District.

3. By November 30, 2024, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
4. By February 28, 2025, the Entity shall provide Board staff with the completed rate study and cost of service study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
5. Board staff is given the authority to grant one extension of up to six (6) months of the foregoing deadlines upon a showing of good cause by the Entity.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**PATRICIA POWERS  
TOWN OF MASON  
INFORMAL HEARING**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) conducted an informal hearing of Patricia Powers’s (“Ms. Powers”) grievances against the Town of Mason (“the Entity”), pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* Ms. Powers brought a complaint to the Entity’s board concerning a water bill of \$700, challenging the reasonableness of the Entity’s rates, fees, or charges. The Entity’s leak adjustment policy does not set out a formula showing how leak adjustment is calculated.

Based on the testimony and evidence presented, the Board orders as follows:

1. The Entity shall review Ms. Powers’s complaint to determine if remedial action should be taken, either for Ms. Powers specifically or if any policies should be revised or if new policies are necessary.
2. The Entity will report its findings and any remedial actions taken to Board staff, to be presented to the Board at its next regular meeting.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**MELANIE LAWSON  
OCOEE UTILITY DISTRICT  
INFORMAL HEARING**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) conducted an informal hearing of Melanie Lawson’s (“Ms. Lawson”) grievances against the Ocoee Utility District (“the Entity”), pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* Ms. Lawson received a utility bill of \$5,596.08 after there was an underground water leak from December 2022 until February 2023. The Entity does not have a notification system in place for substantial leaks. Ms. Lawson’s complaint challenged the reasonableness of the Entity’s rates, fees, or charges, and whether the Entity had a leak adjustment policy.

Based on the testimony and evidence presented, the Board orders as follows:

1. Board staff will draft and send a letter the Entity’s governing body, on behalf of the Board, encouraging the Entity to review it’s leak adjustment policy and to engage with members of the community to determine whether the policy adequately protects the customers.
2. Board staff will update the Board at the Board’s next regular meeting.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation





**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:** )  
**THE CONSOLIDATION AND** )  
**MERGER OF THE TOWN OF** )  
**PETERSBURG’S UTILITY SYSTEM** ) **TENN. CODE ANN. § 7-82-704**  
**AND THE CITY OF FAYETTEVILLE** )  
)

---

**ORDER**

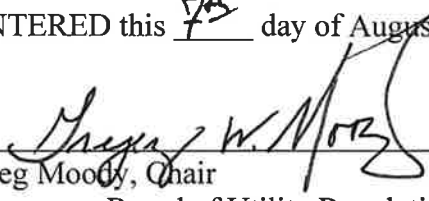
---

1. On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) conducted an informal hearing to consider the consolidation and merger of the Town of Petersburg’s utility system (“Petersburg”) and the Town of Fayetteville, specifically Fayetteville Public Utilities (“FPU”), pursuant to Tenn. Code Ann. § 7-82-704.
2. Board staff have reviewed Petersburg’s operations and its audited annual financial reports and have reported their findings to the Board.
3. The feasibility and benefits of a merger with surrounding utilities were studied. The feasibility study was submitted to Board staff on or about November 2023.
4. Board staff notified Petersburg and FPU on or about May 30, 2024, that the informal hearing would be held on July 18, 2024.
5. Board staff held a public hearing in Fayetteville on June 18, 2024, notice of which was published on the Comptroller’s website and FPU’s website.  
  
The Board specifically finds as follows:
6. A merger is necessary to restore the financial stability of the system, ensure continued operation, or otherwise ensure the well-being of the public being served by a utility system.
7. A merger is in the best interest of Petersburg’s customers and will not harm FPU or its customers.
8. Petersburg is “ailing”, as defined in Tenn. Code Ann. § 10-7-504. Specifically, Petersburg is financially distressed, as described in § 7-82-703(b).

9. Based on the foregoing, the Board orders the staff and governing bodies of Petersburg and FPU to develop a merger or consolidation agreement between the systems. The agreement must include, at a minimum, the following:
  - a. A short and plain statement affirming that the systems have sought and obtained, or will seek and obtain, all necessary approvals from the United States department of agriculture, the Tennessee local development authority, the Tennessee department of environment and conservation, or another interested party for the assumption of Petersburg's outstanding debt obligations;
  - b. A transfer of all other rights and duties of Petersburg to FPU;
  - c. An assumption of all assets and liabilities of Petersburg to FPU;
  - d. A transfer of all appropriate documents to vest legal title of Petersburg to FPU;
  - e. A provision that the FPU will operate the system and account for the revenues from the consolidated utility in a manner as not to impair contractual or other legal obligations of Petersburg;
  - f. A provision describing the merged or consolidated system's new territorial boundaries;
  - g. An initial rate structure for the newly merged or consolidated utility system; and
  - h. Other provisions necessary to comply with applicable state and federal laws such that the systems are solely responsible for ensuring that the terms of the merger or consolidation agreement address all necessary topics.
10. By December 31, 2024, Petersburg and FPU must submit:
  - a. A merger agreement including the provisions described in paragraph 9; or,
  - b. A written statement describing any disagreements that arose from the attempt to develop an agreement in good faith. This statement may be submitted jointly or individually by both parties. Board staff may request, and the parties shall promptly provide, any further information regarding any sources of disagreement.

11. Petersburg and FPU are encouraged to negotiate a voluntary merger, and this Order does not prohibit the parties from voluntarily merging prior to any further action by the Board.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

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

---

**ORDER**

---

1. On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) conducted an informal hearing to consider the merger of the South Fork Utility District (“SFUD”) with the Bristol-Bluff City Utility District (“BBCUD”), pursuant to Tenn. Code Ann. § 7-82-704.
2. Board staff have reviewed SFUD’s operations and its audited annual financial reports and have reported their findings to the Board.
3. Jackson Thornton conducted a study as to the feasibility and benefits of a merger with utilities surrounding SFUD. Board staff received the results of the study on February 26, 2024.
4. Board staff held a public hearing regarding the potential merger between SFUD and BBCUD at the Sullivan County Court House on June 12, 2024, notice of which was published in the Bristol Herald Courier and the Comptroller’s website on or about May 30, 2024.
5. Board staff was informed at the public hearing that SFUD’s board of commissioners does not want to merge with BBCUD and would rather merge with the City of Bristol.

The Board specifically finds as follows:

6. SFUD is “ailing”, as defined in Tenn. Code Ann. § 10-7-504. Specifically, SFUD is financially distressed, as described in § 7-82-703(b);
7. A merger is necessary to restore financial stability to SFUD, ensure continued operation, and otherwise ensure the well-being of the public being served by SFUD. Therefore, SFUD should be merged with BBCUD.

8. A merger is in the best interest of SFUD's customers and will not harm the BBCUD or its customers.

Based on the foregoing, the Board orders as follows:

9. The staff and governing bodies of SFUD and BBCUD to develop a merger or consolidation agreement between the systems. The agreement must include, at a minimum, the following:

- a. A short and plain statement affirming that the systems have sought and obtained, or will seek and obtain, all necessary approvals from the United States department of agriculture, the Tennessee local development authority, the Tennessee department of environment and conservation, or another interested party for the assumption of SFUD's outstanding debt obligations;
- b. A transfer of all other rights and duties of SFUD to BBCUD;
- c. An assumption of all assets and liabilities of SFUD to BBCUD;
- d. A transfer of all appropriate documents to vest legal title of the South Utility District to BBCUD;
- e. A provision that the BBCUD will operate the system and account for the revenues from the consolidated utility in a manner as not to impair contractual or other legal obligations of SFUD;
- f. A provision describing the merged or consolidated system's new territorial boundaries;
- g. An initial rate structure for the newly merged or consolidated utility system; and
- h. Other provisions necessary to comply with applicable state and federal laws such that the systems are solely responsible for ensuring that the terms of the merger or consolidation agreement address all necessary topics.

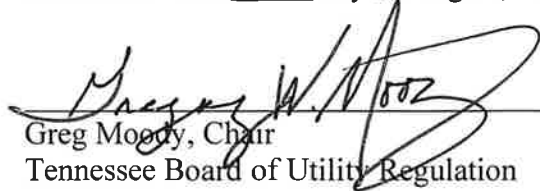
10. By December 31, 2024, SFUD and BBCUD must submit:

- a. A merger agreement including the provisions described in paragraph 9; or,
- b. A written statement describing any disagreements that arose from the attempt to develop an agreement in good faith. This statement may be submitted jointly or individually by both

parties. Board staff may request, and the parties shall promptly provide, any further information regarding any sources of disagreement.

11. SFUD and BBCUD are encouraged to negotiate a voluntary merger, and this Order does not prohibit the parties from voluntarily merging prior to any further action by the Board.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation





**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**CITY OF SPENCER  
WARREN COUNTY  
UTILITY DISTRICT**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the feasibility and benefits of a merger of the City of Spencer’s (“Spencer”) water and wastewater systems into the Warren County Utility Districts (“WCUD”), at the request of WCUD. Spencer is currently under Board supervision for financial distress. Board member Anthony Pelham abstained from voting in this matter.

WCUD made several requests of the Board and Board staff. The requests and Board staff’s responses are as follows:

**Request 1:** A \$1,000,000 grant from the Utility Revitalization Fund (“URF”) to subsidize the cost of the merger.

**Staff Response:** At this time, there are no unallocated funds in the URF. The Tennessee General Assembly, in 2024, reallocated the unallocated \$1.5 million in the URF to pay for other state expenses. Board staff would recommend approval of WCUD’s grant request if the funds were available. Board staff believes the Board should give a positive recommendation on awarding a grant from the URF contingent on funds becoming available. The logistics of this could be difficult due to the unknown timeline ahead, but Board staff has committed to WCUD to attempt to find funding from other sources to help mitigate the cost of the merger.

**Request 2:** Approve WCUD’s Asset Valuation of roughly \$2.8 million for Spencer’s system.

**Staff Response:** While this is not typically something the TBOUR is involved with, Board staff believes WCUD is being prudent in seeking the TBOUR’s approval for the entire process. WCUD’s consulting

engineer has been involved with this valuation, and Board staff recommends a positive recommendation as long as the contracting engineer and auditor agree this will be the asset valuation moving forward.

**Request 3:** Approve WCUD's intent to utilize the modified approach of depreciation on newly constructed TDEC ARP assets until all ARP facilities are completely constructed and in service.

**Staff Response:** Generally speaking, it has been the position of the TBOUR, Board staff, and the Comptroller's Division of Local Government Finance that the modified approach to depreciation is a poor practice for Tennessee utilities. However, this case is a unique exception. Since there is such drastic work being completed to Spencer, this is an instance where expenses can be delayed for a short period knowing the depreciation accounting will be rectified later once the merger is complete and upgrades are complete. Board staff recommends a positive recommendation here given a concurrence with GAAP and GASB.

**Request 4:** Approve WCUD/Entity to rescind the pending August 2024 rate increase.

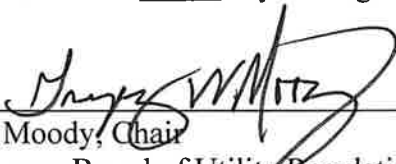
**Staff Response:** Board staff finds this to be a reasonable request. With WCUD's acquisition of Spencer, there are anticipated to be changes in costs, regardless of whether they are increases or decreases. Spencer's rate increase in August was forecast based on Spencer's continued control of the system. Board staff believes it would be prudent to halt any planned rate increases and allow for the true costs of running Spencer's system be realized before any other rate changes occur.

The Board does not find it appropriate to comment on WCUD's asset valuation for Spencer's utility system, as set out in Request 3 and the Staff Response thereto, as the Board does not have sufficient knowledge to make an educated vote. The Board orders as follows:

1. The WCUD is commended for working diligently to uphold their commitment to public service and improve the community of Spencer and citizens of Van Buren County;
2. Spencer is commended for working with WCUD to ensure the optimal service is provided to its customer base and to ensure the longevity and health of the community at-large;
3. The Board would view positively a grant request of \$1,000,000 to mitigate the costs of the merger if the funds were available; and,

4. The Board concurs with WCUD's depreciation plan as long as it is in line with GAAP and GASB.
5. Spencer shall cancel any planned rate changes and shall not make any changes to rates or rate structures without consent of Board staff. In approving or disapproving any changes to rates or rate structures Board staff shall consult with WCUD, so long as WCUD and Spencer remain in good faith negotiation to execute a merger of their utility systems. Any previous Board orders regarding Spencer are withdrawn to the extent they conflict with this paragraph, but otherwise remain in effect.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**WEST POINT UTILITY DISTRICT**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the West Point Utility District (“the Entity”) to determine whether the Entity should be placed under administrative review, pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Entity is a water-only utility district that serves roughly 130 customers in Lawrence County. The Entity’s Board of Commissioners (“the Board”) is comprised of two individuals, Chris Sutherland and Judith Weaver, the third Commissioner, Ray Tidwell, resigned as of their last meeting. The Entity is up to date on their Annual Financial Reports; however, the most recent report shows both a GAAP and statutory decrease in net position.

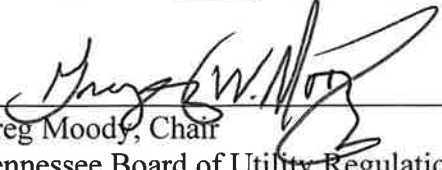
After having discussions with TDEC and third-party organizations assisting the District, Board staff believes there are potential internal control issues that could be a sign of severe managerial and technical issues. The nearby City of Loretto is the sole provider of water for the District; as such, Board staff believes that a merger could potentially provide adequate oversight and ensure the Entity operates in the best interest of its customers. This Order does not require that the Entity merge with any other entity at this time, only that the Entity contract with a party to study the feasibility of a merger.

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

1. The Entity shall contract with a qualified expert, as approved by Board staff, to carry out a study as to the feasibility of a merger with another utility system in the area. The Entity will provide Board staff proof of this contract by September 30, 2024.

2. The Entity shall provide a completed feasibility study to Board staff by March 31, 2025.

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

)  
)  
)  
)  
)  
)  
)

**MULTIPLE ENTITIES**

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the entities below pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

City of Graysville

Town of Oneida

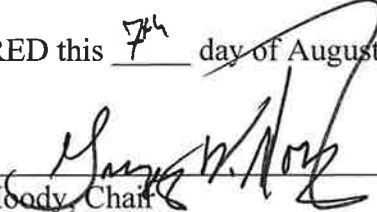
Board staff updated the Board as to the status of the entities’ failures to meet applicable auditing requirements for several years and have been deemed delinquent. Based on staff representations and recommendation, the Board orders as follows:

1. The Entity shall submit all outstanding delinquent audits to the Board and to the Comptroller's Division of Local Government Audit (at [LGA.Web@cot.tn.gov](mailto:LGA.Web@cot.tn.gov)) by December 31, 2024.
2. By September 15, 2024, the Entity shall send Board staff and the Division of Local Government Audit ([LGA.Web@cot.tn.gov](mailto:LGA.Web@cot.tn.gov)) a written statement by email explaining the cause of the delinquent audits.
3. The Entity shall not issue any debt or receive any grants without express consent of Board staff. Board staff must respond to requests for funding permission within 15 business days of receipt. If Board staff does not respond timely, the funding request is considered to be approved.



4. Board staff has the authority to issue up to two extensions of 90 days upon a showing of good cause by the Entity. Board staff has the discretion to determine good cause

ENTERED this 7<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation



**BEFORE THE TENNESSEE BOARD OF UTILITY REGULATION**

**IN THE MATTER OF:**

**MULTIPLE ENTITIES**

)  
)  
)  
)  
)  
)  
)

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

---

**ORDER**

---

On July 18, 2024, the Tennessee Board of Utility Regulation (“the Board”) reviewed the financial distress status of the following Entities pursuant to Tenn. Code Ann. § 7-82-701 *et seq.* The Board finds that the Entities below have complied with Board directives to remedy their financial distress.

Based on Board staff recommendations, the Board orders these Entities be released from Board oversight pursuant to Tenn. Code Ann. § 7-82-701 *et seq.*

Blountville Utility District

Cold Springs Utility District

Town of Oliver Springs<sup>1</sup> (administrative review only)

City of Tiptonville

Tarpley Shop Utility District

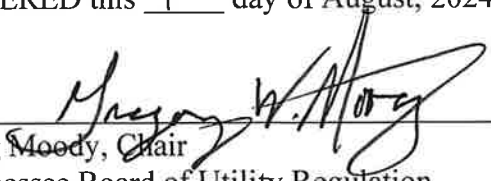
Tuckaleechee Utility District

City of Watertown<sup>2</sup> (administrative review only)

Webb Creek Utility District

Witt Utility District

ENTERED this 17<sup>th</sup> day of August, 2024.

  
\_\_\_\_\_  
Greg Moody, Chair  
Tennessee Board of Utility Regulation

---

<sup>1</sup> The Town of Oliver Springs’s financial distress case remains open.

<sup>2</sup> The City of Watertown’s financial distress case remains open.

