TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
*Comptroller*

# Agenda
# Tennessee Board of Utility Regulation

June 11, 2026
9:00 A.M.

I. Call to Order
II. Conflict of Interest Statement
III. Approval of Minutes
IV. Consent Orders
  a. Financial Distress Release – Multiple Entities
  b. Financial Distress Update Cycle – Multiple Entities
  c. Annual Information Report Non-Compliance – Multiple Entities
  d. Training Non-Compliance Release – Multiple Entities
  e. Water Loss Release – Multiple Entities
  f. Water Loss Update Cycle – Multiple Entities
V. Customer Complaints
  a. Alpha-Talbott Utility District
  b. North Utility District of Rhea County
  c. Town of Englewood
  d. City of Rocky Top
VI. Administrative Review
  a. Minor Hill Utility District
VII. Manager Cases
  a. Grundy County
  b. Sylvia Tennessee City-Pond Utility District
VIII. East Tennessee
  a. Mooresburg Utility District
  b. Oakdale
  c. Oliver Springs
  d. Siam Utility District
  e. Sunbright
IX. West Tennessee
  a. Hollow Rock
  b. Iron City Utility District
  c. Moscow

d. Sharon
e. Tennessee Ridge
f. Troy

X. Board Discussion
a. Rate Class Request
b. Asset Useful Life
c. Executive Session

Tennessee Comptroller of the Treasury

Tennessee Board of Utility Regulation
Cordell Hull Building · Nashville, TN 37243

# Minutes

*of the*

## Tennessee Board of Utility Regulation Meeting

**March 12, 2026**

9:00 a.m.

## I. CALL TO ORDER AND ROLL CALL

Chairman Moody called the meeting to order at approximately 9:00 AM. Mr. Ross Colona, Board staff, called the roll by name down the list:

**Members Present** (in roll-call order):

| Board Member | Status |
|---|---|
| Mr. Eugene Hampton | Present |
| Mr. Britt Dye | Present |
| Mr. Alex Smith | Present |
| Ms. Candace Vannasdale | Present |
| Ms. Paula Mitchell (Vice-Chair) | Present |
| Mr. Greg Moody (Chair) | Present |
| Mr. Edwin Carter | Present |
| Mr. Bruce Giles | Present |

| Board Member | Status |
|---|---|
| Mr. Anthony Pelham | Present |
| Mr. Steve Stone | Present |
| Mr. David Purkey | Present |

A quorum (11 members) was declared by the Chair.

**Staff Present:** Mr. Ross Colona, Mr. Ben Johnson, and Mr. Nate Fontenot. Ms. Meghan Denson was absent.

**Counsel Present:** Mr. Matt Napolitano (first appearance in this capacity, succeeding Mr. Seth May).

## II. CONFLICT OF INTEREST STATEMENT

Counsel Napolitano read the standard conflict-of-interest statement at [0:01:05], advising that Board members are not authorized to participate in the discussion of or vote on matters involving entities in which the member has a financial interest, an employment contract, or where any appearance of impropriety exists.

## III. INTRODUCTION OF NEW COUNSEL

At Mr. Purkey's request, Mr. Colona introduced new staff counsel Mr. Matt Napolitano, who succeeds Mr. Seth May. Mr. May, who had served as TBOUR counsel since the Board's inception and was instrumental in creating the TBOR, has moved to the Tennessee Ethics Commission. Mr. Napolitano stated that he has been an attorney for nearly three years, joins from the federal government, and previously interned at the Comptroller's Office under Mr. May in 2022.

# IV. APPROVAL OF MINUTES

The minutes of the October 17, 2025 meeting were presented for approval. Ms. Mitchell requested an amendment in the Ocoee Utility District section replacing the term "standard operating procedure" with "standard operating permit." Mr. Pelham (who had moved approval) amended his motion to incorporate the correction.

**Motion:** To approve the minutes of October 17, 2025 as amended (Mitchell correction). **Moved by:** Ms. Mitchell **Seconded by:** Mr. Pelham **Outcome:** Carried by voice vote.

Mr. Colona announced a new procedural practice going forward: the maker and seconder of each motion shall be announced before each vote so the meeting recording reflects who made and seconded each motion.

# V. CONSENT ORDERS (Mr. Ben Johnson presenting)

## A. Late Audits — Release

Multiple entities that had caught up their audit submissions.
**Motion:** To accept staff recommendation releasing the identified entities from the prior late-audit board order.
**Moved by:** Mr. Purkey **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

## B. Decrease in Net Position — Move to Update Cycle

Multiple entities that have complied with prior board orders.
**Motion:** To accept staff recommendation moving the identified entities into the update cycle.
**Moved by:** Mr. Smith **Seconded by:** Mr. Dye **Outcome:** Carried by voice vote.

## C. Decrease in Net Position — Full Release

Multiple entities that have demonstrated two consecutive years of positive net position.
**Motion:** To accept staff recommendation fully releasing the identified entities. **Moved by:** Mr. Stone **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

## D. Training Consent Item — Pulled from Consent for Separate Handling

Staff (Mr. Fontenot) noted that the Town of Gibson, City of Lobelville, and Metropolitan Government of Hartsville and Trousdale County had since completed six hours or more of training, satisfying the current 6-hour requirement, but had not completed all hours originally

cited under the prior 12-hour requirement. To avoid muddling the remainder of the order, the three now-compliant entities were pulled from the consent item for separate handling.

### E. Training — Release of Other Entities

**Recusal:** Ms. Vannasdale recused herself after determining (with Counsel Napolitano's concurrence) that her own utility was named on the list.
**Motion:** To accept staff recommendation releasing the identified entities from the prior training-deficiency order.
**Moved by:** Mr. Stone **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

### F. Water Loss — Release

**Motion:** To accept staff recommendation releasing the identified entities from prior water-loss orders.
**Moved by:** Mr. Pelham **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

### G. Training — Release of the Three Now-Compliant Entities (Resumed)

**Motion:** To release the Town of Gibson, City of Lobelville, and Metropolitan Government of Hartsville and Trousdale County from the training case (now in compliance with the 6-hour requirement).
**Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

### H. Training — Remaining Utilities, Modified Deadline of April 30, 2026

**Motion:** To accept modified staff recommendation requiring that, by April 30, 2026, the remaining named utilities provide proof of governing-body compliance with applicable training requirements, with subpoena authority should a utility fail to comply.
**Moved by:** Mr. Pelham **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

## VI. CUSTOMER COMPLAINT TRIAGE PROCEDURE

### (Consensus, No Formal Motion)

Mr. Colona presented for Board consideration a new procedure under which incoming customer complaints would be placed on the next Board agenda accompanied by facts and a staff recommendation as to whether the Board should hear the matter at a subsequent meeting, rather than scheduling a full informal hearing for each duplicative ServLine leak-adjustment complaint. Counsel Napolitano confirmed that the governing statute requires only that staff recommend an informal hearing; it does not require the Board to actually hold one. Mr. Pelham asked the Board

to require local-board action before a complaint reaches TBOUR; Mr. Colona confirmed that staff already requires evidence the matter has been heard locally before accepting a complaint. Mr. Hampton raised a concern about urgency in shutoff cases; Mr. Colona confirmed shutoff-imminent complaints would be expedited. The Board reached consensus without a formal motion.

# VII. CUSTOMER COMPLAINTS

## A. Center Grove Winchester Springs Utility District

Customer dispute over a leak adjustment. Meter tested fine; utility followed its ServLine policy. Mr. Dewey Brandstetter (utility counsel) was present but no questions were asked.
**Motion:** To accept staff recommendation taking no action on the customer complaint.
**Moved by:** Mr. Giles **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

## B. DeKalb Utility District

Similar ServLine leak-adjustment dispute.
**Motion:** To accept staff recommendation taking no action on the customer complaint.
**Moved by:** Ms. Vannasdale **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

## C. Town of Englewood (Complainant: Ms. Snell)

Two billing periods showed bills increasing from $4,738 to $5,189 to $6,012, with disputed accuracy around a leak repaired November 25 (the same day as the billing-cycle end). The utility issued an estimated $500 credit that did not appear to follow a clear policy.
**Motion:** To take no formal action today; authorize staff to verify billing-cycle dates and investigate the basis of the $500 leak-credit, and to report back at the next meeting.
**Moved by:** Mr. Pelham **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

## D. Town of Mason (Complainant: Ms. Sims)

Monthly bills rose from about $60 to $150–$400 over approximately three months. The customer observed that meter readings reflected seven digits while her physical meter displayed only six digits (including one bill for approximately 100,000 gallons). Utility attributed the bills to a possible leak; the customer's plumber found none. Service was shut off despite the mayor's verbal assurance otherwise. The utility replaced the meter; bills returned to approximately $40.
**Motion:** To accept staff recommendation; authorize staff to validate readings, timelines, and

method, and at staff discretion work through a resolution to credit the customer the appropriate amount based on average historical usage.
**Moved by:** Mr. Pelham **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

## E. City of Rocky Top (Complainant: Mr. Bradley Utley)

The Board took up the carryover customer-complaint matter brought by Mr. Bradley Utley, a small landlord and property-owner who owns rental property and a small park in Rocky Top served by the city's water and sewer system. Mr. Utley appeared by telephone as the complainant. Mr. Mike Ellis, City Manager of the City of Rocky Top, also appeared by telephone and addressed the Board.

Mr. Utley's complaint concerned (i) the city's attempt to hold him responsible for an unpaid utility account associated with a former tenant who had broken the property lock and used water without setting up an account, and (ii) prior invoices charging him for repairs to utility-side infrastructure (a $1,584 charge for a September 2023 water-line break; a $756.75 charge —including 5.5 hours of overtime — for replacing three meters at the park in September 2023; and a $1,067 charge in February 2024).

Counsel Napolitano initially advised that a utility cannot force a landlord to pay a tenant's unpaid bill, citing Sixth Circuit precedent prohibiting the denial of service to a new customer based on a prior occupant's unpaid bill. Upon hearing Mr. Ellis's testimony that no account existed in the tenant's name at the time of the disputed usage (the tenant had broken in and never set up service), Counsel Napolitano refined his opinion that the bill could properly fall to the property owner, with Mr. Utley to pursue restitution in civil court from the convicted former tenant. The Rocky Top District Attorney's office had reportedly indicated restitution would run to Mr. Utley.

Mr. Ellis confirmed the City of Rocky Top would not restrict Mr. Utley's ability to rent his property pending resolution. Mr. Ellis also offered to review the prior infrastructure-repair invoices and work with Mr. Utley directly.

**Motion:** To accept staff recommendation taking no action against the City of Rocky Top at this time, and directing staff to (1) research the disposition of the alleged criminal water-theft matter and any restitution ordered, and (2) investigate the prior infrastructure-repair charges paid by Mr. Utley, with a full report at the next meeting.
**Moved by:** Ms. Vannasdale **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

## F. Minor Hill Utility District (Complainant: Ms. Keely Mendez)

Ms. Mendez appeared by telephone and addressed the Board. Her November 2025 bill totaled $373 against typical usage of $75–$110, reflecting approximately 15,000 gallons. She reported that, after a re-read, usage returned to normal. She challenged the bill, the utility's "tax included" rate methodology that resulted in double taxation (which the utility had since refunded), and the $41/1,500-gallon minimum, $15.56/1,000-gallon block rate, and $100 disconnect/reconnect fee. Ms. Mendez stated she had in fact accepted the 25% leak-adjustment offer (contradicting the utility's written response that she declined it) and that she had demonstrated there was no leak by temporarily replacing her commode's flush valve and then reinstalling the original — with no change in usage. Mr. Giles noted "several holes" in the utility's narrative.

By consensus, the Board took no formal action and directed staff to investigate further. No motion was required.

# VIII. MANAGER CASE — Minor Hill Utility District

Staff (Mr. Johnson) presented findings of the Comptroller's Office investigation: the former bookkeeper, Ms. Ashley Stogner, was criminally charged with theft of property, forgery, official misconduct, Computer Crimes Act violations, and destruction/tampering with government records. Among other things, she misappropriated $1,934 from the district by using district funds to pay her open court judgment, and signed the names of district commissioners on a total of 61 checks. The same employee took approximately $103,000 from the separately-organized City of Minor Hill. The district could not produce any written policies or resolutions addressing the internal-control failures. Mr. Giles asked whether the board "is not following any of their fiduciary responsibility and there is zero oversight," and Mr. Johnson confirmed. Mr. Purkey observed that the district manager's role in oversight was absent from the documentation.

**Motion:** To place Minor Hill Utility District under a full administrative review encompassing managerial and technical capacity, training, fiduciary oversight, and the open Mendez customer complaint, with authority for staff to conduct appropriate investigative work.
**Moved by:** Mr. Pelham **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote

# IX. EAST TENNESSEE CASES (Mr. Ben Johnson presenting)

## A. Cherokee Hills Utility District (Polk County)

Decrease-in-net-position case; no rate study in 5+ years; very small, rural utility.
**Motion:** To accept staff recommendation ordering a rate study, with the contract due August 31, 2026 and the study due December 31, 2026.
**Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

## B. Town of Surgoinsville

Staff interview revealed a reporting error ($2K maintenance was actually approximately $16K); the utility is otherwise compliant with GASB 34.
**Motion:** To accept staff recommendation closing the administrative review.
**Moved by:** Mr. Purkey **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

## C. City of Tusculum

Financially distressed; no rate study in 5+ years; revenue approximately $24K/year; cash balance reported at zero as of 2024. Significant discussion among Mr. Pelham, Ms. Vannasdale, and Mr. Colona about rate-study cost in very small distressed utilities; staff committed to leverage subsidized or free services through the Water Finance Exchange and TAUD.
**Motion:** To accept staff recommendation ordering a rate study, with extension provisions authorizing staff to assist the utility in identifying subsidized or no-cost vendors as needed.
**Moved by:** Mr. Smith **Seconded by:** Mr. Carter **Outcome:** Carried by voice vote.

# X. OTHER MANAGER CASES (Mr. Ross Colona presenting)

## A. Ocoee Utility District — Close Customer Complaint

Mr. Colona reported he had been heavily involved with Ocoee UD since the last meeting and attended one of the utility's board meetings. The previous general manager is gone; the assistant manager has been promoted. A new engineering group has been brought on. Mr. Daniel Peterson, CPA, performed a rate study that found water rates were sound but sewer rates needed increasing, and significantly trimmed the prior engineer's capital plan as overscoped. The Mr. David May customer complaint has evolved into a TDEC capacity question and is now outside TBOUR jurisdiction.

**Motion:** To close the Mr. David May customer complaint as outside TBOUR jurisdiction. (Water loss case, decrease-in-net-position case, and administrative review remain open.) **Moved by:** Mr. Giles **Seconded by:** Mr. Dye **Outcome:** Carried by voice vote.

### B. South Fork Utility District — Amend Reporting Deadlines

The utility's attorney requested that the quarterly-reporting deadline be moved from the first business day of each quarter to give the utility more turnaround time. After discussion, Mr. Colona refined the recommendation to require quarterly reports by the first business day of February, May, August, and November (one month after each quarter close).

**Motion:** To accept the staff modification of the quarterly-reporting order, changing the deadline to the first business day of February, May, August, and November.
**Moved by:** Mr. Pelham **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

## XI. MIDDLE TENNESSEE CASES (Mr. Ross Colona presenting)

### A. Town of Byrdstown

Standard rate-study order.
**Motion:** To accept staff recommendation ordering a rate study, with the contract due April 30, 2026 and the study due October 31, 2026.
**Moved by:** Mr. Giles **Seconded by:** Mr. Dye **Outcome:** Carried by voice vote.

### B. Town of Celina (Clay County)

Under the predecessor Water and Wastewater Financing Board / TBOUR since 2017 — nine years. Staff recommended a combined rate study and feasibility study given the long history. **Motion:** To accept staff recommendation ordering a combined rate study and feasibility study; contract due April 30, 2026 and study due October 31, 2026.
**Moved by:** Mr. Purkey **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

### C. Gladeville Utility District

Water-hardness customer-complaint matter. TDEC has been working with the utility; the complainant has stopped responding to staff emails; legislation is moving through the General Assembly to address the underlying issue. Ms. Mitchell, in her TDEC role, confirmed that EPA Region 4 validated TDEC's interpretation that the in-home water-softening system constitutes

treatment requiring monitoring.

**Motion:** To accept staff recommendation closing the case.

**Moved by:** Mr. Pelham **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

### D. City of Watertown (Heard out of order, after Friendship)

Amendment to the prior Watertown feasibility-study order to substitute the new standardized feasibility-study language used in the Friendship order.

**Motion:** To accept the amended staff recommendation substituting the new standardized feasibility-study language (matching the Friendship order) in the Watertown order.

**Moved by:** Mr. Pelham **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

## XII. WEST TENNESSEE CASES (Mr. Nate Fontenot presenting)

### A. City of Friendship (Taken out of order to accommodate Mayor Burnett)

Mayor Burnett appeared in person and addressed the Board at the podium. The Board reviewed the city's continued financial distress; the pending appellate litigation in the Crockett County Circuit Court (Judge Peebles) involving a $5M+ judgment in favor of the Friendship Water Company on a roughly-1992 100-year water-supply agreement; and TDEC's prior directive to cease water purchases from Friendship Water Company due to tetrachloroethylene contamination. The Mayor reported that the city dug two new wells at its water plant and is no longer purchasing water from Friendship Water Company. He noted that Countywide Utility District is the only nearby option but has been threatened with litigation if it sells water to Friendship. The Mayor expressed a preference to wait for the lawsuit to resolve before discussing consolidation.

Staff noted that the water fund has less than 1% of the $5M judgment in cash. Mr. Colona urged the Board not to wait. The new standardized feasibility-study language requires: (i) a preliminary review of the five closest local-government utilities providing the same service within 30 miles; (ii) a detailed analysis of at least two systems including capital improvements needed to connect, and the cost of managerial/financial-only consolidation; and (iii) a report with current rates of the ailing utility and estimated rates under every option.

**Motion:** To accept staff recommendation ordering a feasibility study under the new standardized feasibility-study requirements.

**Moved by:** Mr. Giles **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

## B. Town of Centerville

Older customer-complaint matter regarding variable sewer rates charged to customers who had the option but no connection. Per the prior TBOUR order, the utility has corrected the practice for approximately 13 customers and completed the rate study. Complainant no longer resides in Tennessee.

**Motion:** To accept staff recommendation closing the customer complaint.

**Moved by:** Mr. Smith **Seconded by:** Ms. Mitchell **Outcome:** Carried by voice vote.

## C. City of Lexington

Negative-unrestricted-net-position case; rate study completed and being implemented. Move to update cycle.

**Motion:** To accept staff recommendation moving the City of Lexington into the update cycle.

**Moved by:** Mr. Giles **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

## D. Town of Mason — Manager Case

The feasibility study completed by CEC Engineering; rate study (Mr. Buddy Petty, ratestudies.com) nearly complete. The utility has lost approximately 22% of net position over three years; estimated 2025 figures push that past 33%. Comptroller staff who attended Mason's February 17 governing-body meeting observed severe managerial ineffectiveness, including failure to adopt an updated purchasing policy and a long-running customer complaint about raw sewage backflowing into an apartment complex (manager reported approximately 3 years; mayor said approximately 10 years). The immediate cause was traced to a manually-shut-off above-ground bypass pump at the connected lift station; TDEC investigated and restored operation. The forthcoming rate study calls for 5% water and 120% sewer rate increases effective July 1, 2026, with 5% annual increments thereafter for approximately four years. Staff discussed potential consolidation with the Poplar Grove Utility District; the Mason board appeared amenable.

**Motion:** To accept staff recommendation requiring verification that the apartment-complex sewage-backflow customer complaint has been resolved; deferring discussion of potential consolidation with the Poplar Grove Utility District to the next meeting; with the rate study's recommended 5% water and 120% sewer increases (effective July 1, 2026, with subsequent 5% annual increments) to proceed regardless.

**Moved by:** Mr. Hampton **Seconded by:** Mr. Smith **Outcome:** Carried by voice vote.

### E. City of Ridgely

Standard decrease-in-net-position case — no rate study in 5+ years, no rate increase in 5+ years, no debt management policy.

**MOTION:** To accept staff recommendation ordering a rate study.

**Moved by:** Ms. Vannasdale **Seconded by:** Mr. Giles **Outcome:** Carried by voice vote.

## XIII. ANNUAL INFORMATION REPORT — AMENDMENTS (Mr. Nate Fontenot presenting)

Mr. Fontenot proposed removing items from the AIR already collected through audited reports (net sales, operating expenses with depreciation, budget/audit submission yes/no fields), and replacing the binary training-compliance yes/no with a richer table capturing each board member's name, initial appointment/election date, completion date of the initial training period, a calculated "most-recent-completed-training-period" field, and hours completed during that period. Significant discussion centered on (i) whether utility names should appear in publicly-released training-violation orders versus individuals (Mr. Pelham raised reputational concerns; Mr. Fontenot noted staff cannot take action against individuals, only utilities, but could add bullet-point detail), and (ii) keeping the training-period definition clear given two overlapping cycles (initial 12-month from appointment versus the rolling January-1-based 3-year cycle). Ms. Vannasdale (speaking from the perspective of her own municipal utility board at Harriman) and Mr. Hampton both urged the form be kept simple.

**Motion:** To accept the modified staff recommendation amending the Annual Information Report, including the new training table requiring board-member name, initial appointment/election date, completion date of the initial training period, a calculated most-recent-completed-training-period field, and hours completed during that period.

**Moved by:** Mr. Giles **Seconded by:** Ms. Vannasdale **Outcome:** Carried by voice vote.

## XIV. MALLORY VALLEY UTILITY DISTRICT —REQUEST FOR REVIEW OF WATERLINE USEFUL LIVES

The Mallory Valley Utility District requested that the Board consider extending the depreciable useful life of waterlines (specifically ductile-iron pipe) up to 75 years. The matter was last addressed by the predecessor WWWFB/UMRB in 2016. Mr. Giles spoke from operational experience that ductile in corrosive environments has failed at 35 years while ductile in standard environments has lasted 70+ years; he supported 50 years for sewer and was open to 75 years for

water with caveats. Ms. Vannasdale (referencing her own Harriman ARPA-funded asset-management program built around a TDEC standardized database) supported further research and was generally comfortable with 75 years. Ms. Mitchell offered TDEC engineering services and SRF technical staff to engage with TBOUR staff on the question. Mr. Colona cautioned that the question could open a "can of worms" requiring review of every asset class's useful life.

**Motion:** To direct staff to work with the Tennessee Department of Environment and Conservation engineering services and the State Revolving Fund technical staff to gather further information regarding the depreciable useful lives of waterlines, with consultation of relevant subject-matter experts.
**Moved by:** Mr. Purkey **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

## XV. FUTURE MEETING DATES

After polling members on availability, the Board adopted the dates as presented (second Thursday of June, September, and December 2026, and March 2027). Mr. Colona committed to confirming attendance via a Doodle poll well in advance going forward, in part to accommodate Ms. Vannasdale's vacation planning around the scheduled meetings.

**Motion:** To approve the meeting dates as presented in the packet (second Thursday of June, September, and December 2026, and March 2027).
**Moved by:** Mr. Pelham **Seconded by:** Mr. Stone **Outcome:** Carried by voice vote.

## XVI. OTHER BUSINESS

Mr. Colona reported that Chairman Vaughn of the House Commerce Committee had publicly commended the work of TBOUR and Board staff during a recent committee meeting.

Mr. Carter raised a question regarding apparent anomalies in the Cherokee Hills Utility District financial summary; upon staff review, the figures were confirmed as accurate, reflecting a substantial capital contribution and construction-in-progress.

## XVII. ADJOURNMENT

**Motion:** To adjourn.
**Moved by:** Mr. Moody **Seconded by:** Mr. Hampton **Outcome:** Carried by voice vote.

Jason E. Mumpower
*Comptroller*

Entity Referred: **Multiple Entities**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water And Sewer**

**Board Staff Summary:**
The following utilities have been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress pursuant to Tenn. Code Ann. 7-82-703.

Gates
Graysville
Rutherford
Trezevant
Cheatham County Water and Wastewater Authority

The utilities have complied with prior directives of the Board. The utilities have shown in consecutive audits positive changes in net position, and Board staff believes these utilities should be released from Board oversight.

**The Board should order the following:**
1. The Utilities are officially released from the Board's oversight.
2. Staff and Counsel shall close the case.

Jason E. Mumpower
*Comptroller*

Entity Referred: **Multiple Utilities**

Referral Reason: **Decrease in Net Position**

Utility Type: **Water and Sewer**

**Staff Summary:**
The following Utilities have been referred to the Tennessee Board of Utility Regulation ("the Board) due to financial distress, pursuant to TCA 7-82-703. The Utilities have complied with prior directives of the Board. The Utilities have shown progress in correcting their financial distress, and Board staff believes the Utilities should be placed in the update cycle.

Double Springs Utility District
Dyersburg Suburban Consolidated Utility District
Lakeland
Leoma Utility District
Loretto
Niota
Paris Utility Authority

**Staff Recommendation:**
The Board Should order the following:
1. The Board should place the following Utilities in the update cycle.
2. This requires the Utilities to respond to board staff requests for information to monitor progress and to have consecutive fiscal years with positive change in net position.

Jason E. Mumpower
*Comptroller*

Entity Referred: **Multiple Entities**

Referral Reason: **Annual Information Report**

Utility Type Referred: **Multiple Utility Types**

**Staff Summary:**

The following Utilities were referred to the Tennessee Board of Utility Regulation ("The Board") for Annual Information Report non-compliance. Board staff has reviewed the referral candidates and believes the Utilities should be added to the consent agenda for Board action.

Crockett Mills Utility District
Double Springs Utility District
Fairview Utility District
First Utility District of Hardin County
Iron City Utility District
Jackson County Utility District
Natural Gas Utility District of Hawkins County
New Market Utility District
Public Utility District of Jefferson and Cocke Counties
Roan Mountain Utility District
Saltillo Utility District
Savannah Valley Utility District
Siam Utility District
Sneedville Utility District
South Elizabethton Utility District
Surgoinsville Utility District
West Point Utility District

**Recommendation:**

The Board should order the following:

1. The Utilities shall submit their Annual Information Reports or otherwise resolve the Annual Information Report non-compliance to the satisfaction of Board staff by June 30, 2026.

Jason E. Mumpower
*Comptroller*

Entity Referred: **Multiple Entities**

Referral Reason: **Training**

Utility Type Referred: **Water And Sewer**

The following utilities reported that their governing body members were out of compliance with applicable training requirements per Tenn. Code Ann. §§ 7-34-115, 7-82-308, 68-221-605 & 68-221-1305. The utilities were ordered to provide board staff with proof that all governing body members have complied with applicable training requirements.

Henry
Hollow Rock
Lobelville
Mount Carmel
Tennessee Ridge
Vanleer
Waverly

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

**Staff Recommendation:**

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

Jason E. Mumpower
*Comptroller*

Entity Referred: **Multiple Entities**

Referral Reason: **Water Loss**

Utility Type Referred: **Water**

**Staff Summary:**

The Following Utilities were referred to the Tennessee Board of Utility Regulation ("The Board") for water loss pursuant to Tenn. Code Ann. § 7-82-703. The utilities have complied with prior directives of the board. Board staff believes the utilities should be released from Board oversight.

Cedar Grove Utility District

First Utility District of Hardin County

**Recommendation:**

1. The Utilities are officially released from the Board's oversight as it relates to their water loss cases.

Jason E. Mumpower
*Comptroller*

Entity Referred: **Multiple Entities**

Referral Reason: **Water Loss**

Utility Type Referred: **Water**

**Staff Summary:**

The Following Utilities were referred to the Tennessee Board of Utility Regulation ("The Board") for water loss pursuant to Tenn. Code Ann. § 7-82-703. Board staff believes the utilities should be placed on the update cycle.

Loretto

McKenzie

Michie

Newbern

**Recommendation:**

1. The Utilities shall be placed on the update cycle as it relates to their water loss cases.

Jason E. Mumpower
*Comptroller*

Entity Referred: **Alpha-Talbott Utility District**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

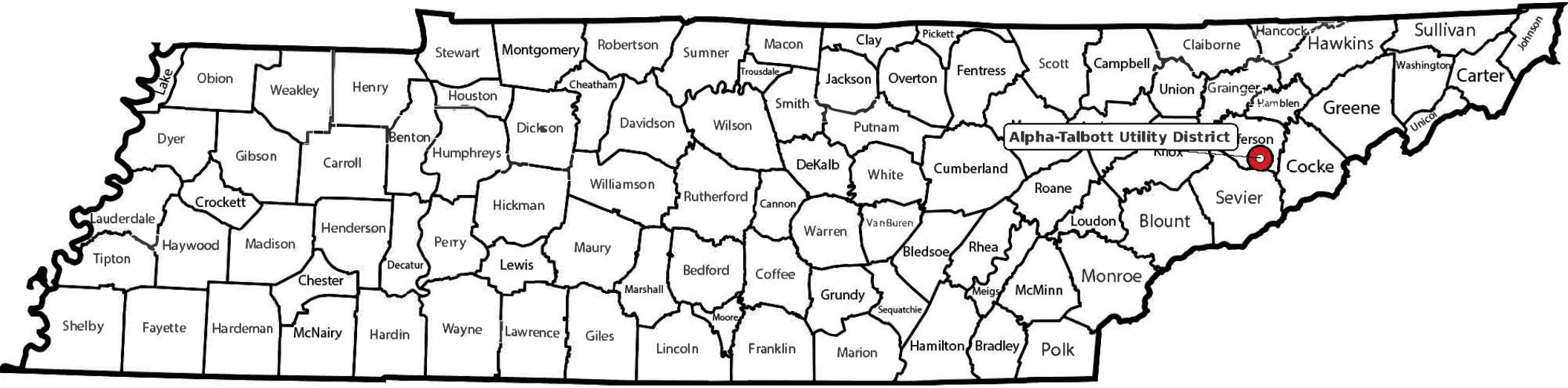
County: **Hamblen, Jefferson**

**Staff Summary:**
The Alpha-Talbott Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for customer complaint pursuant to Tenn. Code Ann. §7-82-702. The Customer, Marcus Powell, filed a complaint against Alpha Talbott Utility District regarding the lack of access to public water service for his property. The complainant asserts that the utility failed to provide a reasonable or affordable means of obtaining service, instead offering options that would require significant personal expense, including paying approximately$36,000 for utility-installed infrastructure, funding private contractor installation with additional utility supervision fees, or drilling a private well estimated at $40,000. Mr. Powell contends that these costs create an unreasonable barrier to essential water access and hinder the use and development of his property. He is requesting that the Tennessee Board of Utility Regulation review the matter and determine whether the utility's actions are reasonable and consistent with its obligations, while considering alternatives such as cost-sharing or infrastructure extension assistance.

The Utility responded that it acted in accordance with its established policy requiring property owners or developers to bear the cost of extending water infrastructure to undeveloped properties. The utility stated that Marcus Powell purchased property at 672 Shadow Lane knowing that public water service was not currently available and was informed that extending service would require significant infrastructure work due to the area's terrain and existing system layout. The utility asserted that it provided several feasible options, including paying approximately $35,000 for a utility-managed line extension, hiring a licensed contractor to complete the work under utility supervision, or pursuing shared-cost arrangements with neighboring property owners. The utility emphasized that the quoted costs reflected actual engineering and construction expenses without markup or profit to the district and maintained that requiring existing ratepayers to subsidize the extension would be inappropriate and could establish an unfavorable precedent for future developments lacking existing utility access.

Board staff believes that the utility followed its policy and enough evidence has been provided to close the case.

**Staff Recommendation:**
The Board should close the Customer Complaint Case




**Alpha-Talbott Utility District**

Total customers: 7,395

# ALPHA-TALBOTT UTILITY DISTRICT

P.O. Box 100 • Talbott, Tennessee 37877 • Phones (423) 586-2925 • (865) 475-7200 • Fax (865) 471-0905

**COMMISSIONERS**
DONALD McGINNIS
JIMMY PEOPLES
CRAIG STANSBERRY

**MANAGER**
PHILLIP M. COMBS

May 18, 2026

Mr. Benjamin Johnson,

Thank you for reaching out regarding the complaint filed against Alpha–Talbott Utility District by Marcus Powell concerning the property located at 672 Shadow Lane, Morristown, TN 37814.

In your email, you stated that the complaint is scheduled to be heard on June 11th, 2026, before the Tennessee Board of Utility Regulation. I am currently serving as President of the National Rural Water Association (NRWA) through September 16th, 2026. Unfortunately, I have a prior commitment related to those responsibilities and am scheduled to be in Spokane, Washington, from June 8th through June 11th, 2026. As part of this position, I have obligations and responsibilities that require my attendance. If my presence is necessary at this hearing, I would request it be delayed and moved to the September 10th, 2026, meeting date.

I take this complaint very seriously, and we believe we have followed our policy appropriately and provided the property owner with feasible and economically reasonable options for obtaining utility water service in accordance with that policy. We continue to stand behind our position and do not believe it is the responsibility of our ratepayers to bear the financial burden and expense associated with extending service for Mr. Powell.

While legal counsel determined that this matter qualified as a complaint to be brought before the Board, we respectfully disagree. Our understanding is that Marcus Powell filed the complaint; however, current Tennessee tax records indicate that the property is owned by Mrs. Saundra Clark.

That said, we do not believe this changes the underlying facts related to the complaint. If my attendance at the hearing is required and not able to be changed to a later date, I will make the necessary arrangements to be present. I do not have another staff member whom I feel comfortable delegating this responsibility to, as I believe this matter falls within management's responsibilities

Additionally, I would appreciate clarification as to whether Mr. Powell is required to attend the hearing and whether he has indicated plans to do so.

I look forward to hearing back from you and appreciate your commitment to the mission: "Make Government Work Better!"

If I can be of any further assistance, please let me know.

Best regards,

Phillip M. Combs
General Manager
Alpha–Talbott Utility District

# Tennessee Board of Utility Regulation (TBOUR) Customer Complaint Form

Complainant:

Marcus Powell

Utility System:

Alpha Talbott Utility District

Date Brought before Local Utility Board:

March 2, 2026

Date Submitted to TBOUR staff:

March 19, 2026

---

## Summary of Complaint:

I am the owner of a property that currently does not have access to public water service. I have made multiple attempts to work with Alpha Talbott Utility District to obtain service; however, I have not been provided with a reasonable or practical path forward.

The utility has presented the following options:

- Pay approximately $36,000 for the utility to install the water line
- Hire a licensed contractor at my own expense while also paying the utility $250 per day for supervision
- Drill a private well at an estimated cost of approximately $40,000

All of these options place a significant and disproportionate financial burden on me and do not represent a reasonable or accessible means of obtaining essential water service.

As a property owner, access to water is necessary for the use and development of my land. The current situation effectively prevents that use.

---

**Summary of Local Utility Board's Decision:**

The local utility board has not provided a reasonable or affordable option for obtaining water service. Instead, the only options presented involve substantial out-of-pocket costs that create a barrier to access.

---

**Remedy Being Sought:**

I am requesting that the Tennessee Board of Utility Regulation review this matter and determine whether the options provided by the utility are reasonable and consistent with its obligations.

I am seeking intervention or direction that results in a fair and attainable path to water service, including consideration of cost-sharing, infrastructure extension, or other alternatives that do not place the full financial burden solely on the property owner.

**Alpha – Talbott Utility District (ATUD)**

Response to the TBOUR Complaint Filed by Marcus Powell

Mr. Powell called the utility saying he had purchased a piece of property at 672 Shadow Lane Morristown TN 37814 and wanted to know how to start new utility service. Mr. Powell was told that there wasn't any water utility service available at that address. He was asked if that information was not disclosed to him prior to the purchase. Mr. Powell was even asked if the property he purchased had been perked for a field line or if he had obtained a septic line layout and permit, which is a requirement to establish new water service. He responded he had not. He was told he might want to see if he could acquire that prior to pursuing water service due to the area being extremely rocky. He then wanted to know what the procedure was to obtain water service for his property since none was available.

It was explained to Mr. Powell that Alpha – Talbott Utility Districts policy is it's the developers' responsibility to extend water service to their development (property) and it shouldn't be the rate payers' responsibility to pay to extend water utility service for someone looking to develop property and make a profit at the rate payer's expense.

He was told the options available to him,

If he was informed that water utility service was available, he should go back to the seller and ask for a refund or make the seller pay to extend water utility service to the property.

He could go to the other lot owners and ask them to share the cost of extending water utility service to all the current properties.

He could pay the cost himself to extend water utility service to his property.

Mr. Combs even suggested that he get a private utility easement across private property with that allowing him to access to the existing water line on San Fransico Drive.

(Alpha – Talbott Utility District will net set a meter unless your property touches where there is existing water utility service. A private easement would allow that.)

Mr. Powell and his mother Mrs. Clark attended the April 6th, 2026, Alpha – Talbott Utility District meeting upon the recommendation of someone they spoke with at the Tennessee Board of Utility Review (TBOUR) and file a formal complaint with the ATUD board of commissioners. They both believed current policy was unfair and they should either have water utility service extended to their property at ATUD's expense or they should be allowed to have a meter set off San Fransico Drive. It was once again explained to them the current policy (see above).

Mr. Powell was given a cost of $32,000 thousand dollars to extend water utility service to 672 Shadow Lane which included engineering (design, hydraulics, flow calculations, and submittal to TDEC and their fee) for $3,000 thousand dollars. Total cost of $35,000 thousand dollars with the utility passing the cost on to Mr. Powell. He would also still have to pay the $950-dollar standard tap fee.

There was no markup or any profit for ATUD, it was strictly cost. Mrs. Clark, Marcus Powells mother said she had contacted someone else about doing the water line installation for them and wanted to know if that was an option. She was told yes, that could be an option if they were licensed, insured, and qualified to do the work. There would be a $250 dollar per day residence inspection fee to make sur the installation meets all the utilities requirements.

A motion was made by Jimmy Peoples and seconded by commissioner Craig Stansberry to follow Alpha - Talbott Utility District policy. Motion Carried.

We are disappointed that this type of complaint would even be considered before the TBOUR. We believe we have followed our policy and have given the owner feasible economic solutions to acquire utility water service based on that policy. We continue to defend that policy position and don't believe it's the rate payers' responsibility to bear that burden along with that expense for Mr. Powell.

Based on your ruling, I'm afraid this could set an unjust president with people purchasing cheap property within the district's boundaries currently with no access to utility water and putting the utility in a potential financial burden of having to pass that cost on to the rate payer.

Marcus Powell




672 Shadow Lane

Morristown TN 37814

## Tennessee Property Assessment Data - Parcel Details Report - https://assessment.cot.tn.gov/

**Hamblen (032)**
**Tax Year 2026 | Reappraisal 2025**

Jan 1 Owner
CLARK SAUNDRA S L/E
1860 CEDAR CREEK RD.
RUSSELLVILLE TN 37860

Current Owner

**SHADOW LN 672**

| Ctrl Map: | Group: | Parcel: | PI: | SI: |
|---|---|---|---|---|
| 048E | C | 003.00 | | 000 |

### Value Information

| | |
|---|---|
| Land Market Value: | $37,700 |
| Improvement Value: | $0 |
| Total Market Appraisal: | $37,700 |
| Assessment Percentage: | 25% |
| Assessment: | $9,425 |

### Subdivision Data

Subdivision:
FRANCISCO HILLS

| Plat Book: | Plat Page: | Block: | Lot: |
|---|---|---|---|
| 4 | 1 | | 13 |

### Additional Information

### General Information

Class: 00 - Residential
City #:
Special Service District 1: 000
District: 05
Number of Buildings: 0
Utilities - Water/Sewer: 12 - NONE / NONE
Utilities - Gas/Gas Type: 00 - NONE
City:
Special Service District 2: 000
Neighborhood: V01
Number of Mobile Homes: 0
Utilities - Electricity: 01 - PUBLIC
Zoning: R-1

### Outbuildings & Yard Items

| Building # | Type | Description | Area/Units |
|---|---|---|---|

### Sale Information

Long Sale Information list on subsequent pages

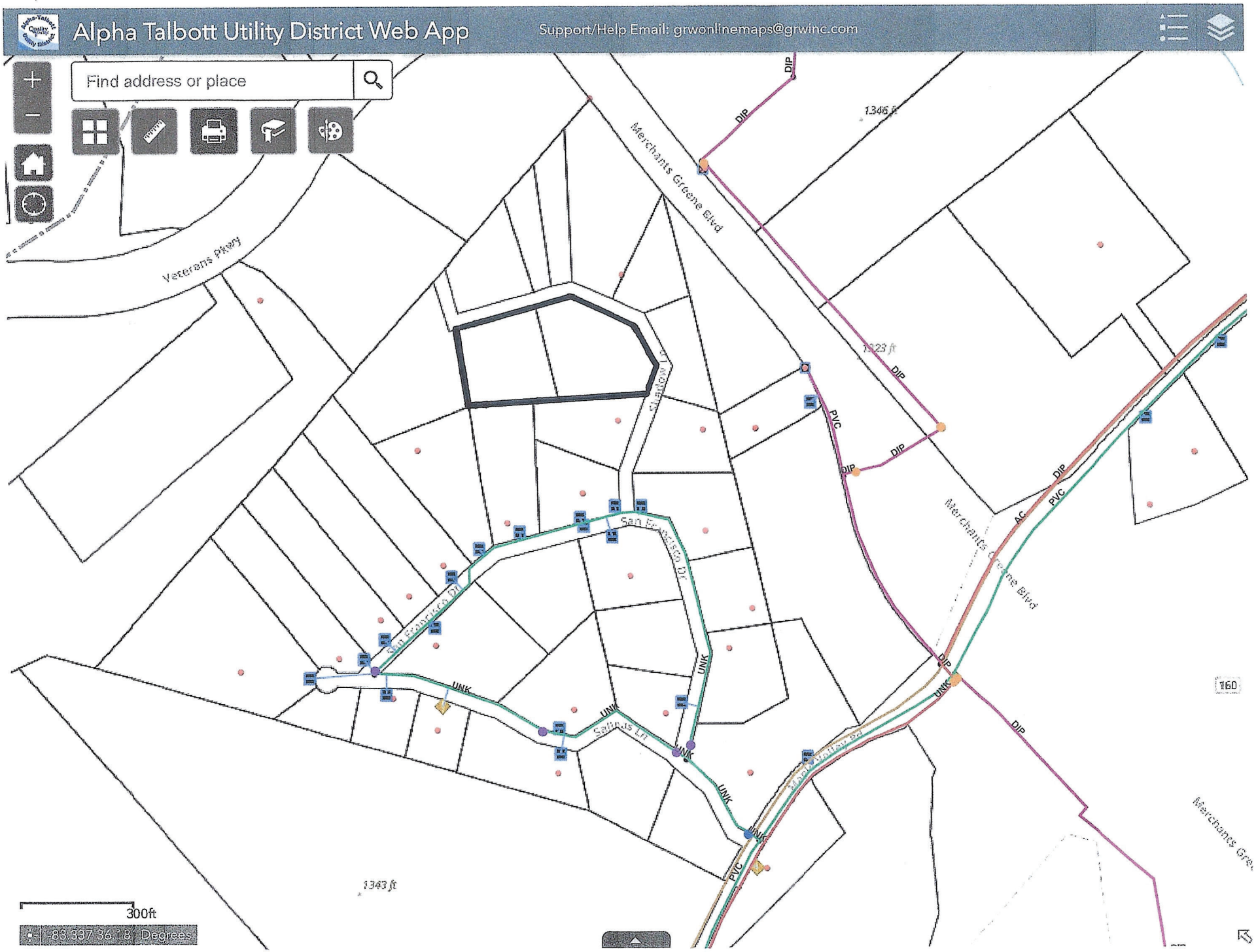
### Land Information

Deed Acres: 0 Calculated Acres: 0 Total Land Units: 1.47

| Land Code | Soil Class | Units |
|---|---|---|
| 01 - RES | | 1.47 |

**Sale Information**

| Sale Date | Price | Book | Page | Vacant/Improved | Type Instrument | Qualification |
|---|---|---|---|---|---|---|
| 1/22/2024 | $17,000 | 2066 | 800 | V - VACANT | WD - WARRANTY DEED | P - MULTIPLE PARCELS |
| 3/19/2015 | $14,000 | 1610 | 241 | V - VACANT | WD - WARRANTY DEED | A - ACCEPTED |
| 2/7/2012 | $8,250 | 1478 | 201 | V - VACANT | WD - WARRANTY DEED | J - ESTATE SALE |
| 6/19/1973 | $1,250 | 223 | 389 | V - VACANT | WD - WARRANTY DEED | A - ACCEPTED |


Alpha Talbott Utility District Web App
Support/Help Email: grwonlinemaps@grwinc.com
Find address or place
Veterans Pkwy
Merchants Greene Blvd
Claudow Ln
San Francisco Dr
Salinas Ln
DIP
PVC
AC
UNK
1346 ft
1323 ft
1343 ft
160
300ft
-89.337 36.18 Degrees

# AGENDA APRIL 6th, 2026

1. Call to Order by President
2. Reserved for Public Comment
3. Presentation of Minutes (Secretary)
4. Financial Report
5. American Rescue Plan Act (ARPA) Hamblen County
6. Arrow Hills Tank Renovation
7. TCRS 2026-2027 Contribution Rate
8. New Customer Service Employee
9. New Business
10. Next Regularly Scheduled Board Meeting May 4th, 2026
11. Adjournment

Alpha-Talbott Utility District Quality On Tap!

**MINUTES OF THE REULAR MEETING OF THE BOARD OF COMMISSIONERS**

**OF ALPHA-TALBOTT UTILITY HELD ON MARCH 2, 2026**

**AT JEFFERSON CITY, TENNESSEE**

**Present:** Don McGinnis, President
Jimmy Peoples, Secretary
Craig Stansberry, Commissioner
Phillip M. Combs, Manager
Linda A. Fleenor, Office Manager
Will Gregg, CFO

**CALL TO ORDER BY PRESIDENT:** The meeting was called to order by President Don McGinnis at 4:00 p.m.

**RESERVED FOR PUBLIC COMMENT (RECOGNITION OF ANY GUESTS):** President McGinnis recognized Sandra Clark and her son Marcus Powell. Ms. Clark and Mr. Powell wanted to address the Board in reference to water service at 672 Shadow Lane, Morristown, TN where water service is not available. On April 7, 2025 Ms. Clark attended the board meeting requesting Alpha-Talbott install a meter on San Francisco and let them run a water line to the property at 672 Shadow Lane owned by Mr. Powell. Manager Combs explained that your property has to be on the road where a main water line exists. Most of the property on Shadow Lane was family owned and later sold and divided into lots. The person subdividing the property should have been responsible for extending water service or disclosed that the lots did not have utility water access. Upon the recommendation of TBOUR, Ms. Clark said she was attending the meeting to file a complaint. Manager Combs had a contractor look at the property and gave an estimate of $35,000.00 to extend water to the property. Ms. Clark questioned the price and wanted an itemized list. Manager Combs explained that an engineering agreement would have to be signed in order to get an itemized list with materials. She had contacted someone else about installing the water line. Manager Combs said that would be fine if the person is licensed and follows the regulations.

Commissioner Stansberry suggested that they check to see if the property would perk for a septic system because of the rock before they went any farther. A motion was made by Jimmy Peoples and seconded by Craig Stansberry that Alpha-Talbott follow their approved policy for line extensions. The motion carried.

**PRESENTATION OF MINUTES (SECRETARY):** The minutes of the February meeting were read by Secretary Peoples. A motion was made by Craig Stansberry and seconded by Jimmy Peoples to accept the minutes as presented. The motion passed.

**FINANCIAL REPORT:** The financial report was given by CFO Will Gregg. A motion was made by Jimmy Peoples and seconded by Criag Stansberry to accept the report. The motion passed.

**AMERICAN RESCUE PLAN ACT (ARPA FOR HAMBLEN COUNTY):** Nothing new to report. The final inspection was held last week but no reimbursement has been received.

**PRATT ROAD LINE REPLACEMENT & ENGINEERING AGREEMENT (CLAYTON THOMPSON 950 PRATT RD:** An engineering agreement has been signed for the project.

**NEW BUSINESS:** Manager Combs will be attending NRWA March 16-19, 2026 and March 31 – April 2, 2026.

**NEXT REGULARLY SCHEDULED BOARD MEETING APRIL 6, 2026:** The April board meeting will be April 6, 2026.

**ADJOURNMENT:** There being no further business, a motion was made Jimmy Peoples and seconded by Craig Stansberry to adjourn the meeting. The motion carried.

_____

Secretary

# Tennessee Board of Utility Regulation (TBOUR) Customer Complaint Form

**Complainant:**
Marcus Powell

**Utility System:**
Alpha Talbott Utility District

**Date Brought before Local Utility Board:**
March 2, 2026

**Date Submitted to TBOUR staff:**
March 19, 2026

---

## Summary of Complaint:

I am the owner of a property that currently does not have access to public water service. I have made multiple attempts to work with Alpha Talbott Utility District to obtain service; however, I have not been provided with a reasonable or practical path forward.

The utility has presented the following options:

- Pay approximately $36,000 for the utility to install the water line
- Hire a licensed contractor at my own expense while also paying the utility $250 per day for supervision
- Drill a private well at an estimated cost of approximately $40,000

All of these options place a significant and disproportionate financial burden on me and do not represent a reasonable or accessible means of obtaining essential water service.

As a property owner, access to water is necessary for the use and development of my land. The current situation effectively prevents that use.

---

## Summary of Local Utility Board's Decision:

The local utility board has not provided a reasonable or affordable option for obtaining water service. Instead, the only options presented involve substantial out-of-pocket costs that create a barrier to access.

---

## Remedy Being Sought:

I am requesting that the Tennessee Board of Utility Regulation review this matter and determine whether the options provided by the utility are reasonable and consistent with its obligations.

I am seeking intervention or direction that results in a fair and attainable path to water service, including consideration of cost-sharing, infrastructure extension, or other alternatives that do not place the full financial burden solely on the property owner.

Jason E. Mumpower
*Comptroller*

Entity Referred: **North Utility District of Rhea County**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water**

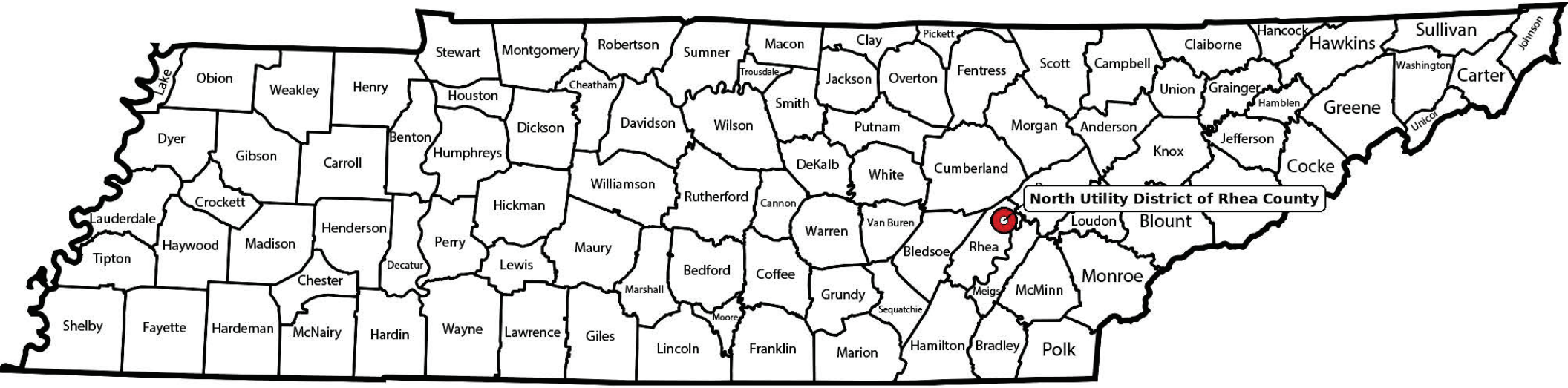
County: **Rhea**

**Staff Summary:**
The North Utility District of Rhea County ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint pursuant to Tenn. Code Ann. 7-82-703. Michael Alan Harris, the Customer, filed a complaint against the Utility after a leak on his customer-owned service line generated an unusually high water bill that reflected hundreds of thousands of gallons of excess usage. Mr. Harris alleged that nearby utility construction activities, including a county mower striking a flush hydrant, created a water hammer event and excessive pressure that ruptured a valve and damaged his plumbing system. Mr. Harris also argued that the Utility failed to properly investigate the extraordinary spike in water usage and relied on engineering conclusions containing factual inaccuracies while refusing to provide meaningful billing relief beyond the maximum ServLine adjustment. Through his complaint Mr. Harris is seeking additional bill adjustments, reimbursement for repair costs, and suspension of disconnection efforts while the matter is under review.

The Utility responded that the leak occurred entirely on the customer-owned side of the meter and therefore fell under the customer's responsibility according to the utility's established policies and rules. The utility investigated the incident, consulted field personnel and an outside engineer, and concluded that neither the hydrant strike nor construction activities caused a pressure surge or water hammer event. Instead, the utility determined that the valve likely failed because of operating conditions associated with the valve itself. The utility emphasized that it provided the maximum available ServLine leak adjustment of $2500.00, waived late fees, and offered an interest-free repayment plan that suspended disconnection activity as long as Harris maintained minimum payments. The Utility maintained that it treated Harris consistently with all other customers under its leak protection policy and requested dismissal of the complaint.

Board staff believes that the Utility followed its policy and enough evidence has been provided to close the case.

**Staff Recommendation:**
Close the customer complaint.




**North Utility District of Rhea County**

Total customers: 1,400

## Formal Complaint

**Complainant:** MICHAEL HARRIS

**Utility System:** North Utility District of Rhea County

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**Date Brought Before Local Utility Board:** 26-Feb-26

**Date Submitted to TBOUR Staff:** 3/10/2026

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

**Summary of Complaint:** A catastrophic leak on my service line began on July 9, 2025 - the same day Rhea County Highway Department struck NUDRC's unprotected flush hydrant during their construction. This caused a water hammer (estimated at 400 to 600 psi), rupturing my valve/pipe (photos attached). NUDRC failed to investigate a 185,000-gallon spike by July 14 (equivalent to 15+ years of usage), making only one call to a disconnected number - allowing another ~616,000 gallons lost. Their engineer report is flawed (wrong valve rating of 100 PSI vs. 150 PSI at 73°F; dismissed hammer without addressing physical strike). After three board meetings, they denied full adjustment beyond $2,500 ServLine max.

**Summary of Board's Decision:** The Board acknowledged the hardship but denied any adjustment beyond the $2,500 ServLine maximum. They waived one late fee ($169.34) and offered a payment plan of $100 + current monthly bill, with no future late fees or disconnect notices as long as minimum payments are made. They refused further investigation into the hydrant strike or water hammer cause. (See attached December 8, 2025 letter from attorney Carol Ann Barron.)

**Remedy Being Sought:** Full adjustment of the bill for all water usage above my normal monthly average during the leak period . Reimbursement of $1,500 repair cost caused by NUDRC's construction-related negligence. Cease any disconnection threats while this complaint is pending.

## Formal Response to Complaint

**Complainant: Michael  Harris**

**Utility System: North Utility District of Rhea County**

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**Date Brough Before the Local Utility Board:** 5/12/2026

**Summary and Justification of Decision Rendered by the Local Utility Board:** Please see attached packet

**Response Provided by:** Crystal Giles

May 8, 2026

Tennessee Board of Utility Regulation
Office of the Comptroller of the Treasury
Cordell Hull Building
425 Rep. John Lewis Way N.
Nashville, Tennessee 37243

Re: Complaint of Michael Harris to TBOUR

Dear Members of the Board:

I submit this response of North Utility District of Rhea County (the Utility or NUDRC) to the complaint submitted to TBOUR by Michael Harris regarding an adjustment to his bill for water service in July of 2025 in which he had an extraordinarily high bill caused by a leak on his service line behind the Utility's meter. The Utility's response to Mr. Harris' request for a bill adjustment was made in compliance with the Utility's leak protection policy and procedures as explained below.

TBOUR describes its jurisdiction over this complaint as the justness and reasonableness of a utility system's rates, fees, or charges. The Utility asserts TBOUR's jurisdiction is more accurately described as the proper application of the Utilities leak protection policy. The Utility properly applied its leak protection policy to the large bill Mr. Harris received due to the leak of his service line. Moreover, to the extent Mr. Harris seeks the reimbursement of the repair costs to his service line or the forgiveness of the balance of his high bill because of the Utility's negligence, his complaint is a claim for property damage against the Utility which is outside the scope of the TBOUR's jurisdiction.

Summary of Complaint/Information:

**07/09/2025-** Mr. Harris experienced a leak on his service line behind the Utility's meter due to a ruptured ball valve. Once the meter readings were downloaded for his July billing and the large usage was identified, the office attempted to contact Mr. Harris; however, the number on file was a nonworking number.

**08/27/2025-** In March 2019, NUDRC contracted with Homeserve/ServLine to provide leak protection coverage for all of its customers who chose not to opt-out of this coverage to replace its leak adjustment policy in place at that time. Once the ServLine leak protection was implemented, the Utility discontinued providing leak adjustments under that policy. *(Attached #1-Adjustments of bills for leaks).*

The maximum amount which ServLine will pay under its leak protection plan is $2,500 for a qualifying customer leak. The Utility understands that some leaks may exceed the limit of ServLine's maximum coverage or that a customer may have opted out of this coverage. In these instances, the Utility offers a standard repayment plan to a customer to pay the balance of a large bill over time. As long as the monthly installments are paid: (1) late fees are waived for the duration of the installment payment plan of the balance; (2) no disconnects or disconnection notices will be send to the customer; and (3) the customer's account will be deemed in good standing as long as the customer makes the monthly installment payment plus pays the amount of the current bill monthly. For Mr. Harris, the monthly installment payment amount was $100 a month. The remaining balance of his July 2025 bill after the application of the ServLine maximum was $5,644.29.

This repayment plan was emailed to Mr. Harris on August 27, 2025 *(Attached #2- Outlook email- Re: Mike Harris- Water Loss-Account #100650)*. The Utility did waive the accrued late charge of $169.34 for his bill after the leak would have been due on August 15, 2025. This late charge was waived because the Utility had gotten notice on August 5, 2025, that the claim filed by Mr. Harris with ServLine was in a pending status. *(Attached #3- Outlook email- ServLine Adjustment- Mike Harris- Pending)*.

**09/24/2025-** Mr. Harris attended the NUDRC Board Meeting on September 24, 2025, to address the board concerning the leak at his residence and what he felt were the possible causes. The Utility's Engineer Bruce Spaulding and Field Manager Greg Goins were both present at this meeting They explained to Mr. Harris that the line/hydrant which he claimed caused the leak in his service line was new construction and wasn't operational at the time of his valve failure. Moreover, during the construction the line/hydrant was "wet tapped" so that water hammer was not possible as there was never a loss of pressure on the line serving his residence. The flush hydrant was damaged by the Rhea County Highway Department but was valved off underground at the time of the strike.

**10/10/2025-**The Utility's Office Manager emailed Mr. Harris on October 10, 2025, with the water usage information obtained by pulling the usage data on his meter as well as once again giving the answers to the claims of possible causes for the leak. *(Attached #4-Outlook email- Re: Mike Harris-Files for presentation)*

**12/08/2025-**Mr. Harris continued to only make payments of his monthly bills but never made any installment payment on the arrearage of his account to comply with the payment plan that was presented in August 2025. Therefore, the Utility did ask its Attorney, Carol Ann Barron, in December 2025 to draft a letter letting him know that water service would be disconnected if the balance wasn't paid in full or the payment arrangement previously offered was not implemented by him which letter was sent to him on December 8, 2025. *(Attached #5-Final Notice of Disconnection & Payment Agreement Letter from Attorney Carol Ann Barron)*.

**1/16/2026-** The Utility sent Mr. Harris a Final Notice of Disconnection and Payment Agreement by certified mail. *(Attached #6 - Final Notice of Disconnection Letter)*

**01/16/2026-** Mr. Harris reached out by email to Rhea County Mayor Jim Vincent asking him to intervene in this matter. The email also copies the TN Comptroller's Office *(Attached #7- Attn Jim Vincent-Fw: Mike Harris-Files for presentation)*

**02/04/2026-** Engineer Bruce Spaulding wrote a letter once again addressing the District's response to the complaints of Mr. Harris. This letter was to be reviewed by the Board at the February 2026 meeting and was then to be provided to Mr. Harris. *(Attached #8- Letter from Joel B. Spaulding & Company Inc- Re. Harris Residence, 3052 Rocky Springs Road, Leak due to ruptured ball valve)*

**02/26/2026-** Mr. Harris attended the NUDRC board meeting and was given the opportunity again to address his complaint with the board. Mr. Harris was given the letter written by Mr. Spaulding. Mr. Spaulding was in attendance, and he addressed Mr. Harris directly concerning his issues. During this meeting Mr. Harris stated that the ball valve that ruptured could have been around 25 years old. Mr. Harris stated that he had information contrary to what Mr. Spaulding presented on the valve rating, but he did not produce it at the time or since then. The valve rating provided by Mr. Spaulding is attached to his letter.

Summary of Board's Decision:

The Board did not grant Mr. Harris the relief he sought. NUDRC has followed its leak protection policy and procedures for leak adjustments adopted by the Utility in 2019. The Utility has not treated Mr. Harris unfairly or differently than provided in the Utility's leak adjustment protection policy and procedures. The payment plan and information provided to him was accurate and freely given to him as it would have been to any other Utility customer.

The Utility is sympathetic to his situation. However, the Utility's water service contract and its rules of service are clear that a customer's service line behind the meter is the customer's responsibility and that the customer must pay for all water passing through the meter serving the customer. This obligation includes the responsibility of payment for water usage and bearing the repair costs incurred as a result of a customer service line break.

The District's own investigation and the opinion of its consulting engineer confirmed that the break in Mr. Harris' service line could not have been caused by a water hammer or the hydrant strike.

Remedy Being Sought:

NUDRC is willing to allow Mr. Harris to continue to receive service as long as he abides by the Utility's repayment plan, and he is welcome to have Servline pay its portion of his large bill if he chooses. As long as the payment plan is adhered to, then he will only receive billing statements for his monthly usage and general correspondence from us - no disconnect notices.

The District has complied with its leak protection policy and procedures. The break in Mr. Harris's service line was not due to any negligence of the Utility. Therefore, the Utility requests the TBOUR dismiss his complaint.

Sincerely,

Crystal M. Giles, Office Manager

#1

# ADJUSTMENT OF BILLS FOR LEAKS

***Leaks due to the fault of the utility.***

Leaks that are the fault of the Utility will not be charged to the customer. The customer will be charged for water usage by averaging the consumption during the previous three months (not counting month of the leak).

***Leaks that are the fault of the customer or are on the customer's side.***

North Utility District of Rhea County offers leak protection service with a company called Homeserv (aka ServLine). All customers were opted into this program automatically and must choose to opt out.

Upon the implementation of this program filing a claim with ServLine will be the only means for obtaining a leak adjustment for water bills. (Program implemented 03/2019)

If a customer has opted out of the program and does have a leak, they will be responsible for 100% of the bill.

#2

Outlook

**Re: Mike Harris - Water Loss - Account #100650**

**From** Crystal Giles <office@nudrc.org>
**Date** Wed 8/27/2025 1:43 PM
**To** mike mharrisdesign.com <mike@mharrisdesign.com>

Good afternoon, Mike

Just wanted to pass on the information from the Board concerning your leak.

Your current balance is $8,313.63
Servline will pay the max of $2,500.00
I have waived the late charge of $169.34 assessed on 08/18/2025
The balance remaining will be $5,644.29.

The Board will-

Waive all future late charges until the balance is paid
Allow a payment plan of at least $100 plus the current amount due monthly until the remainder of the balance is paid.
There will be no disconnects or past due notices during this time and the account will reflect with us as in good standing as long as the payments are made monthly. Failure to make at least the $100 plus the current amount due could result in disconnection for nonpayment.

We appreciate you coming to the meeting and speaking with us.

If you would like to discuss this further, you are more that welcome to come to the September meeting and follow up. The meeting is currently set for September 25, 2025 @ 4:30pm here at the office.

Thanks so much!

PS- Sorry for the postal service giving out false hope today

*Crystal M Giles*
Office Manager
North Utility District of Rhea County
423-365-2680
www.nudrc.org

# 3

Outlook

**ServLine Leak Adjustment - Mike Harris - Pending**

**From** Scott Stanford <scott@servlinesignup.com>
on behalf of
Servline Claims <claims@servlineops.com>
**Date** Tue 8/5/2025 4:41 PM
**To** Crystal Giles <office@nudrc.org>

Claimant: Mike Harris
Account# 650
Street# 3052 ROCKY SPRINGS RD
Claim# 00088693

I wanted to let you know that your customer's claim is currently in pending status: Pending per customer's request

Please let me know if you have any questions

Thanks!

Scott Stanford
TPA Servline Program
(423) 834-7400

#4

Outlook

**Re: Mike Harris - Files for presentation**

**From** Crystal Giles <office@nudrc.org>
**Date** Fri 10/10/2025 2:35 PM
**To** mike mharrisdesign.com <mike@mharrisdesign.com>

Hey there!

The profile for your meter at 3052 Rocky Springs Road shows that your leak started 7/9/25 between 8am-9am and leaked until 08/01/2025 after 4pm.

I have tried to answer the issues that were brought up at the meeting and give you a resolution to those below -

#1- Several leaks caused the issue- I pulled the TN811 logs for the months of June and July and neither of them showed repairs on Rocky Springs Road. We would not have made any repairs without a clear one call ticket.

#2- Issues with the line coming up out of the ground and the contractor had to keep equipment on it to hold it down- A portion of the bank did slide on 07/14/2025 due to excess rainfall but didn't cause a break in the line. As far as the equipment holding the line in the ground- it was a worksite and the equipment was parked where the contractor needed it to be as they were working in that area. Whether that was on the line or not, I can't say.

#3- The line was hooked and unhooked multiple times- The contractors were installing a brand-new line and it had to be connected as it came down the hill. The line was not completed and brought into service until August 2025.

#4- Rhea County Highway Dept. damaged the fire hydrant and possibly caused the issue- The hydrant was damaged- we discovered the damage the evening of 07/09/2025 but it was not operational at the time of the damage. The shut off valve (below ground) was off and no water was lost.

#5- Water hammer caused from turning the water on and off when bringing the new line in service- Bruce (our engineer) and Greg (our field manager) stated in the meeting that the water was not turned off during the tapping process and that there would have been no water hammer as there was never any loss of service or water disconnection to the Rocky Springs line.

The new line from the tank was flushed the evening of 08/28/2025 and brought in service the morning of 08/29/2025 with no disruption in service to Rocky Springs Road.

Due to these findings, the fact that you didn't turn the water off at the meter when being away for an extended period of time, and the leak being on your service line, the Board will move forward with their first repayment offer detailed below.

Waive all future late charges until the balance is paid
Allow a payment plan of at least $100 plus the current amount due monthly until the remainder of the balance is paid.

There will be no disconnects or past due notices during this time and the account w with us as in good standing as long as the payments are made monthly. Failure to make at least the $100 plus the current amount due could result in disconnection for nonpayment.

The Servline claim was placed in a pending status by you so you will need to contact them at 423-799-1780 to get that process moving forward if you choose to file that claim. I sent them all the billing information at the time of the leak and you were approved for the max payout of $2500 at that time.

Thanks!

*Crystal M Giles*
Office Manager
North Utility District of Rhea County
423-365-2680
www.nudrc.org

---

**From:** mike mharrisdesign.com <mike@mharrisdesign.com>
**Sent:** Wednesday, September 24, 2025 4:15 PM
**To:** Crystal Giles <office@nudrc.org>
**Subject:** Mike Harris - Files for presentation

Hello Crystal,
Here are the files I would like to discuss with the board today.

***Mike Harris***
***865.250.9135***

# 5

CAROL ANN BARRON
ATTORNEY AT LAW

264 THIRD AVENUE
DAYTON, TENNESSEE 37321
(423) 775-1884 • FAX: (423) 775-5098
barroncarolann@aol.com

Via Certified Mail – Return Receipt Requested and First-Class Mail

December 8, 2025

Mr. Mike Harris
3052 Rocky Spring Road
Spring City, Tennessee 37381

Re: Account No. 100650 - High Usage / Leak Adjustment Request

Dear Mr. Harris:

I represent North Utility District of Rhea County (the "Utility") in connection with the above-referenced water account and the dispute regarding the extraordinarily high bill resulting from a leak on your customer-owned service line.

After a thorough investigation of the concerns you raised during the recent board meeting, and after reviewing meter data, Tennessee 811 locate records, contractor records, and statements from the Utility's engineer and field manager, the Utility has determined the following:

1. The continuous leak at your meter began on July 9, 2025, between 8:00 a.m. and 9:00 a.m. and continued uninterrupted until August 1, 2025, after 4:00 p.m.

2. Tennessee 811 records for June and July 2025 reflect no locate requests or utility repairs on Rocky Springs Road during that period. The Utility does not perform repairs without a corresponding 811 ticket.

3. Although a portion of the bank slid on July 14, 2025, due to heavy rainfall, no break or damage to the Utility's main line occurred. Contractor equipment was positioned on the active construction site as needed; there is no evidence that equipment placement caused or contributed to the leak on your service line.

4. The new service line being installed by the contractor was connected in phases as construction progressed downhill. The new line was not placed into service until August 2025.

5. The fire hydrant damaged by the Rhea County Highway Department on or about July 9, 2025, was not in service at the time; the below-ground shut-off valve was closed and no water loss occurred from that incident.

6. No water hammer event occurred. The Utility's engineer (Bruce) and field manager (Greg) confirmed that water service was never interrupted or shut off during the tapping process or at any time relevant to your service line. The new line from the tank was flushed on the evening of August 28, 2025, and placed into service the morning of August 29, 2025, with no disruption in service to Rocky Springs Road customers.

Because the leak occurred on the customer-owned service line (downstream of the meter), the responsibility for the lost water and the resulting charges rests with the account holder under the Utility's approved Rules & Regulations. Additionally, the meter was not turned off at the curb stop during the extended period you were away from the premises, which allowed the leak to continue undetected for approximately three weeks.

Notwithstanding the foregoing, in a good-faith effort to resolve this matter amicably and in recognition of your long-standing relationship with the Utility, the Board of Commissioners has authorized the following adjusted repayment terms, which represent the Utility's final offer:

- All future late charges will be waived until the remaining balance is paid in full.
- You may pay the remaining balance via an interest-free payment plan requiring a minimum payment of $100.00 plus the current monthly billing amount each month until the balance is satisfied.
- So long as the minimum monthly payment ($100 + current bill) is received by the due date each month, the Utility will not issue past-due notices, will not initiate disconnection, and will report the account as in good standing.
- Failure to make at least the minimum required payment each month will void this arrangement and may result in immediate disconnection for non-payment in accordance with the Utility's Rules and Regulations.

Please sign and return the enclosed Payment Agreement no later than December 20, 2025, if you wish to accept these terms. Upon receipt thereof, the Utility will apply the agreed adjustments and establish the payment plan.

If you have any questions please contact the Utility office directly at (423) 365-2680.

Sincerely,

Carol Ann Barron
Attorney for North Utility District of Rhea County

Enclosure: Payment Agreement
cc: North Utility District of Rhea County

# PAYMENT AGREEMENT

**NORTH UTILITY DISTRICT OF RHEA COUNTY**

Account No.: 100650

Service Address: 3052 Rocky Springs Road, Spring City, TN 37381

**Date: December 08, 2025**

This Payment Agreement ("Agreement") is entered into between **North Utility District of Rhea County** (the "Utility") and the undersigned customer(s) (collectively, the "Customer") concerning the above-referenced water account.

## RECITALS

1. A continuous leak on the Customer-owned service line downstream of the meter occurred from approximately July 9, 2025 through August 1, 2025, resulting in an outstanding balance of $8275.55 (the "Balance").
2. The Utility has determined that the leak and resulting water loss are the responsibility of the Customer under the Utility's approved Rules & Regulations.
3. In a good-faith effort to resolve this matter without further dispute or disconnection, the Utility has agreed to offer, and the Customer has agreed to accept, the special repayment terms set forth below.

## AGREEMENT

In consideration of the mutual promises contained herein, the parties agree as follows:

1. **Outstanding Balance.** Customer acknowledges that the total amount currently due and owing on the account (as of the date of this Agreement) is $8275.55 (the "Balance").
2. **Payment Plan.** Customer agrees to pay the Balance according to the following terms:
   - A minimum payment of **$100.00 plus the full amount of the current monthly bill** shall be due on or before the regular due date each month, beginning with the billing cycle immediately following execution of this Agreement, until the Balance is paid in full.
   - Payments shall be applied first to the current monthly charges and then to the Balance.
3. **Waiver of Late Charges.** The Utility agrees to waive all future late charges and penalties on the account until the Balance is paid in full, provided Customer remains current under this Agreement.
4. **No Disconnection / Good Standing.** As long as Customer makes at least the minimum required payment each month by the due date, the Utility will not disconnect service for non-payment of the Balance, will not send past-due notices related to the Balance, and will report the account as in good standing.
5. **Default.** Failure to pay at least $100.00 plus the full payment of the current monthly bill by the due date in any month shall constitute a default. Upon default, this Agreement shall

immediately terminate, all concessions shall be revoked, the entire remaining Balance shall become immediately due and payable, and the Utility may proceed with disconnection for non-payment in accordance with its Tariff without further notice.

6. **No Oral Modifications.** This Agreement may not be modified except in a writing signed by both parties.

7. **Entire Agreement.** This Agreement constitutes the entire understanding between the parties and supersedes all prior discussions or agreements.

By signing below, Customer accepts the terms of this Agreement and acknowledges receipt of a copy.

**CUSTOMER**

_____ _____
Signature Date

_____
Printed Name

**NORTH UTILITY DISTRICT OF RHEA COUNTY**

**BY:**_____ _____
Authorized Representative Date
Title: _____

Please sign and return the original to the Utility office **no later than December 20, 2025**. A fully executed copy will be returned to you for your records.

#6

**FINAL NOTICE OF DISCONNECTION**

**Date: January 16, 2026**

**VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

**AND FIRST-CLASS MAIL**

Mr. Mike Harris
3052 Rocky Springs Road
Spring City, Tennessee 37381

**Account Number:** 100650

**Service Address:** 3052 Rocky Springs Road

**Amount Past Due:** $8,275.55

**FINAL NOTICE – WATER SERVICE SCHEDULED FOR DISCONNECTION**

Dear Mr. Harris

Despite previous billing statements, the Certified Letter from our attorney and the special Payment Agreement that was mailed to you on December 9, 2025 (return deadline December 20, 2025), your account remains seriously past due.

As of this date, the total amount owed is $8,275.55, which includes charges resulting from the undetected leak on your customer-owned service line in July/August 2025.

Because payment in full has not been received and the executed Payment Agreement has not been returned, your water service is scheduled to be **disconnected without further notice on or after 8:00 a.m. on February 2, 2026,** in accordance with the Utility's approved Rules and Regulations of the Tennessee Public Utility Commission.

To avoid disconnection, the **entire past-due balance of $8,275.55 must be paid in full** (cash, money order, or credit/debit card) at the Utility office **no later than 4:00 p.m. on January 30, 2026**. Alternatively, you may still execute and return the previously provided Payment Agreement along with the first required payment ($100 + current bill) by the same deadline, and disconnection will be cancelled.

A $100.00 reconnection fee plus any additional accrued charges will be added if service is disconnected.

This is your final notice. No additional warnings will be issued.

Sincerely,

Office Manager
North Utility District of Rhea County

7022 0410 0002 6535 9237

# U.S. Postal Service™
# CERTIFIED MAIL® RECEIPT
*Domestic Mail Only*

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Spring City, TN 37381 OFFICIAL USE

| | |
|---|---|
| Certified Mail Fee | $5.30 |
| $ | $2.40 |
| Extra Services & Fees *(check box, add fee as appropriate)* | |
| ☐ Return Receipt (hardcopy) | $ $0.00 |
| ☐ Return Receipt (electronic) | $ $0.00 |
| ☐ Certified Mail Restricted Delivery | $ $0.00 |
| ☐ Adult Signature Required | $ $0.00 |
| ☐ Adult Signature Restricted Delivery | $ |
| Postage | 0.78 |
| $ | |
| **Total Postage and Fees** | |
| $ | $10.48 |

0381 20

SPRING CITY STATION
Postmark Here
JAN 16 2026
37381 01/16/2026 USPS

Sent To Harris

Street and Apt. No., or PO Box No. 3052 Rocky Springs Rd

City, State, ZIP+4® Spring City, TN 37381

PS Form 3800, April 2015 PSN 530-02-000-9047 See Reverse for Instructions

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mike Harris
3052 Rocky Springs Rd
Spring City, TN 37381

9590 9402 6302 0274 1659 74

2. Article Number (Transfer from service label)
7022 0410 0002 6535 9237

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature
X

☐ Agent
☐ Addressee

B. Received by (Printed Name)
MIKE HARRIS

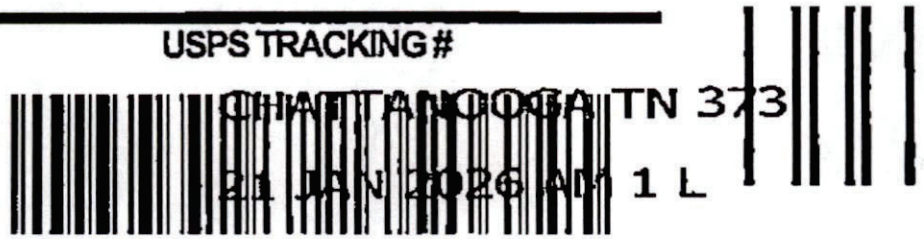
C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

USPS TRACKING #




9590 9402 6302 0274 1659 74

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**NUDRC**
**PO BOX 1089**
**SPRING CITY, TN 37381**

i-108989



#7

Outlook

## Attn Jim Vincent - FW: Mike Harris - Files for presentation

**From** mike mharrisdesign.com <mike@mharrisdesign.com>
**Date** Fri 1/16/2026 4:41 PM
**To** rheamayor@rheacounty.org <rheamayor@rheacounty.org>
**Cc** Crystal Giles <office@nudrc.org>; Utilities@cot.tn.gov <utilities@cot.tn.gov>

2 attachments (139 KB)
July 811 Tickets.pdf; June 811 Tickets.pdf;

Dear Jim Vincent,
I ask that you please intervene and ask NUDRC to not disconnect my water (I will keep paying my monthly bill) until the TBOUR has ruled on my case. I have started the process of filing a formal complaint with them.
Thank you for your attention to this matter!
Mike Harris
865-250-9135

---

**From:** Crystal Giles <office@nudrc.org>
**Sent:** Friday, January 16, 2026 3:45 PM
**To:** mike mharrisdesign.com <mike@mharrisdesign.com>
**Subject:** Re: Mike Harris - Files for presentation

In response to your 2 points below-

1. Attached are the TN811 logs for June and July showing once again there were no leaks or repairs in your area. The Utility made no repairs nor did we turn the line off during this time. The hydrant was not operational so there was no water loss or need to turn off the line.

2. The contract that you signed states that if you are going to be away, you should turn the water off at the meter and also that the service line is the customer's responsibility. We followed the same procedure that we have for everyone. While we understand that this is a significant bill, as the homeowner, you have the responsibility for maintaining and repairing your line, including any losses incurred.

The Board does not accept the proposed offer and will move forward with the offer originally proposed or payment in full as was spelled out in the correspondence from our attorney. You will be receiving a final disconnection notice within the next few days and the utility will move forward with disconnection if payment is not made.

Thanks

*Crystal M Giles*
Office Manager

#8

Joel B. Spaulding & Company, inc.
CONSULTING ENGINEERS
3322 West End Avenue, Suite 106
Nashville, Tennessee 37203
(615) 255-7766

February 4, 2026

MEMO To Whom It May Concern
c/o North Utility District of Rhea County, TN
P.O.Box 1089
Spring City, TN 37381

Re: Harris Residence, 3052 Rocky Springs Road, Leak due to ruptured ball valve

I am writing at the request of the North Utility District of Rhea County, TN (the "District") regarding a water leak traced to a ruptured PVC valve on the private service line feeding the Harris Residence at 3052 Rocky Springs Road during July 2025.

I was present at the District's September 2025 Board Meeting when Mr. Harris addressed the Board. Mr. Harris asserted that his 1-1/4" PVC ball valve ruptured due to construction activities surrounding the District's installation of a new 8" water main across the TVA power line easement running between Rocky Springs Road and the District's Toestring Tank causing a significant leak. Mr. Harris also asserted that the valve could have also been broken due to damage to a flush hydrant that was installed at the Rocky Springs end of the District's new water extension. I investigated this claim, and I'll address these two possibilities separately.

The new 8" water main was installed during the summer of 2025 to create a loop in the water system feeding the Toestring tank, allowing the tank to be more directly filled at a higher flow rate from the District's pump station on Macedonia Road.

The new main was connected to the existing main at Rocky Springs Road using a tap sleeve and tapping valve. Accordingly, the existing main running along Rocky Springs Road did not have to be closed off, or cut into, in order to make this connection.

Similarly, a tap sleeve and tapping valve was used to connect the new main to the piping at the tank, at the other end of the extension, and the piping at the tank did not have to be closed off, or cut into, in order to make this connection.

Since the new main closes a loop feeding the Toestring tank, the pressures at the points of connection of the new line to the old line is the same on either side of the connections.

As part of the new water line construction, a flush hydrant was installed on the new water line adjacent to the point of connection at Rocky Springs Road. When construction was complete, this flush hydrant, isolated from the existing main on Rocky Springs Road by the closed tapping valve, was used to flush (to waste) and sample the new main from the Toestring Tank end. When the flushing and sampling was complete, the flush hydrant was valved off, and the main line tapping valve was opened, which opened the new loop from Rocky Springs Road to the Toestring Tank, placing the new main in service.

As mentioned before, the pressure at the point of connection of the new line to the old line is the same on either side of the connection, so placing the new main online would have cause no water hammer, pressure surge, flow reversal, or other violent hydraulic event that might have found its way to Mr. Harris' pvc water valve and caused it to rupture.

A few short days later, Rhea County Highway Department personnel did hit the new flush hydrant while mowing. However, the flush hydrant was valved off at the new main, and no water leak was caused. Accordingly, no water hammer, pressure surge, flow reversal, or other violent hydraulic event occurred that might have found its way to Mr. Harris' pvc water valve, causing it to rupture.

Mr. Harris provided two pictures of the ruptured ball valve (Attachment 1). I took a close look at the pictures of the ruptured valve that Mr. Harris provided. Zooming in, I saw "KBI" marked on it. I googled that and found what I believe is the cause of Mr. Harris' valve failure.

See Attachments 2 and 3. The "KBI Valve Failures" picture shows the same type of rupture to the valve body as seen in Mr. Harris' photo. If you zoom in to this picture "KBI" is visible on the label on the bottom of the valve. This picture came from this site

https://www.reddit.com/r/Irrigation/comments/1fe31z9/do_not_buy_these_kbi_ball_valves_looks_like_a/

The most likely cause of the rupture, however, appears in the attached KBI Spec Sheet. These valves are only rated for 100 PSI service. The pressure at Mr. Harris' meter is in the range of 115 psi, so Mr. Harris' valve was subjected to constant operating stress, having been used in an application beyond or near its rated pressure. Accordingly, over time, the valve body predictably ruptured and failed.

Looking at "Google Earth", it appears that Mr. Harris' water meter is situated somewhere near elevation 869 more or less. The high water level of the Toestring Tank is 1132.75 more or less. The system pressure at Mr. Harris' meter is therefore in the vicinity of 115 or so psi. I do not know where Mr. Harris' ruptured valve was located in relation to his water meter, but regardless, the valve was likely operating near or beyond its pressure rating.

My conclusion is therefore, I not only think that the before-mentioned construction activities did not create any sort of dramatic pressure surge that ruptured Mr. Harris' valve, I believe that the valve failed due to its inadequate 100 psi pressure rating. Further, anecdotal evidence indicates that these "KBI" brand valves are known for failures.

Yours truly,

Bruce Spaulding P.E.

Bruce Spaulding, PE
**Joel B. Spaulding & Company, Inc.**
3322 West End Avenue Suite 106
Nashville, Tennessee 37203

Attachment 1

As Provided by Mr. Harris

**BALL VALVE FROM 240 CHEVY LANE – APPROX 30 YARDS FROM METER**

A 1 1/4-inch KBI PVC ball valve typically has a pressure rating of 150 PSI at 73°F (22°C). This rating applies to both residential and industrial applications and is a standard for Sch 40 and Sch 80 PVC pipe.

Key details:

- **Pressure:** 150 PSI
- **Temperature:** 73°F (22°C)
- **Size:** 1 1/4 inch
- **Material:** PVC
- **Applications:** Water supply, wastewater, chemical, agricultural, swimming pools, and marine uses

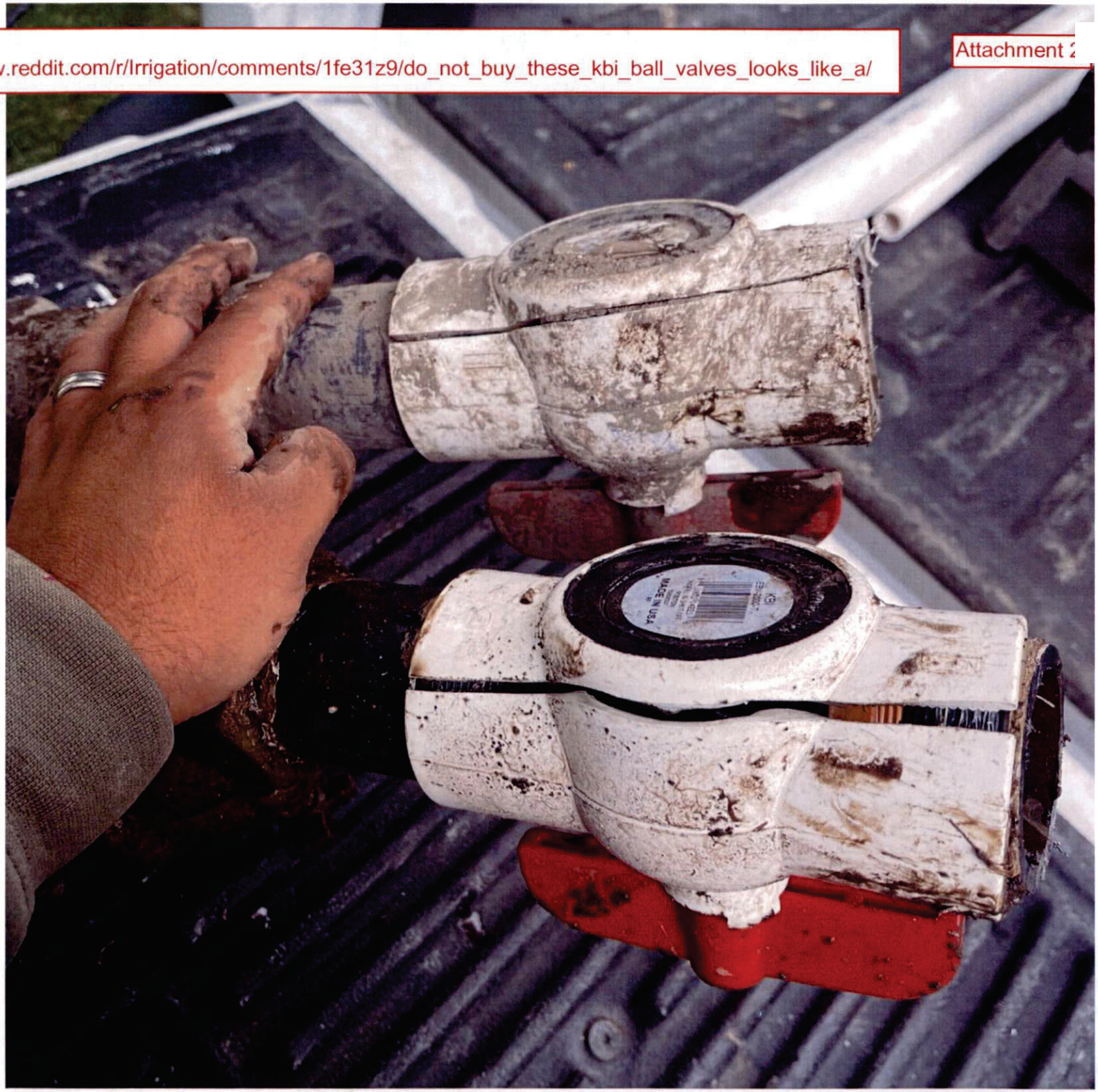




This is the valve from my water line. It's obviously damaged from the inside from extreme pressure.

FROM
https://www.reddit.com/r/Irrigation/comments/1fe31z9/do_not_buy_these_kbi_ball_valves_looks_like_a/

Attachment 2



Attachment 3

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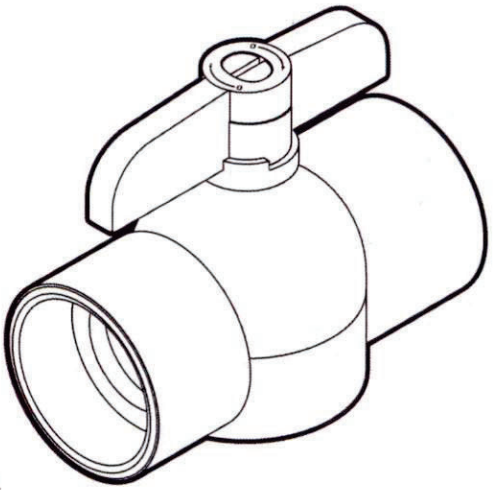
Toll Free: (800) 325-9468 Fax: (661) 257-4320
E-mail: valves@kbico.com Web: www.kbico.com

# CPVC Economy Ball Valves

**Features:**



- EPDM stem seal.
- NSF listed & IAPMO *(UPC)* listed.
- Patented Cam-lok design #5,308,039.
- Full Port Design.
- Complies with all ASTM & ANSI standards.
- Pressure Rated to 100 psi @ 180˚F Nominal operating pressure.
- Made with ***PlatinumXCELL***® material.
- Complies with all Low-Lead plumbing laws.
- ASTM D2846 25-50 Flame & Smoke Rated *(water filled)*.
- Code approved.
- Molded in the **USA** by KBI.

| Model | Size | Case | L | D | H |
|---|---|---|---|---|---|
| CBV-0500-S | 1/2" | 36 | 2.3" | .85" | 2.0" |
| CBV-0750-S | 3/4" | 24 | 3.1" | 1.1" | 2.4" |
| CBV-1000-S | 1" | 18 | 3.7" | 1.7" | 2.8" |
| CBV-1250-S | 1 1/4" | 6 | 5.0" | 2.9" | 4.2" |
| CBV-1500-S | 1 1/2" | 6 | 5.5" | 3.0" | 4.4" |
| CBV-2000-S | 2" | 4 | 6.8" | 4.0" | 5.2" |

**FEATURES COMMON TO KBI CPVC PLUMBING PRODUCTS**

- NSF listed *
- IAPMO *(UPC)* listed *
- Molded in the USA by KBI
- Pressure rated to 100 psi @180˚F
- Meets/Exceeds all ASTM Standards
- Made with PlatinumXCELL® CPVC
- Limited LIFETIME Warranty

Jason E. Mumpower
*Comptroller*

Entity Referred: **Town of Englewood**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water And Sewer**

County: **McMinn**

**Staff Summary:**

The Town of Englewood ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for a customer complaint pursuant to Tenn. Code Ann. 7-82-702. At the March 2026 meeting the board heard the complaint between the Utility and Ms. Lisa Snell, regarding charges that were related to an alleged leak at the her property. The board determined that there was not enough evidence to make a decision on the matter.

According to Ms. Snell, she reported a water leak at her residence on November 25, 2024 and maintains that the leak was repaired that same day by a contractor. Ms. Snell argues that because the leak was fixed on November 25, her subsequent December bill should not have reflected unusually high water usage. According to Ms. Snell, the leak appeared during two billing periods:

- **October 21, 2024 – November 25, 2024** (November bill)
- **November 25, 2024 – December 18, 2024** (December bill)

The utility acknowledged that a leak occurred and stated that the leak was reflected on two separate bills because of the timing of the meter-reading cycle. The utility explained that meter readings were taken on November 25 and again on December 18, causing the leak-related consumption to be captured across both billing periods. The Utility's position is that the leak therefore appeared on both the November and December bills.

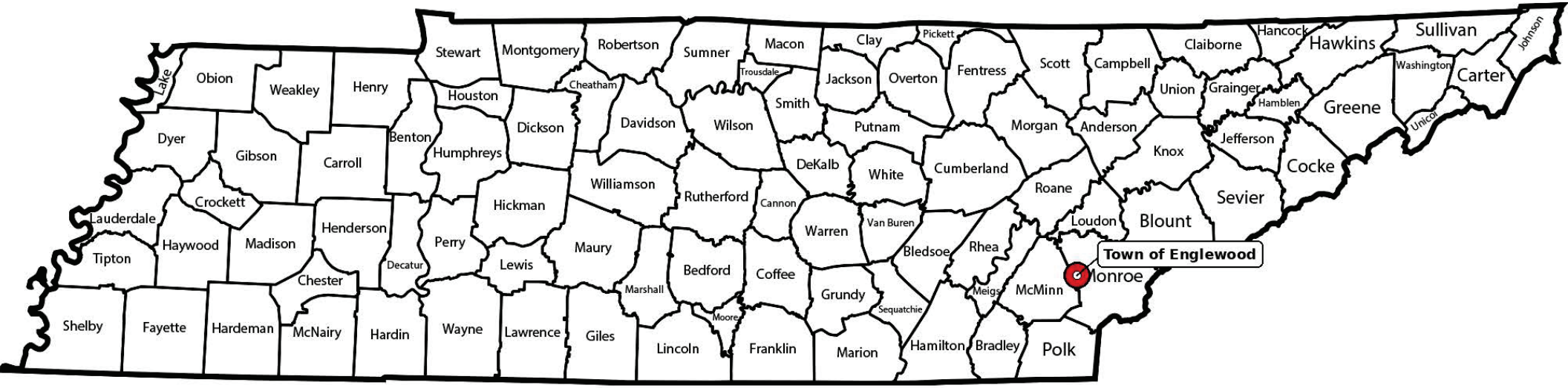
The utility states that it followed the leak-adjustment policy that was in effect at the time of the leak. Under that policy:

1. The customer's six-month average bill was calculated.
2. The average amount was subtracted from the leak bill.
3. The remaining amount was divided by two.
4. That amount was credited to the customer.

the utility provided Ms. Snell a $581.46 leak adjustment. The utility further stated that its ordinance allowed a leak adjustment only once every three years and that the board determined the policy had been properly applied, so no further adjustment was granted. Board staff believes that the utility followed their policy.

**Staff Recommendation:**

The board should close the customer complaint.




**Town of Englewood**

Total customers: 2,150

Law Office of Leah Sauceman

May 6, 2026

Tennessee Comptroller of the Treasury
c/o Ben Johnson
425 Re. John Lewis Pkwy N.
Nashville, TN 37243
Benjamin.s.johnson@cot.tn.gov

**Via email only**

**Re: Town of Englewood**

Dear Mr. Johnson:

On March 12, 2026, the Tennessee Board of Utility Regulation conducted an informal hearing regarding a dispute between Lisa Snell and the Town of Englewood.

On March 31, 2026, an Order was entered by Greg Moody, Chair of the Tennessee Board of Utility Regulation requesting Board staff research the policies in questions and the dates involved in the dispute.

This correspondence is to address the outstanding information in the Order dated March 31, 2026, from the Tennessee Board of Utility Regulation.

First, the dates involved in the dispute were readings taken from October 21, 2024 through November 25, 2024. Then, a second reading taken from November 25, 2024 through December 18, 2024.

The adjustment policy at the time of the dispute was as follows:

1. The customer's average of the prior six (6) months before the leak would be taken.
2. The customer's billing amount would then be determined less the 6-month average.
3. That number would then be divided by 2.
4. The number obtained after the division by 2 is the amount used to reduce the customer's bill.

For example, this customer's bill amount before an adjustment was $1,275.60. The customer's six-month average was $112.68. Therefore, $1275.60-112.68=$1,162.92. Step 3 requires you to divide this number by 2. Therefore, $1,162.92/2= $581.46. The customer's bill was reduced by $581.46.

The adjustment policy has now changed. Customer's pay each month for "insurance". Therefore, if a leak occurs, the customer is covered under their insurance up to $1,500.

Please let me know if you have questions regarding any of the above information.

Thank you,

Leah B. Sauceman, Esq.
Counsel for the Town of Englewood

cc: Joe Cline, Town Manager.

423-745-7050 • info@saucemanlaw.com
PO Box 128, Athens, TN 37371 • 14 N. White Street, Athens, TN 37303

# Tennessee Board of Utility Regulation (TBOUR) Customer Complaint Form

Complainant: Lisa Snell

Utility System: Town of Englewood, Water Department

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

Date Submitted to TBOUR staff: December 4, 2025

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,

Lisa Snell

142 County Rd 574

Englewood, TN 37329

## Formal Response to Complaint

**Complainant: Lisa Snell**

**Utility System: Englewood**

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**Date Brough Before the Local Utility Board:** 10-Nov-25

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

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

**Response Provided by:** Joe Cline

Jason E. Mumpower
*Comptroller*

Entity Referred: **City of Rocky Top**

Referral Reason: **Customer Complaint**

Utility Type Referred: **Water And Sewer**

**Staff Summary:**
The City of Rocky Top ("the Utility") was referred to the Tennessee Board of Utility Regulation ("the Board") regarding a customer complaint in accordance with Tennessee Code Annotated § 7-82-702(b)(2). Mr. Bradley Utley ("the Customer") filed a complaint against the Utility during its August 21, 2025 governing body meeting concerning a $1,049 water bill and charges related to work performed on infrastructure that the Customer believes is owned by the Utility.

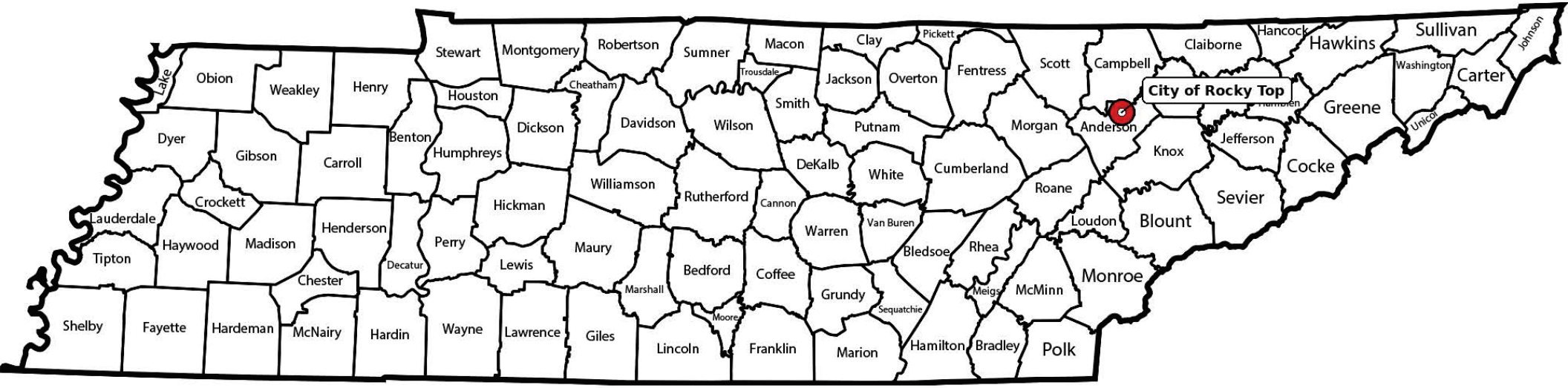
At the Board's March 12, 2026 meeting, the Board directed Board staff to research whether criminal proceedings had occurred in relation to the third party alleged to have stolen water and broken the lock on the water meter located on the Customer's property. Additionally, the Board directed staff to review charges assessed to the Customer related to work performed by the Utility.

Board staff obtained records related to the criminal proceedings involving the third party who stole water and damaged the lock on the Customer's property. Through that review, Board staff determined that the third party was ordered to pay restitution to the Customer for the water bill.

Board staff has reviewed the charges the Customer alleges were related to Utility-owned infrastructure dating back to 2023. The Utility has offered to work with the Customer to correct charges associated with work performed on Utility infrastructure. According to the Utility, it has offered to credit the Customer more than $1,000 in charges; however, the Customer believes additional credits are owed. The utility stated that the passage of time makes verification of the invoices difficult because relevant employees have left the organization and documentation may no longer fully capture the circumstances that existed when the invoices were processed.

**Staff Recommendation:**

Board staff wishes to discuss this matter with the Board.




**City of Rocky Top**

Total customers: 1,531

# IN THE CRIMINAL/CIRCUIT COURT FOR ANDERSON COUNTY, TENNES

Case Number: C5C00279 Count #: 1

Judicial District: District 7 Judicial Division: _____

**State of Tennessee**

vs.

**Defendant:** MARVIN G. PAYNE Alias: _____ Date of Birth: _____ Sex: M

Race: White SSN: _____

## CONTINUATION OF JUDGMENT ☑ Original ☐ Amended ☐ Corrected

**Sentenced To:** ☑ TDOC ☐ County Jail ☐ Workhouse

**Sentence Length:** 2 Years ____ Months ____ Days ____ Hours ☐ Life ☐ Life w/out Parole ☐ Death

Mandatory Minimum Sentence Length: _____ §§ 39-17-417, 39-13-513, 39-13-514

_____ § 55-10-401 DUI 4th Offense

_____ § 39-17-1324 Possession/Employment of Firearm

_____ §§ 40-39-208, -211 Violation of Sex Offender Registry

_____ Meth §§ (39-17-434, -417, -418)

Minimum service prior to eligibility for work release, furlough, trusty status and rehabilitative programs: _____ % (Misdemeanor or Split Confinement Only)

Defendant may be subject to an additional year of mandatory supervision pursuant to § 40-35-506

**Release Eligibility:** ☐ Mitigated 20% ☐ Mitigated 30% ☑ Standard 30% ☐ Multiple 35% ☐ Persistent 45% ☐ Career 60%

☐ _____% TCA _____ (early release eligibility, if any, not calculated)

☐ 100% TCA _____ (include subsection)

**Alternative Sentence:** ☑ Sup Prob ☐ Unsup Prob ☐ Comm Corr ☐ Prob Sup By Comm. Corr (CHECK ONE BOX)

2 Years ____ Months ____ Days Effective: _____

Period of incarceration to be served prior to release on probation or Community Corrections: ____ Months ____ Days ____ Hours

WAS DRUG/RECOVERY COURT ORDERED AS A CONDITION OF THE ALTERNATIVE SENTENCE? ☐ Yes ☐ No

**Court Ordered Fees and Fines:** **Costs to be Paid by**

$ 657.50 Court Costs ☑ Defendant ☐ State

$_____ Fine Assessed

$_____ Traumatic Brain Injury Fund (68-55-301 et seq.)

$_____ Drug Testing Fund (TN Drug Control Act)

$_____ CICF

$_____ Sex Offender Tax

$_____ Other: _____

**Restitution:** Victim Name Brad Utley

Address _____

Total Amount $ 1,023.09

Amount Per Month (if applicable) $_____

Payment Period _____

☐ Unpaid Community Service:

_____ Hours _____ Days _____ Weeks _____ Months

☑ The Defendant having been found guilty is rendered infamous and ordered to provide a biological specimen for the purpose of DNA analysis.

☐ Pursuant to 39-13-521, the defendant is ordered to provide a biological specimen for the purpose of HIV testing.

☐ Pursuant to 39-13-524 or 39-13-518, the defendant is sentenced to community supervision for life following sentence expiration.

☐ Pursuant to Title 68, Chapter 11, Part 10, 71-6-117, or 71-6-119, the clerk shall forward this judgment to the Department of Health.

**Special Conditions:**

Sentence is suspended and Defendant placed on supervised probation. Defendant will obtain an alcohol and drug assessment and comply with any and all recommendations, submit to random drug screens, perform 16 hours of community service work per year of probation, stay away from/have no contact with Daniel Fuller, Gary Lytle, Brad Utley or their property. Defendant shall have no contact with 411 Second Street Rocky Top, TN. Defendant will restitution to the victim, Brad Utley, in the amount of $1,023.09 to be paid through the clerk's office with a 5% clerk's fee. Defendant will pay court costs. Defendant will report back to the Court on December 17, 2025 for status of payment of court costs.

Ryan M. Spitzer — Judge's Name

_____ — Judge's Signature

08-18-2025 — Date of Entry of Judgment

_____ — Counsel for State/Signature (optional)

_____ — Defendant/Defendant's Counsel/Signature (optional)

# Invoice

**City of Rocky Top**
PO Box 66
Rocky Top, TN 37769
865-426-2838
adaugherty@rockytoptn.org

Invoice Date: 9/28/23

To: Brad Utley
PO Box 387
Clinton, TN 37717
lou@isgauto.com

Re: Second Street, September 27, 2023

| Date | Description | Amount |
|---|---|---|
| 9/27/2023 | 3 - Meter Boxes at $200 each | $600.00 |
| | 5.5 hours Overtime for 1 employee @ $28.50/hour | $156.75 |
| | **Total** | $756.75 |

# Invoice

**City of Rocky Top**
PO Box 66
Rocky Top, TN 37769
865-426-2838
adaugherty@rockytoptn.org

Invoice Date: 02/08/2024

To: Brad Utley
PO Box 387
Clinton, TN 37717
lou@isgauto.com

Re: 1149 Jacksboro Ave. 02/08/2024

| Date | Description | Amount |
|---|---|---|
| 2/8/2024 | 1 M25 Retrofit Dial, Integral Trnasmitter, Twist Tight Connector, HR-E Register, Torx Screw | $428.00 |
| | 1 Meter | $292.00 |
| | 1 Line | $244.00 |
| | 1 Coupler | $19.00 |
| | Labor 2@ $14.00 hour per 3 hours | $84.00 |
| | **Total** | $1,067.00 |

Emailed 2/8/2024
J. Jones.

# Invoice

**City of Rocky Top**
PO Box 66
Rocky Top, TN 37769
865-426-2838
adaugherty@rockytoptn.org

Invoice Date: 9/12/2023

To: Brad Utley
PO Box 387
Clinton, TN 37717

Re: Leak on Carter Lane, September 7, 2023

| Date | Description | Amount |
|---|---|---|
| 9/7/2023 | 2 Ton Gravel | $60.00 |
| | 5 - 2" Blue Couplings | $356.19 |
| | 1 - 2" PVC Pipe | $3.00 |
| | 1 - 2" Brass 90 | $294.48 |
| | 1 - 2" Valve | $62.51 |
| | 2 - 2" Galvenized Nipples 2x12 | $25.99 |
| | 2 - 2" Galvenized Nipples 2x24 | $40.49 |
| | 4 PVC 10 ft sticks | $38.99 |
| | Standard pipe for 2" 6 ft long | $23.40 |
| | | |
| | Labor: | |
| | 4 Employees for 4 hours | $459.00 |
| | | |
| | Equipment: | |
| | Mini-X machine $55/hour at 4 hours | $220.00 |
| | **Total** | $1,584.05 |

## Tennessee Board of Utility Regulation

**Complainant:** Bradley Utley

**Utility System:** Rocky Top Water Dept

---

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

**Date Submitted to TBOUR Staff:** 9/11/2025

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

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

**Summary of Board's Decision:** to follow

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

Jason E. Mumpower
*Comptroller*

Entity Referred: **Minor Hill Utility District**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water**

County: **Giles**

**Staff Summary:**

The Minor Hill Utility District ("the Utility") was referred to the Tennessee Board of Utility Regulation ("the Board") for administrative review at the Board's March 12, 2026 meeting. During the meeting, the Board heard both a customer complaint against the Utility and the Comptroller's 2025 Investigative Report concerning the Utility. The Board determined that an administrative review was necessary to gather additional information regarding the customer complaint and to assess the Utility's financial, technical, and managerial capacity to operate its system.

Board staff met with the Utility's general manager, Chance Motter, and commissioners Josh Stafford, Teryl Richie Rose, and Brandon Beard. Through discussions and review of documentation, Board staff determined that the customer, Keeley Mendez, received a leak adjustment of $85.02 in accordance with the Utility's leak adjustment methodology. According to Mr. Motter, customers are eligible for a one-time annual leak adjustment equal to 25% of the amount billed for the leak. The adjustment was applied to the customer's December 2025 bill.

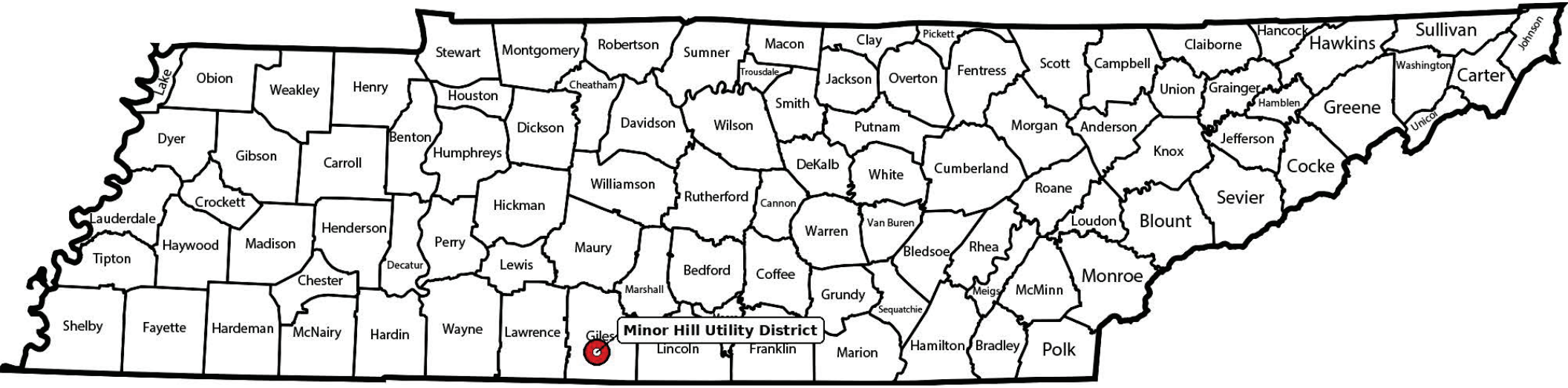
Board staff also discussed the Utility's financial operations with the governing body. During those discussions, Board staff learned that the Utility's board discovered fraudulent activity committed by former bookkeeper Ashley Stogner. Mr. Stafford stated that the former bookkeeper had failed to complete several routine tasks, prompting him to obtain bank statements to review district expenditures. Through that review, Mr. Stafford determined that the former bookkeeper had been fraudulently signing checks using commissioners' signatures.

Mr. Stafford stated that the Utility has since implemented positive pay through its bank. Additionally, the district has hired a third-party accountant to assist with monthly bookkeeping and reporting requirements. The board of commissioners is also reviewing financial reports during each monthly meeting.

The Utility remains under a financial distress order and is working to complete a rate study. The Utility's board believes that an additional rate study may be necessary due to delinquent audits. At this time, Board staff believes the administrative review and customer complaint should be closed. The financial distress order should remain open to allow continued oversight of the Utility's financial position and progress.

**Staff Recommendation:**

1. The Board should separately vote to close the customer complaint and administrative review.




**Minor Hill Utility District**

Total customers: 3,202

# Minor Hill Utility District

| | Category: **Water** | | County: **Giles** | |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| **Net Assets** | $13,163,194.00 | $12,858,046.00 | $12,668,050.00 | $12,497,587.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $4,002,309.00 | $3,573,929.00 | $3,488,166.00 | $3,590,409.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $9,160,885.00 | $9,284,117.00 | $9,179,884.00 | $8,907,178.00 |
| **Operating Revenues** | $1,759,593.00 | $1,837,996.00 | $1,917,885.00 | $1,971,922.00 |
| **Net Sales** | $1,566,760.00 | $1,654,093.00 | $1,738,847.00 | $1,825,451.00 |
| **Operating Expenses** | $1,604,132.00 | $1,679,660.00 | $1,943,207.00 | $2,185,597.00 |
| **Depreciation Expenses** | $467,658.00 | $465,823.00 | $471,856.00 | $478,571.00 |
| **Non Operating Revenues** | -$90,693.00 | -$80,091.00 | -$78,911.00 | -$59,031.00 |
| **Capital Contributions** | $0.00 | $44,987.00 | $0.00 | $0.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | $64,768.00 | $123,232.00 | -$104,233.00 | -$272,706.00 |
| **Statutory Change In Net Position** | $64,768.00 | $78,245.00 | -$104,233.00 | -$272,706.00 |



# Minor Hill Utility District

## Leak Adjustment Request

12950 Minor Hill Hwy.

P.O. Box 124 Minor Hill, TN 38473

Office-931-565-3436 Fax-931-565-4521

Office Hours- Monday through Friday

8am until 4pm

Name: _____

Address: _____

Phone: _____

Customer #: _____ Route/Account: _____

Amount of Bill with Leak: $_____

Date leak was detected: _____ Date of Repair: _____

Location of Leak: _____

By signing this request, I understand that the Minor Hill Utility District grants one Leak Adjustment per customer, per year (12 month period). To qualify for an adjustment the leak must be located in the service line or under the house, and the charge must exceed $100.00 for that billing cycle. I agree to accept responsibility for the leak, and to pay the water charges, taxes and any late charges that may incur. I authorize Minor Hill Utility District to credit to my account for the adjustment amount.

Customer's Signature: _____ Date: _____

(To be completed by Office)

Customer's amount due after Adjustment: $_____

Adjustment Amount: $_____

## Customer General Information

| | | | |
|---|---|---|---|
| Number | 5447 | Last Name | MENDEZ |
| ute | 8 | First Name | SHARON KEELEY |
| count | 1162 | Billing Address | 8687 CAMPBELLSVILLE RD. |
| Account | 1 | | |
| Cycle | 2 | City | PULASKI |
| Status | A | State | TN Zip 38478 |
| Email Address | ONELUCKY1@EARTHLINK.NET | | |
| PIN | 4872 | | |

First | User Data | Next | New Cust | Prev | Delete | Last | Recap

Reverse

| Date | Type | Description | Tran Amt | Posted | Days Old | SRC | OPR | Reference | Rate |
|---|---|---|---|---|---|---|---|---|---|
| 01/20/2026 | PMT | PMT-SRV: WATER CHG ... | -127.55 | 01/20/2026 | 120 | PP | GLE | 1M | WT1 |
| 12/31/2025 | WT1 | Mtr WT1 Usage= 78 | 127.55 | 01/05/2026 | 135 | CC | SHE | 3141 | WT1 |
| 12/31/2025 | TAX | Tax on WT1 | 12.44 | 01/05/2026 | 135 | CC | SHE | 3141 | TX1 |
| 12/19/2025 | CNF | CONVENIENCE FEE | 0.64 | 12/19/2025 | 152 | ADJ | SHE | | CNF |
| 12/19/2025 | PMT | PMT-TAX: WATER CHG ... | -1.43 | 12/19/2025 | 152 | PP | SHE | VISA | WT1 |
| 12/19/2025 | PMT | PMT-SRV: WATER CHG ... | -14.64 | 12/19/2025 | 152 | PP | SHE | VISA | WT1 |
| 12/19/2025 | PMT | PMT-SRV: CONVENIENC... | -0.64 | 12/19/2025 | 152 | PP | SHE | VISA | CNF |
| 12/16/2025 | PMT | PMT-TAX: WATER CHG ... | -4.73 | 12/16/2025 | 155 | PP | CNI | BllCor | WT1 |
| 12/16/2025 | PMT | PMT-SRV: WATER CHG ... | -48.47 | 12/16/2025 | 155 | PP | CNI | BllCor | WT1 |
| 12/03/2025 | WT1 | Mtr WT1 Usage= 31 | 63.12 | 12/08/2025 | 163 | CC | CNI | 3141 | WT1 |
| 12/03/2025 | TAX | Tax on WT1 | 6.15 | 12/08/2025 | 163 | CC | CNI | 3141 | TX1 |
| 12/01/2025 | LEK | LEAK ADJUSTMENT | -85.02 | 12/01/2025 | 170 | ADJ | SHE | 140200-C | WT1 |
| 12/01/2025 | ADT | ADJUST TAX | -8.29 | 12/01/2025 | 170 | ADJ | SHE | 140200-C | TX1 |
| 12/01/2025 | PMT | PMT-TAX: WATER CHG ... | -24.87 | 12/01/2025 | 170 | PP | SHE | 620 | WT1 |
| 12/01/2025 | PMT | PMT-SRV: WATER CHG ... | -255.06 | 12/01/2025 | 170 | PP | SHE | 620 | WT1 |

## Formal Response to Complaint

**Complainant: Keeley Mendez**

**Utility System: Minor Hill Utility District**

---

**Date Brough Before the Local Utility Board:** 9-Dec-25

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

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

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

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

**Response Provided by:** Chance Motter

## Tennessee Board of Utility Regulation (TBOUR) Customer Complaint Form

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

**Utility System: Minor Hill Utility District**

**Date Brought before Local Utility Board**: December 9, 2025

**Date Submitted to TBOUR staff**: January 2, 2026

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

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

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

Jason E. Mumpower
*Comptroller*

**Staff Summary:**

Grundy County Sewer System — Accelerated Growth Plan / Requested Depreciation Deferral

**Issue:**

Grundy County requests that the Tennessee Board of Utility Regulation approve a temporary period of relief under TBOUR's accelerated-growth framework for the County's sewer system expansion. The County's request is based on the position that the project is necessary to support residential, commercial, tourism, and economic development growth, but that the customer base needed to fully support the increased depreciation expense will take several years to develop.

The County previously advised that the sewer expansion would add approximately $5.57 million in capital assets and increase annual depreciation by approximately $100,351, from $68,845 to $169,196. The expansion is also expected to add approximately $50,000 in annual operating expenses. Staff previously anticipated that the utility would likely report operating deficits in FY2027, FY2028, and FY2029, and possibly FY2026 depending on the project's operational date, but did not expect cash deficits during the same period.

**Background:**

Grundy County's sewer system is a small utility system with approximately 50 to 52 customers. The County's FY2024 financial statements reported operating revenues of $150,397, operating expenses of $144,585, a positive change in net position of $5,812, and cash of $245,494 at June 30, 2024.

The County has submitted an asset management plan, an engineer's letter describing the planned capital improvements, historical financial information, preliminary financial projections, and documentation that Jackson Thornton has been engaged to perform a sewer rate analysis. The engineer's letter states that the current project is the largest improvement to the sewer system since its original construction and that the current sewer extension project will have the largest effect on the system's depreciation expense.

The County's Executive Summary requests a five-year depreciation deferral and proposes to use future occupancy tax revenues associated with lodging development at The Caverns, estimated at $213,750 per year, to support an annual sewer maintenance fee beginning in FY2030. The Executive Summary also states that construction is approximately 75% complete and that the project has resulted in seven new commercial connections and 41 new residential connections to date.

**Staff Analysis:**

The County's submission addresses several elements of the accelerated-growth framework, including an asset management plan, an engineer's project letter, historical financial information, and preliminary pro forma information.

The most significant remaining issue is that the rate study has not been completed. Jackson Thornton's engagement is intended to evaluate rate requirements, revenue sufficiency, anticipated capital and operating costs, customer growth, and volumetric growth, but the County's Executive Summary states that no draft rate study was available for the June 2026 TBOUR meeting.

Staff also has concerns regarding the proposed funding mechanism involving The Caverns. The Executive Summary describes a structure under which occupancy tax revenues would be granted back to The Caverns, and The Caverns would remit those funds to the utilty as an annual sewer maintenance fee. However, the submitted materials do not include a signed agreement between the County, The Caverns, and/or the proposed Utility Authority documenting that obligation. Because the long-term plan relies heavily on this future revenue source, staff believes any approval should be conditioned on a legally enforceable agreement or another dedicated funding source acceptable to staff.

Staff further notes that the Executive Summary includes discussion of both sewer and water systems, including a separate water-system depreciation schedule. Staff has not been provided documentation that Grundy County received TBOUR approval to establish or begin operating a water system. Therefore, any action by TBOUR should be limited to the sewer system only and should not be construed as approval of a water system, water-system depreciation deferral, or any related water utility operations.

Finally, the County's governance proposal remains in progress. The Executive Summary states that the State has established the Southern Cumberland Plateau Regional Water & Wastewater Authority and intends to convey the sewer system to that authority. Staff supports improved utility governance in concept, but the record should include final documentation of the Authority structure, the conveyance of the sewer system, and the entity with legal authority to adopt and implement rates.

**Staff Recommendation:**

Staff recommends that TBOUR conditionally approve Grundy County's requested period of financial distress/depreciation deferral for the sewer system only, subject to the following conditions:

1. Completion and Adoption of Rate Study. Grundy County shall complete and submit the final Jackson Thornton sewer rate study to Board staff. The study must include proposed rates,

customer projections, projected revenues and expenses, cash flow, and statutory change in net position for the plan period and three years after the plan period.

2. Plan Refinement. Grundy County shall continue working with Board staff to refine the accelerated-growth plan so that it fully satisfies TBOUR's framework, including the required pro forma statements, projected customer counts, annual rate schedules, and post-plan automatic rate adjustments tied to a nationally recognized index such as CPI.

3. Caverns Agreement. Grundy County shall provide a signed, enforceable agreement documenting the proposed occupancy-tax grant-back and sewer maintenance fee arrangement involving The Caverns, the County, and/or the Utility Authority. If that agreement is not executed, the County shall identify an alternative dedicated funding source acceptable to Board staff.

4. Governing Body Approval. Grundy County shall provide a resolution from the governing body with rate-setting authority adopting the plan, authorizing submission to TBOUR, and committing to implement all rate adjustments or other financial measures required under the approved plan.

5. Utility Authority Documentation. Grundy County shall provide documentation regarding the Southern Cumberland Plateau Regional Water & Wastewater Authority, including the status of any conveyance of the sewer system and the entity responsible for rate adoption, system operation, asset management, and regulatory compliance.

6. Water System Limitation. This approval shall apply only to Grundy County's sewer system. It shall not approve, ratify, or authorize the creation, operation, financing, or depreciation deferral of any water system. Any water-system matter must be submitted separately for TBOUR review and approval.

7. Ongoing Reporting. Grundy County shall provide regular updates to Board staff regarding construction status, customer connections, The Caverns development, the medical facility, rate-study progress, Authority governance, and financial performance. Once the plan is accepted, the County shall report to TBOUR annually during the life of the plan and until the sewer system reports a statutory increase in net position for two consecutive years.

Staff's recommendation is made with caution. Approval should not be interpreted as a determination that no rate adjustments will be required. If the County materially deviates from the approved plan, fails to implement required rate adjustments, fails to secure the proposed Caverns-related funding mechanism, or fails to achieve financial stability by the end of the approved period, staff recommends that TBOUR proceed under its normal financial distress process and require rates sufficient to comply with state law.

Tennessee Comptroller of the Treasury

Jason E. Mumpower
*Comptroller*

Accelerated Growth Plan

**Section 1. Accelerated Growth Status**

A local government utility system may be considered to be in accelerated growth status when accelerated economic growth within its service area requires significant expansion of utility services and capital infrastructure, resulting in increased depreciation costs and related financial impacts before the supporting customer base is fully realized.

Losses reported during the early years of such accelerated growth shall not, by themselves, be considered indicative of financial distress, provided that the local government utility system submits, receives acceptance of, and implements a growth plan in accordance with this resolution.

**Section 2. Requirement to Submit Multi-Year Growth Plan**

A local government utility system determined to be in accelerated growth status shall prepare and submit a multi-year growth plan to the Tennessee Board of Utility Regulation.

The growth plan shall describe how the utility system will manage accelerated growth while maintaining positive cash flow and attaining a statutory positive change in net position in the final two years of the plan and thereafter.

The term of the growth plan shall not exceed six years following the end of the applicable construction period.

**Section 3. Required Contents of Growth Plan**

The growth plan submitted to the Tennessee Board of Utility Regulation shall include, at a minimum, the following:

1. **Growth Management and Financial Objective**
   A detailed description of how the utility system will obtain its objective of managing growth while maintaining positive cash flow and attaining a statutory positive change in net position in the last two years of the plan and going forward.

2. **Asset Management Plan**
   A copy of the utility system's asset management plan.

3. **Capital Project Scope**
   A detailed description of the scope of the planned capital projects during the plan years, including the nature and purpose of the projects necessary to serve the accelerated growth.

4. **Engineer's Letter**
   A letter from the utility system's engineer accompanying the scope of the planned capital projects, declaring the need for the work and the feasibility of the plan to accomplish its stated objectives.

5. **Financial Information and Projections**
   Three years of historical financial data, together with pro forma financial statements for the plan period and for three years following the plan period. The pro forma financial statements shall include, at a minimum, a balance sheet, income statement, and cash flow statement.

6. **Customer and Rate Projections**
   The projected number of customers and the applicable rate schedule for each year of the plan period and for three years following the plan period. The post-plan period shall include an annual automatic rate increase using a nationally recognized index, such as the Consumer Price Index or another comparable index.

7. **Governing Body Resolution**
   A resolution adopted by the utility system's governing body, being the body with authority to raise rates, adopting the contents of the growth plan and authorizing the general manager or other appropriate official to submit the plan to the Tennessee Board of Utility Regulation.

**Section 4. Submission to the Tennessee Board of Utility Regulation**

The growth plan shall be submitted to the Tennessee Board of Utility Regulation at least thirty days before the next scheduled meeting of the Board at which the plan is to be considered. Upon submission, the Tennessee Board of Utility Regulation may review the plan to determine whether it adequately addresses the utility system's accelerated growth, capital needs, financial projections, rate structure, customer growth, cash flow, and ability to attain a statutory positive change in net position within the required period.

**Section 5. Acceptance and Implementation**

If the Tennessee Board of Utility Regulation accepts the growth plan, the local government utility system may proceed with implementation of the plan.

During the life of the accepted plan, the local government utility system shall not be considered financially distressed solely due to losses associated with accelerated growth, provided that the system continues to implement the plan and the customer base contemplated by the plan continues to be realized.

**Section 6. Annual Reporting**

A local government utility system operating under an accepted growth plan shall report annually to the Tennessee Board of Utility Regulation during the life of the plan.

Annual reporting shall continue until the utility system reports a statutory increase in net position for two consecutive years.

The annual report shall address the utility system's progress under the plan, including implementation of planned capital projects, customer growth, rate adjustments, cash flow, financial performance, and progress toward achieving a statutory positive change in net position.

**Section 7. Deviation from Plan**

If a local government utility system deviates from the accepted growth plan, refuses to implement rate increases required by the plan, repeals the plan, or otherwise fails to carry out the material terms of the plan, the Tennessee Board of Utility Regulation may initiate a normal financial distress case.

In such event, the local government utility system shall be required to implement rates sufficient to achieve a positive statutory change in net position in the following year.

**Section 8. Effect of Resolution**

This resolution is intended to memorialize the Tennessee Board of Utility Regulation's approved process for local government utility systems experiencing accelerated growth.

Nothing in this resolution shall limit the authority of the Tennessee Board of Utility Regulation to review, accept, reject, modify, monitor, or enforce the requirements of any submitted growth plan, nor shall anything herein relieve a local government utility system of its obligation to comply with applicable law, financial reporting requirements, or directives of the Tennessee Board of Utility Regulation.

TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
*Comptroller*

December 15, 2025
Grundy County Plan for TBOUR

Mayor Michael Brady and Members of the County Commission,

Grundy County ("the County") has proposed a plan to expand wastewater service to additional residential, commercial, and industrial customers. Although several prospective customers have been identified, only one represents a confirmed high-volume user: the Caverns, a venue that currently draws substantial tourism to the County. The Caverns has expressed its intent to expand its operations; however, at present, it can only estimate future wastewater flows based on current consumption. The Caverns has consistently demonstrated a commitment to growth and to supporting broader economic opportunity within Grundy County.

The County is requesting that the Tennessee Board of Utility Regulation ("TBOUR") approve a delay in implementing rates that would achieve full cost recovery through 2030. As of FYE 2024, the County has reported a positive change in net position. Board staff has assumed the proposed project will be completed in 2026. Upon completion, the project is expected to increase capital assets by **$5,572,265**, resulting in an increase in annual depreciation expense of **$100,351**—from **$68,845** to **$169,196**. The expansion is also expected to add approximately **$50,000** in additional annual operating expenses. The County projects revenue increases of roughly **$20,000 per year** as new customers are added, and it anticipates collecting **$111,445** annually beginning in FY 2030 through a "Wastewater Maintenance Fee."

Based on the information provided, Board staff anticipates the utility will likely experience operating deficits in 2027, 2028, and 2029, and potentially in 2026, depending on when the project becomes operational. However, staff does not believe these operating deficits will result in cash deficits during the same period. Board staff emphasizes that financial prudence is paramount in utility decision-making. Although staff urges the County to pursue all reasonable measures to avoid operating deficits, the Board has adopted a framework that permits limited periods of financial distress when such circumstances support long-term economic development.

Accordingly, Board staff would offer a positive recommendation to the TBOUR to approve the requested period of financial distress, subject to the following conditions:

1. **Cost of Service Study:**
   The County shall initiate and complete a cost of service study as soon as possible and provide the executed contract to Board staff. This study will establish appropriate customer rates based on projected usage.

2. **Plan Refinement:**
   The County shall collaborate with Board staff to refine its submission for consideration at the TBOUR's March 2026 meeting.

3. **Monthly Updates:**
   From now until the March 2026 meeting, the County shall provide monthly updates detailing the status of the proposed project and any progress made in ensuring future financial sustainability.

Board staff emphasizes that progress on this plan will be closely monitored throughout its duration. Approval of the requested relief does not constitute a commitment that adjustments will not be required should conditions change or the project fail to progress as anticipated. If financial or operational outcomes deviate materially from the assumptions underlying this recommendation, Board staff may require the County to modify its approach, including the potential implementation of revised rates or other corrective measures to ensure ongoing compliance with state law and the long-term financial sustainability of the utility.

While Board staff supports approval of the plan, this recommendation is made with caution. If the County does not achieve financial stability by the end of the approved period, the TBOUR will likely require the implementation of rates sufficient to ensure compliance with state law.

Sincerely,

Ross Colona

Ross Colona
Assistant Director / Designated Manager
Local Government Finance / TBOUR

**JAMES C. HAILEY & COMPANY**
*Consulting Engineers*

360 Cool Springs Boulevard, Suite 100
Franklin, TN 37067
Telephone: 615-883-4933
Fax: 615-883-4937

December 11, 2025

Michael Brady, County Mayor
**[VIA EMAIL]**

Re: **Project Scope and Feasibility**
**Grundy County, Tennessee**

Dear Mayor Brady:

At the request of representative(s) from the Comptroller's office, please accept this letter regarding the project scope and need for project.

As you know, the Tennessee Department of Environment and Conservation (TDEC) has identified a "quantity" issue with respect to flow rate into Grundy County's existing sewer system in the Pelham community. At present, the daily flow is tens of thousands of gallons below the rated capacity of the treatment facility. Hence, the proposed project would have the potential to quell future violations. Regarding the feasibility of accomplishing this objective in the manner presented, it is true that if a wastewater treatment plant is underloaded, effluent issues will arise; however, James C. Hailey & Company has not performed an assessment of the existing sewer treatment facility and is basing its current opinion on TDEC's assertion.

With respect to the future scope of projects associated with the Grundy County sewer system, beyond the proposed plan, there are no significant capital improvements planned. The County just upgraded processes at its Coalmont wastewater facility, and prior to that only a small single-business commercial pump station was added in the previous 10 years. It is important to note that wastewater effluent standards are continuously changing, and that the next 10 years could require upgrades or replacement of treatment systems currently unknown to all parties involved driven by the Utility's National Pollutant Discharge Elimination System (NPDES) permit. The NPDES permit would be instituted by TDEC, who is given primacy over regulation of direct discharge effluent by the Environmental Protection Agency (EPA).

If you have any questions or if we can be of assistance, please let us know.

Sincerely,

**JAMES C. HAILEY & COMPANY**
Consulting Engineers



Michael N. Green, P.E.

Enclosure
Cc: Katie Kortekaas, SETDD

JCH Project# 24147

**JAMES C. HAILEY & COMPANY**
*Consulting Engineers*

360 Cool Springs Boulevard, Suite 100
Franklin, TN 37067
Telephone: 615-883-4933
Fax: 615-883-4937

December 11, 2025

Michael Brady, County Mayor
**[VIA EMAIL]**

Re: **Detailed Description of Planned Capital Projects**
**Grundy County, Tennessee**

Dear Mayor Brady:

At the request of representative(s) from the Comptroller's office, please accept this letter regarding a detailed description of the scope of planned capital improvements projects.

The current project is the largest scale improvement since the initial inception of the sewer collection plant and collection system. Initially constructed in the mid-1990s, Grundy County's sewer system consists of two (2) separate treatment facilities and associated collection systems. At present, the Coalmont wastewater treatment plant and collection lines contain the lion-share of flows. In Pelham, a smaller wastewater treatment plant, dedicated to the industrial park was implemented in the late 1990s and consists of a 30,000 gallon per day on-site treatment facility with a direct discharge permit to the Elk River.

In consideration of future capital improvements (beyond the proposed project), it is recommended that the Utility standardize residential effluent pumps at some point in the future. This could be done in phases, or all at once depending on whether or not the opportunity arose. This improvement would be considered per pump and would be recommended to pass through as a non-capitalized asset, being valued at less than the County's capitalization threshold per pump. Additionally, it is recommended that the Utility consider the purchase of property near their existing treatment plans to perform additional irrigation/drip disposal of effluent. This is not to say that any physical improvements will be necessary or recommended in the next 10 years, but having a plan and property that has already been assessed and acquired is proactive. Finally, implementation of telemetric or automated systems would be helpful in monitoring and/or operating the sewer system.

Together, the recommended improvements (not including land purchase) could be under $100,000 to $300,000 depending on the type of pump standardized and the extent of telemetry equipment. These improvements are suggestions and the Utility could continue to operate without; however, because individual components of these improvements can likely be found at costs below the capitalization threshold, they would not require consideration in the County's depreciation line item. This means the current sewer extension project will have the largest effect on the sewer system, in terms of depreciation.

If you have any questions or if we can be of assistance, please let us know.

Sincerely,

**JAMES C. HAILEY & COMPANY**
Consulting Engineers



Michael N. Green, P.E.

Enclosure
Cc: Katie Kortekaas, SETDD

JCH Project# 24147

# GRUNDY COUNTY SEWER
# ASSET MANAGEMENT PLAN
## NOVEMBER 2025

**1270 MARKET STREET**

**Chattanooga, TN 37402**

**TELEPHONE: 423-708-5858**

# GRUNDY COUNTY

# SEWER ASSET MANAGEMENT PLAN

PREPARED FOR:

**GRUNDY COUNTY**

**68 CUMBERLAND STREET, SUITE 133**

**Altamont, TN 37301**

**TELEPHONE: 931-692-4357**

PREPARED BY:

**CROY ENGINEERING, LLC**

**1270 MARKET STREET**

**Chattanooga, TN 37402**

**TELEPHONE: 423-708-5858**

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# I. Executive Summary

Grundy County Sewer Asset Management Plan is a comprehensive report on the quantity and quality of the sewer system assets owned and operated by Grundy County. A well-maintained sewer system is of the utmost importance for providing superior collections service. The Asset Management Plan describes Grundy County's goals and initiatives for maintaining and improving the sewer system's health and functionality through the most efficient management practices. This report discusses the condition of the sewer system, identifying critical infrastructure and stating tactics for the financial and technical investments that are necessary to fulfill the asset management practices. A long-term funding plan is included towards the end of the report to explain the methods by which Grundy County plans to finance future repairs and improvements to its sewer system and maintenance costs to sustain the upkeep of the assets to ensure they function properly and efficiently for the duration of their useful service lives.

Grundy County owns and operates approximately 78,000 linear feet of sanitary sewer lines, with over 75,000 linear feet being "main" collection lines. "Main" lines include all sanitary sewer pipe equal to or exceeding six (6) inches in diameter. Approximately 50 customers are served by the Grundy County Sewer System, the Grundy Wastewater Treatment Plant, and the Beersheba Springs Lift Station. According to the As-Builts and GIS information provided, all sanitary sewer lines are all within their useful service life. The Pelham Sand Filter Drainage System serves the town of Pelham, featuring a 30,000-gallon recirculation sand filter and five (5) recirculation pumps.

An accurate and current asset inventory reporting age and condition is vital in determining the health of a system and the need for replacements within the system. This information can be determined by utilizing As-Builts, employees of Grundy County, and GIS.

Included in this report are suggested level of service goals for Grundy County to supplement the sewer system's current best management practices. Best management practices describe the actions Grundy County takes to further extend the useful service life of assets in the sewer system while ensuring the assets perform as expected for the duration of their useful service lives.

Every asset in Grundy County's sewer system requires annual maintenance and eventually, repairs or replacements. Annual maintenance costs and anticipated repair and replacement costs combine to make up the minimum life cycle cost of each asset. Upkeeping performance standards and meeting Grundy County's level of service goals takes long-term financial investment.

Grundy County releases an annual financial report on June 30th of each year, this information is required by the Comptroller of Tennessee. The annual financial report allows Grundy County to reflect on yearly spending, identify revenue streams, and consider possible items resulting in excessive expenditures. The Audit Committee consists of Rusty Payne, Brenda Andy, and Danny Lusk.

The Grundy County Asset Management Team is responsible for ensuring and emphasizing the implementation of asset management best practices. This responsibility also includes updating and improving Grundy County Asset Management Plan according to its revision and renewal intervals. The Asset Management Team is a combination of Grundy County elected officials, plant operators and consultants from Croy Engineering, LLC. Each Grundy County team member provides vital information regarding the sewer system, finances, and goals that become synthesized through asset management practices to create asset inventories, anticipate potential asset failures, and plan for costly repairs and replacements.

# II. Grundy County Asset Management Team

Grundy County's Asset Management Team, listed below in Table I, were key contacts and contributors to Croy Engineering's development of the Asset Management Plan.

*Table I: Grundy County Asset Management Team*

| Name | Organization | Title |
|---|---|---|
| Michael Brady | Grundy County | Mayor |
| Nathan Sanders | Grundy County | Deputy Mayor |
| Billy Campbell | Grundy County | Sewer Operator |
| Dan Martin | Grundy County | Certified Operator |
| Varies by Term | Grundy County | County Commissioners |
| Staff | Croy Engineering, LLC. | Varies |

The Asset Management Team members from Grundy County shall be responsible for the current and future upkeep of the asset management initiatives and procedures outlined in this Asset Management Plan. Each representative on the Asset Management Team holds extensive knowledge of the sewer system's assets and their conditions. This group consists of Grundy County employees and elected officials who have extensive knowledge about the sewer system functionalities, data collection and integration methods, finances, and the sufficiency of the sewer system to the customers. The Asset Management Team shall define the costs and benefits of changes to the system and identify any assets critical to the operation and performance of Grundy County's sewer system.

Grundy County Asset Management Team members discuss the financing strategies to pay for operations, maintenance, and improvement of the County's sewer system. They are accountable to determine and manage the level of service best management practices, adjust these practices as required, and ensure said practices comply with the County's level of service goals should they change in the future. It is the Asset Management Team's responsibility to review and revise the Asset Management Plan for future editions. The Asset Management Team shall revise the Asset Management Plan every three (3) years to ensure the information is current and accurately represents the condition of the system and the actions required to maintain it.

Any changes or additions to the Asset Management Team shall be included in future revisions.

Utility Information for the Asset Management Plan can be found in Appendix A.

# III. Introduction and Context

Grundy County is in Middle Tennessee geographically and is home to South Cumberland State Park. The County was created from three separate counties in 1844. The development of the town of Beersheba Springs attracted many tourists for its health resort, and as such brought many new residents to the area. Grundy County does not own the water distribution system which provides water to its residents. Big Creek Utility District, Hillsville, and Tracy City provide water to Grundy County residents. The Big Creek Utility District (BCUD) provides water to over 9,000 residents of Grundy County. The primary source of water for BCUD is Ranger Creek Reservoir. The BCUD Consumer Confidence Report (CCR) for 2024 met all drinking water standards set by the Tennessee Department of Environmental and Conservation (TDEC) and the Environmental Protection Agency (EPA).

The collection system is owned and operated by Grundy County. The sewer system is made up of collection lines ranging from 2 inches to 10 inches in diameter. Grundy County recently updated its existing wastewater treatment plant (WWTP) in 2024, adding a new spray field and updating the existing three (3) spray fields. It is extremely beneficial to develop an Asset Management Plan (AMP) to properly manage and record all data through a database inventory.

The AMP for Grundy County includes asset inventory, required sustainable level-of-service, identification of critical assets, determination of the lowest life-cycle cost options for providing the highest level-of-service over time, and long-term financing strategies.

The objective of the AMP is to establish the long-term sustainability of Grundy County's sewer system. The AMP is a tool to make better decisions about when to repair, replace, or rehabilitate certain assets and to develop long-term funding strategies to obtain the highest quality of service. Other benefits of AMP include increased knowledge of Grundy County's sewer system, reduced stoppage time and a greater understanding of where and when breaks or overflows occur. Prioritizing rehabilitation and replacement and having access to greater financial assistance will be possible with the information gathered by this AMP. Preventative maintenance shall be implemented where necessary to avoid emergency rehabilitation and repairs.

It is anticipated that Grundy County leaders shall review the AMP every three (3) years to determine if any rules or regulations have changed. If methodology has altered for the components in any way, revisions shall be implemented in future editions of the AMP.

To begin the Asset Management Plan, the Grundy County Sewer System completed the Tennessee Infrastructure Scorecard, as shown in Appendix B. The scorecard indicates the health of the infrastructure within the county. When the Asset Management Plan is reviewed annually, the scorecard can be reviewed and updated as well. "Red" flags signify where requirements have not been met, and "Green" flags are for requirements that have been met for the utility system being scored.

Currently, the Infrastructure Scorecard notes that the Asset Management category has "Red" flags for items such as an Asset Management Plan, GIS Mapping, Condition Assessment, Meter Testing, and Work Order System. Grundy County also has a "Red" flag for more than 80% capacity reached for the wastewater treatment plan, and a "Red" flag for not meeting Wastewater Permit Requirements.

# IV. Current State of Assets

Maintaining an asset inventory is necessary to ensure a sewer system is functioning properly and up to date in terms of health guidelines and environmental guidelines. The ability to access the locations of assets quickly and easily is imperative for sewer systems to function. The AMP categorizes the assets based on condition and factors such as health and environmental concerns. The asset inventory will serve as a database for Grundy County to utilize and provide crucial information about its assets. Grundy County shall commit to updating the asset inventory regularly to ensure its data is current and accurate so asset management practices can be fulfilled.

To begin the inventory and condition assessment, criteria for each asset were determined. These assets all met the same criteria: having a cost greater than approximately $5,000, having a useful life of greater than (1) year, having measurable criteria for which work orders can be generated, and being critical to the delivery of utility service, employee safety, or regulatory compliance.

Once each asset was defined by the Asset Management Team, Grundy County needed to document all assets. The inventory of all assets is included in Appendix D. Assets include the sewer force main pipe, the Beersheba Springs Pump Station, the Pelham Sand Recirculation System, and assets that are specific to the wastewater treatment plant (WWTP). Each asset has been assigned a category, and key attributes such as size, material, manufacturer, model number, based on information provided by As-Builts and GIS.

The inventory table of all the assets was primarily populated by data from the existing Grundy County GIS mapping system and as-builts of the Beersheba Springs Sewer System Facilities, the Grundy Wastewater Treatment Plant Upgrades, and the Pelham Sand Filter Recirculation System. A map of the entire system is included in Appendix C. The inventory table can be used to improve the current GIS to record new data for future AMP updates in one place.

One area of improvement noted for Grundy County is to record updated installation dates when replacements of assets are completed and assign Asset IDs for all known assets. Another area of improvement is to ensure that all the assets in the system have updated size/diameter information. Adding the newly updated wastewater treatment plant and the existing Pelham Sand Recirculation System to Grundy County's GIS record would greatly improve the quality of the information for future AMPs.

Based on available GIS information and as-builts, all assets were assigned estimated installation dates. The date of installation was used to complete the Utility Asset Life-Cycle, included in Appendix E. Each asset type was assigned a useful life in years. For example, wastewater aerators were assigned a useful life of 25 years, where sanitary sewer pipe was assigned 50 years. Using the installation dates, the age of each asset was estimated and compared to its assigned useful life. Based on these findings, each asset was assigned a status of Excellent, Fair, Poor and Satisfactory in the Life-Cycle category. Based on years in service and predicted life expectancy, the remaining useful life of each asset is determined.

The remaining useful life rank determines the Condition Capacity; this category is used throughout this AMP to report on the condition of Grundy County's sewer assets. These conditions include, "Unserviceable/ End of Life", indicating remaining useful life of 0-20%, "Significant Deterioration", indicating 20-40%, "Moderate Deterioration", indicating 40-60%, "Minor Deterioration", indicating 60-80%, and "New/ Excellent", indicating 80-100% remaining useful service life.

The overall Condition Capacity Category included in the AMP includes three separate scores that correlate to the remaining useful life ranking, the current asset capacity level of service, and the current asset condition. The Condition Capacity Category can be found in Appendix F. These scores were then combined to form the Likelihood of Failure (LOF) Score.

The LOF Scores of the assets were then combined with the consequence of failure of the assets. Using categories such as redundancy, population served, and public health/environmental concerns, the consequence of failure was assigned for each asset. The Probability and Consequence of Failure Category is included in Appendix G. Found in Appendix H is the Capital Improvement Needs Category, which ranks the assets, as well as adding an estimated price for each asset. This Category is then ranked in order of replacement importance, generating Appendix I, Asset Management Plan Report.

This ranking establishes an order of replacements for Grundy County to keep its system functioning. All assets that were deemed “Unserviceable/ End of Life” have priority to be replaced first. Assets of note that are considered “Unserviceable” include the recirculation pumps for the Pelham Sand Filtration System, as these pumps have a lifespan of 25 years, and were installed in 2001. This puts the pumps among the assets that require an inspection within the next year and for consideration of possible replacement.

Other assets that are ranked as currently in the significant deterioration category should be prioritized for replacement after all assets in the unserviceable category have been replaced or repaired. Decisions regarding asset repair should be made based on inspection of the asset by an employee of Grundy County or on data collected on the asset that includes repair and break information.

# V. Grundy County Sewer System Overview

Grundy County's sewer assets consist of over 75,000 linear feet of force main collection pipes, as well as several thousand linear feet of laterals that collectively serve around 50 customers. Several improvements have been made to Coalmont WWTP recently. Said improvements include the replacement of the original three spray fields at Coalmont, as well as the addition of a fourth new spray field.

*Table II: Grundy County Assets Overview*

| Asset Group | Quantity | Unit |
|---|---|---|
| Sewer Collection Piping | 76,996 | Linear Feet |
| Sewer Collection Valves | 23 | Each |
| Beersheba Springs Pump | 1 | Each |
| Aeration Basins | 2 | Each |
| Aerators | 2 | Each |
| Storage Lagoons | 1 | Each |
| Spray Pump Wet Well | 1 | Each |
| Maintenance and Lab Building | 1 | Each |
| Effluent Pumps | 2 | Each |
| Spray Fields | 4 | Each |
| Recirculation Tank | 1 | Each |
| Sand Recirculation Pumps | 5 | Each |
| Pelham Sand Recirculation | 1 | Each |
| Effluent Septic Tank | 1 | Each |
| Ultraviolet Disinfection System | 1 | Each |

For infrastructure installed in 1993 and 2005, asset locations were assumed based on parcel data provided in as-built drawings. The asset description for each valve includes a parcel identification number for easy location identification. As-built data was not provided for valves installed prior to 1993.

## Sewer Collection Piping

Grundy County owns and operates sewer pipe ranging in sizes from 2 inches to 10 inches diameter. Below is Figure I, a map displaying the locations of the collection piping system operated by Grundy County. Table III indicates the quantity of sewer collection pipes in linear feet of each size. This information is from GIS and as-builts provided by Grundy County.

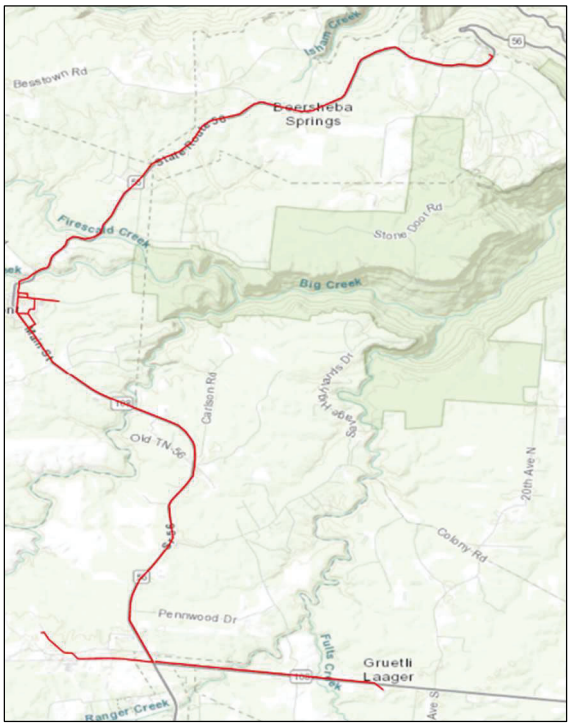



*Figure I: Grundy County Sewer Piping Map*

*Table III: Grundy County Sewer Piping*

| Asset | Quantity (LF) |
|---|---|
| 2 Inch Pipe | 1,850 |
| 4 Inch Pipe | 630 |
| 6 Inch Pipe | 4,212 |
| 8 Inch Pipe | 28,649 |
| 10 Inch Pipe | 41,655 |

The sewer piping installation year was provided by the Grundy County Sewer System GIS, and as-built plans. The age of sewer piping for which the installation date was unknown was estimated from the age of known surrounding pipes, and from the provided As-Builts. Sewer collection piping has an expected useful service life of approximately 50 years. Based on this criterion, all of the sewer force main piping owned by Grundy County is in the “Minor Deterioration” category. Over 75,000 linear feet of the piping in

the system is “main” lines, which includes any lines equal to or larger than six (6) inches in diameter. GIS data for additions to the north portion of the system (Beersheba Springs) were derived from as-built drawings. The installation dates and material type were then recorded based on known pipes as described in as-built drawings and GIS database. The 2005 Beersheba Springs Sewer As-Builts indicate “main” pipes in the system consist of PVC. The 1993 As-Builts from the Coalmont WWTP construction include drawings of the pipe network leading to the plant, which is described as “10-Inch FM State Route 108” in the AMP. Pipes installed prior to 1993 and 2005 had unknown materials that cannot be determined without inspection of the pipes.

## Sewer Valves

Information for the valves in Grundy County’s system was collected solely from As-Built drawings, any information on condition is based on the age of the surrounding pipes, as well as the known useful life and size of the valve. The as-builts show over 20 valves on the sanitary sewer additions. However, the existing force mains do not have valve data on the as-builts or GIS information. Valve types include Gate Valves, Blowoff Valves, and Air Release Valves. All valves are on the previously determined “main” lines, described as any pipe equal to or over six (6) inches in diameter. This determines the estimated replacement cost. The estimated useful life for valves was determined to be 50 years. Based on this criterion, all valves that were assigned age from 2005 as-built data were in “Minor Deterioration” Condition. Any valves not reported in the as-built drawings or GIS database could not be analyzed and were not included in the AMP.

*Table IV: Grundy County Sewer System Valves*

| Asset | Quantity (LF) |
|---|---|
| Gate Valve | 12 |
| Air Release Valve | 6 |
| Blowoff Valve | 5 |

## Beersheba Springs Lift Station

Grundy County owns and operates one Lift Station for its sanitary sewer collection system. Grundy County provided as-built drawings of the Beersheba Springs Lift Station dated December 2005. This Lift Station connects to the Beersheba Springs 8-inch force main using a smaller 4-inch force main. Based on the 50 year useful life criterion, the Beersheba Springs Lift Station is considered to be in “Minor Deterioration” condition.

## Coalmont Wastewater Treatment Plant

The Coalmont Wastewater Treatment Plant was constructed in 1997. The as-built drawings provided by Grundy County for upgrades to Coalmont as constructed in 2024 include three updated LAS spray fields, as well as the storage lagoon, two (2) aeration ponds, and updated flow meter vaults. Other Improvements made to the system include new pumps and motors from the Storage Lagoon to the spray fields, as well as replacement of the aerators, and the addition of a fourth spray field. This fourth spray field will add an approximately four (4) additional acres to the spray field area.

The estimated useful life for flow meter vaults and Influent flow measurements structures is 20 years. Based on this criterion, the condition of these assets is “New/ Excellent”. Aeration basins have an estimated useful life of 50 years and based on this criterion, both the north and south basins are considered to be in “Significant Deterioration” condition. The aerators within each of the aeration basins have an estimated life expectancy of 25 years; therefore, the aerators are in “Unserviceable/End of Life” condition. Storage lagoons have an estimated useful life of 50 years. The storage lagoon at Coalmont WWTP is considered to be in “Significant Deterioration” condition based on its age. The wet well structure has an estimated useful life of 50 years. Based on this criterion, the wet well is in “Significant Deterioration” condition. The estimated useful life expectancy of the effluent pumps going from the storage lagoon to the spray fields is 25 years, which puts the asset in “New/ Excellent” condition, as they were just replaced in the 2024 plant upgrade. The spray fields all have an estimated useful life of 50 years, putting all the spray fields in “New/ Excellent” Condition, as they were updated with new spray heads and PVC in 2024.

*Table V: Grundy County Coalmont WWTP*

| Asset | Quantity (Each) |
|---|---|
| LAS- New Spray Field No.4 | 1 |
| LAS- Spray Field No.1-3 Replacements | 3 |
| Aeration Basins | 2 |
| Aerators | 2 |
| Storage Lagoon | 1 |
| Maintenance and Lab Building | 1 |
| Flow Meter Vault and Flow Measurement device | 1 |
| Effluent Pumps | 2 |
| Spray Pump Station Wet Well | 1 |

## Pelham Sand Filter System

The Pelham Sand Filter System consists of a 30,000 GPD Recirculating Sand Filter, five (5) recirculation pumps, a 2,000-gallon septic pump tank, and an ultraviolet disinfection system. This information was collected using the as-builts provided by Grundy County. This sand filtration system serves the Town of Pelham, which has a population of around 500 people. The estimated useful life of recirculation tanks is 50 years. Based on this criterion, the recirculation tank is in "Minor Deterioration" condition. The estimated useful life of recirculating sand filters is also 50 years. Based on age, the sand filter is in "Minor Deterioration" condition. The pumps have an estimated useful life of 25 years; therefore, all five (5) of the pumps are in "Unserviceable/ End of Life" condition. The estimated useful life of the effluent septic tank is 50 years, which puts the tank in "Minor Deterioration" condition. The estimated useful life of the ultraviolet disinfection system is 25 years; therefore, the UV system is in "Unserviceable/ End of Life" condition.

*Table VI: Pelham Sand Recirculation System*

| Asset | Quantity (Each) |
|---|---|
| Pelham Sand Filter Drainage System | 1 |
| Recirculation Tank (30,000 Gallon) | 1 |
| Recirculation Pumps | 5 |
| Effluent Septic Tank (2,000 Gallon) | 1 |
| Ultraviolet Disinfection System | 1 |

# VI. Level of Service

Level of service describes the safety, reliability, and functionality of the assets in the sewer system. Grundy County's level of service goals determine the maintenance practices required to upkeep the assets in the sewer system and ensure they are functioning properly and efficiently so Grundy County can continue to collect sanitary sewer from customers.

Best management practices hold the asset management team accountable for their commitment to the AMP goals and high levels of service. Preventative maintenance should be implemented when applicable to minimize large and often costly repairs. These practices provide guidelines to follow for the inspection and maintenance of Grundy County's sewer assets. Best management practices are to be used as the baseline level of service to the sewer system's assets.

Any service, inspection, or maintenance practices not implementing Grundy County's best management practices is not acceptable and does not uphold Grundy County's level of service goals for maintaining and improving the sewer system. Grundy County suggested best management practices are described in the paragraphs below.

## GIS Mapping

Confirming the assets via survey and inspections to include the lift station, the material, size, and length of the collection pipes contained within the system, and all valves is imperative in understanding the health of the entire system, as well as keeping track of sewer cleanings and valve exercises within the system.

## Valve Inspection and Exercising Program

Grundy County does not outline a valve inspection and exercise program for their sanitary sewer system. As the collection pipes for Grundy County were all recorded to have installation dates in 1993 and 2005, the same can be determined for the valves that service these pipes. Assuming that the valves are over 20 years old, the valves are all considered to be in "Minor Deterioration". An inspection would need to be performed to confirm the full extent of the condition of the valves. A visual inspection can aid in determining when build up would cause deficiencies in the sewer system. If not identified, corrosion in the pipes and leaks can occur. A recommendation to keep Grundy County's system in working order would be to inspect valves when leak/overflows or breaks are reported and develop a plan for valve exercising. A goal would be to ensure that 100% of the "main" valves within Grundy's system are exercised every year. There are under 30 valves in the as-builts provided, exercising these valves is imperative in maintaining the health of the system as it determines which valves are inoperative.

## CCTV, Smoke Testing, and Sewer Jetting

CCTV sewer inspection, sewer jetting, and smoke testing can all be used to determine leaks within the Grundy County sewer system. Implementing smoke testing and CCTV is a necessary step in maintaining the level of service from Grundy County to its customers. Implementing a compilation of hard copy work orders to be in one system and a standard operating procedure for how they are responding to issues is important to quickly identify cracks.

Sewer CCTV is the level of service practice that improves the quality of sewer collection throughout the system. CCTV inspection will determine cracks and blockages in the system. This is beneficial for a system that is about 15 miles long, as Grundy County will be able to pinpoint where in the system the cracks have occurred quickly for repair. CCTV operators aim to inspect half a mile a day, given this information the CCTV inspection can be completed within a month. This information will create a digital record of inspection that can be input into GIS to map which parts of the system have been assessed and will require repair.

## Lift Station Maintenance

The Beersheba Springs Lift Station does not have any services or maintenance best practices outlined by Grundy County. A recommendation for Grundy County would be to commit to visual inspections of the Lift Station weekly, this would include checking for debris around the lift station, as well as debris around the float switch, inspecting the pump, inspecting the electrical, valve vault, and wet wells. Making note of these inspections and keeping detailed records can aid in replacement schedules for the asset. This is all under the assumption that Grundy County has the necessary staff to complete weekly inspections.

## Sewer Treatment Plant Maintenance

The Coalmont Wastewater Treatment Plant was recently updated with new spray heads and piping that will require maintenance in differing intervals. For example, checking for back pumping water into the system or the spray pump operation should be completed every other day, while mowing the ponds and the spray fields should be completed as necessary depending on season. Checking the sprayers to ensure they are working properly should be completed every other day, as well.

## IT Infrastructure

Grundy County maintains three (3) separate networks in its operation. Located in the main office, Grundy County maintains one (1) local network serving employee laptop and desktop computer units throughout the facility. Grundy County maintains one (1) telephone notification network unit at the Beersheba Springs lift station, through which high-level and low-level alarms are alerted directly to the mobile phone(s) of on-call maintenance staff. Grundy County maintains one (1) telephone notification network unit at the Coalmont Wastewater Treatment Plant, through which maintenance alarms are alerted directly to the mobile phone(s) of on-call maintenance staff. This network supports the desktop computer units in the operations and maintenance building and phone calls made into and out of the wastewater treatment facility.

## Annual Financial Report

Grundy County releases an annual financial report on June 30th of each year, this information is required by the Comptroller of Tennessee. The annual financial report allows Grundy County to reflect on yearly spending, identify revenue streams, and consider possible items resulting in excessive expenditures. The annual financial report records the money used for various circumstances to help determine excess spending or the possibility of a leak throughout the sewer system. The annual financial report consists of

net position, cash flow, financial statements, federal awards, revenues and expenses, insurance, and various other factors involving budget.

# VII. Critical Assets

Critical Assets are sewer assets that are vital to the sewer system. If these assets were to fail, experience diminished performance, or be out of service for an extended period of time, they would result in dire consequences and negative impact to the sewer system. Assets can qualify as critical for various reasons. Assets that are essential to the collection of sewers throughout the system (i.e., treatment facilities, lift stations) or the efficiency of the sewer system overall shall be considered critical in this AMP. The criticality of assets should be considered when determining the level of investment of personnel and financial resources.

The AMP includes a criticality table, Probability and Consequence of Failure, located in Appendix G. The probability and consequence of failure criteria include redundancy, population effected by failure, regulatory impact of failure, and public health or environmental concern of failure. Each asset was identified as either having a back-up asset on hand/easily acquired or none and provided a score of either 2 or 4, yes or no, respectively. The population served by each asset was identified being between 0-20%, 20-40%, 40-60%, 60-80%, and 80-100% of the system's customers, and provided a score between 1 and 5. Each asset was provided with a score based on if its failure would cause regulatory violations: 2 and 4, no and yes, respectively. Lastly, each asset was provided a score based on if the asset failure would lead to public health or environmental concerns. The scores were 2 and 4, no and yes, respectively. The final Asset Criticality Score was generated by multiplying the risk of failure score times the aggregate of the consequence of failure scores. The criticality score was then used to rank the criticality of all assets included in the table.

Large sewer mains are critical within the system due to the large amounts of sewage they collect and the pressure and flow they provide. If a blockage or break were to occur in a large pipe, there would be major environmental consequences and decreased service quality for affected customers in Grundy County. The length of the Beersheba 8-inch and the 10-inch Altamont force mains comprise over 50,000 linear feet of pipe, a break from these pipes would be critical to the system. Using GIS to its full potential to mark where valves are along "main" lines will greatly improve the ability to repair breaks in the system.

A criticality hierarchy shall be developed to aid Grundy County in making prioritization decisions for asset repairs, replacements, and upgrades to maximize utility and minimize cost. Assets that are past their useful service lives, underperforming (i.e., pipes experiencing leaks or breaks), or in "unserviceable" condition are categorized as being in critical condition due to their higher risk of failure. Such assets shall be treated as critical in this AMP for determining asset repair and replacement order. Critical assets shall be at the top of the hierarchy as Grundy County plans for replacements of aged and failing assets, and repairs of salvageable assets for which service life can be prolonged.

# VIII. Minimizing Life Cycle Costs- Capital Improvement Plan

Now that Grundy County has completed their inventory, determined the current condition of assets, assigned criticality, all components are now collected to prioritize the repair, rehabilitation, and replacement of the capital assets. The estimated monetary contribution a municipality makes towards the operating, capital, and maintenance of an asset in the time span of its operating life is known as the asset's life cycle cost. Life cycle costs include acquisition, installation, maintenance activities (calibration, inspection, exercising, flushing, etc.), retirement or removal, and replacement of the asset.

The AMP includes the initial price of each asset, historical inflation rates, estimated replacement costs in current dollars, an expected replacement date, the asset's condition, and the asset's criticality. The utilized template provides an asset priority ranking for every asset. The Capital Improvement Needs worksheet can be found in Appendix H.

The AMP serves to rank improvements to the high priority, critical assets that need to be repaired and/or replaced to elevate from a category of "Unserviceable/End of Life" to "New/Excellent". Although the provided template outlines organization and prioritization of assets, it is imperative that Grundy County staff review the information and provide input. The final AMP Report can be found Appendix I. The completion of all the projects that are designated "Unserviceable/End of Life" will cost Grundy County approximately $115,000. These costs mainly consist of upgrades to the Pelham Sand Filtration System and Coalmont WWTP, including five (5) recirculation pumps, the aerators from the aeration basins, and the UV disinfection system.

*Table VII: Percent Unserviceable and Cost of Replacement or Repair*

| Type | Total number of Asset | Percent Unserviceable | Cost of replacement/repair |
|---|---|---|---|
| Sanitary Sewer Pipes | 76,996 linear feet | 0% | $0 |
| Sewer Valves | 23 Each | 0% | $0 |
| Lift Station | 1 Each | 0% | $0 |
| Sand Filtration | 8 Each | 75% | $95,000 |
| WWTP | 14 Each | 15% | $20,000 |
| **TOTAL** | | | $115,000 |

Instead of replacing all assets within this designation, it is recommended that Grundy County review these specific assets, perform a complete inspection, and issue repairs/replacement on an as-needed basis. Assets such as the UV disinfection system could be in "Minor Deterioration" condition based on a visual inspection, as there is a concrete structure protecting it. Project costs have increased significantly due to inflation factors in construction, but the County has additional revenue to continue to replace or repair unserviceable assets. These projects could be completed over the next year using capital budget. Once all assets have improved out of this category, Grundy County should consider the rehabilitation of assets designated as "Significant Deterioration". Assets such as the north and south aeration basins are most likely only in need of cleanings or visual inspections to maintain the asset's condition and return them in "Minor Deterioration" condition.

# IX. Long-Term Funding Plan

Implementing and continuing the best management practices, asset repairs and rehabilitation, and asset replacements are actions that are not inexpensive and require proper funding to complete. Monetary investment in the sewer system in the form of rehabilitation efforts shall extend the useful service life of its assets and improve the overall health of the system. If a utility were to only make small investments in their sewer assets, the total replacement will only delay the financial burden that comes with large-scale replacements and upgrades. With emergency repairs, such as leaks and breaks, comes sewer collection losses that are costly and require significant man-hours to resolve.

A working sewer budget worksheet was developed for Grundy County to provide a simplified version of the County's financial position with respect to their earnings and spending. Grundy County provided Croy Engineering LLC. with an annual financial report for the year 2024 to assist in creating the budget worksheet. The document contains the approved revenues and expenses for Grundy County's 2024 annual financial report. The 2024 Sewer-Only Budget Worksheet is displayed in Figure II.

## Revenues

Grundy County collected $150,397.00 in revenue for the year 2024. Grundy County's sewer revenues consist of sewer service fees, general service fees, and various other factors. All of Grundy County's revenue comes from charges for services.

## Expenses

Grundy County spent $144,585.00 on the sewer system for 2024. Grundy County's sewer expenses consist of operating and maintenance, communication, testing, electricity, and miscellaneous charges.

In case of an emergency, Grundy County has insurance budgeted to finance any unanticipated issues that may arise. If no other option is applicable for Grundy County, then they shall fall back on net income to fund emergency repairs or system improvements if necessary.

## Funding Plan

As shown in Figure IX, Grundy County has a change in net position of approximately $5,812.00. To complete the projects included in the Capital Improvement Plan, $115,000.00 is required. These capital projects will fluctuate each year depending on the determined need. These funds cannot be comprised of grants and loans alone but will rather need to be incorporated into a larger rate study. Every year, Grundy County will have to budget for the "Unserviceable/ End of Life" assets within their system to be updated or replaced until all assets are in either "Minor Deterioration" or "New/Excellent" Condition. From there, preventative maintenance will be imperative to ensure that all assets remain in "Minor Deterioration" Condition.

| Revenues | | Expenses | | Net Income | |
|---|---|---|---|---|---|
| Wastewater services Sales: | $ 149,522.00 | Water and Sewer: | $ 312.00 | Total Revenues: | $ 150,397.00 |
| Miscellaneous Refunds | $ 875.00 | Communication: | $ 880.00 | Total Expenses: | $ 144,585.00 |
| | | Contracted Services: | $ 36,773.00 | | |
| | | Electricity: | $ 11,828.00 | | |
| | | Testing: | $ 7,048.00 | Net Income (Revenues - Expenses): | $ 5,812.00 |
| | | Supplies and Materials: | $ 16,346.00 | | |
| | | Depreciation: | $ 68,845.00 | | |
| | | Other Charges: | $ 2,553.00 | | |
| | | | | **Additional Reserves** | |
| | | | | Change in Net Position: | $ 5,812.00 |
| | | | | Net Position July 1, 2023: | $ 905,014.00 |
| | | | - | Net Position June 30, 2024: | $ 910,826.00 |
| **Total Revenues:** | $ 150,397.00 | **Total Expenses:** | $ 144,585.00 | **Total Reserves:** | $ 910,826.00 |

*Figure II: Grundy County 2024 Budget Worksheet*

# X. Conclusions and Recommendations

To continue to provide the service and reliability to Grundy County's customers, continuous review of the AMP and Capital Improvement Plan must occur. Replacing assets that are beyond their useful service life of 25-50 years will require significant capital. The capital budget to repair or replace all known current assets beyond their useful service life is approximately $115,000. Preventative maintenance remains a cost-effective strategy to avoid large-scale replacements.

The creation of a concise database system including all sewer asset data will be beneficial for the future iterations of the AMP and Grundy County's sewer asset inventory. Age is often the best indicator of underground asset condition. Grundy County should log installation or replacement dates for all assets upon completion. Rehabilitation and repair notes can benefit Grundy County by removing assets on the Capital Improvement Needs Worksheet when repairs are made that extend the useful life of the asset and resolve performance issues that caused the asset's condition criticality.

Implementing asset management best practices and analyzing Grundy County's GIS data shall assist Grundy County in identifying critical condition assets and in prioritizing system improvements to prevent upcoming failure events. Grundy County shall provide superior service to its residents and commercial users by implementing the best management practices outline throughout this AMP and continuing to improve its sewer distribution system as needed. Grundy County's commitment to asset management demonstrates their commitment to the safety, health, and satisfaction of their customers.

The Grundy County AMP shall be revised every year to include updated asset conditions, level of service initiatives, and long-term financial planning. Any changes shall be included in future revisions.

# Appendix A

## Utility Information

# TENNESSEE ASSET MANAGEMENT PLAN

| | | | | |
|---|---|---|---|---|
| **UTILITY NAME:** | Grundy County | | | |
| **UTILITY LOCATION:** | 68 Cumberland Street Altamont, TN 37301 | | | |
| **CONTACT INFORMATION:** | Name: | Michael Brady | Title: | County Mayor |
| | Phone Number: | 931-692-3718 | Email: | Grundymayor@yahoo.com |
| | Name: | | Title: | |
| | Phone Number: | | Email: | |
| **PERMIT NUMBER:** | 92067 | | | |
| **NUMBER OF EMPLOYEES:** | 1 | | | |
| **NUMBER OF CONNECTIONS:** | 52 | | | |
| **DATE ESTABLISHED:** | Jul-25 | | | |
| **DATE UPDATED:** | N/A | | | |
| **SYSTEM CAPACITY:** | | | | |
| **POPULATION SERVED:** | 135 | | | |
| **ASSESOR NAME:** | Paige Benson, PE - Croy Engineering | | | |

# Appendix B

## Infrastructure Scorecard

## WATER INFRASTRUCTURE SUMMARY

| | | | | | |
|---|---|---|---|---|---|
| Name of Entity: | Grundy County | | | | |
| Office Address: | 68 Cumberland Street | | | | |
| City: | Altamont | State: | TN | Zip Code: | 37301 |
| County: | Grundy | | | | |
| Primary Community Served: | Coalmont | | Population: | 135 | |
| ATPI: | 0 | | | | |
| Utility Type: | County | | | | |
| Number of Wastewater Connections: | 52 | | | | |
| Number of Employees: | 1 Full-time | | 0 Part-Time | | |

| NPDES |
|---|
| 92067 |

### UTILITY CONTACT LIST

| Name | Title | Phone | Email |
|---|---|---|---|
| Michael Brady | County Mayor | 9316923718 | grundymayor@yahoo.com |

### REPORTING REQUIREMENTS

| | |
|---|---|
| Entity Fiscal Year: | June |
| Date of Last Audit: | 2021 |
| Adverse Audit Findings: | Yes |
| Notes: | none |

### REGIONALIZATION

| | |
|---|---|
| Has the system considered any regional cooperative efforts? | Yes |
| Does the system have written or verbal agreements with neighboring utilities? | Yes |

| ASSET MANAGEMENT | |
|---|---|
| Asset Mangement Plan | No |
| GIS Mapping | 0-25% |
| Inventory and Condition Assessment | <50% |
| Planned O&M and Work Order System | No |
| Meter Testing & Changeouts | No |
| Captital Improvement Plan & Budget | No |
| IT Infrastructure | No |

| INFLOW and INFILTRATION | |
|---|---|
| Inflow and Infiltration | 33% |
| Millions of Gallons/year | 8.76 |
| Treatment Cost/year | $586,920.00 |

| MODERNIZATION | |
|---|---|
| Wastewater Plant >80% Capacity | Yes |
| Age of Wastewater Treatment Plant | 10-30 years |
| Percentage of lines older than 50 years | 0-25% |

| COMPLIANCE | |
|---|---|
| Meeting Wastewater Permit Requirements | No |
| State Mandated Compliance Order (WW) | No |
| Meeting Order Requirements (WW) | NA |

| STORMWATER | |
|---|---|
| Stormwater Management Plan | N/A |
| System-Wide Map | N/A |

# Appendix C

## GIS Map

# GRUNDY SEWER SYSTEM FORCE MAINS



# Appendix D

## Asset Inventory

| ASSET INVENTORY INFORMATION | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSET LOCATION | ASSET NAME | ASSET ID (MUST BE UNIQUE) | ASSET CATEGORY | ASSET TYPE | MODEL/SERIAL NUMBER | ASSET DESCRIPTION | ASSET SIZE | GIS LONGITUDE | GIS LATITUDE | INSTALL DATE | REPAIR/REPLACEMENT HISTORY |
| Sewer_Collection | Sewer Pipe | 8-Inch Beersheba Springs FM | Transmission line | Main | PVC | 28,649 LF | 8 | -85.720864 | 35.433108 | 2005 | |
| Sewer_Collection | Sewer Pipe | 4-Inch Beersheba Springs FM | Transmission line | Main | PVC | 630 LF | 4 | -85.720864 | 35.433108 | 2005 | |
| Sewer_Collection | Sewer Pipe | 10-Inch Altamont FM | Transmission line | Main | Unknown | 31,169 LF | 10 | -85.72277 | 35.329256 | 2005 | |
| Sewer_Collection | Sewer Pipe | 10-Inch FM State Route 108 | Transmission line | Main | Unknown | 10,486 LF | 10 | -85.694233 | 35.374389 | 1993 | |
| Sewer_Collection | Sewer Pipe | 6-Inch PVC Spring Street to Maple Street | Transmission line | Main | PVC | 2,440 LF | 6 | -85.721999 | 35.430724 | 2005 | |
| Sewer_Collection | Sewer Pipe | 6-Inch PVC FM Virginia Street | Transmission line | Main | Unknown | 1,772 LF | 6 | -85.720547 | 35.425793 | 2005 | |
| Sewer_Collection | Sewer Pipe | 2-Inch FM Fitch Town Road | Transmission line | Service Line | PVC | 1,850 LF | 2 | -85.71752 | 35.4296 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Virginia Street for County Buildings (15 /35-M) (Vernon Ave. and Virginia Street) | Valves | Valve | | Gate Valve on 6-Inch F.M. on gravel road behind County Buildings | 6 | -85.720173 | 35.428487 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Virginia Street for County Buildings (15 /35-M) | Valves | Valve | | Gate Valve on 6-Inch F.M. on gravel road behind County Buildings | 6 | -85.720173 | 35.428487 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on 6-Inch F.M. Fitch Town Road (3.01 /35-M) | Valves | Valve | | Gate Valve on 6-Inch F.M. Fitch Town Road | 6 | -85.721219 | 35.430113 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on 6-Inch F.M. Fitch Town Road (Corner of Maple Street and Fitch Town Road) | Valves | Valve | | Gate Valve on 6-Inch F.M. Fitch Town Road | 6 | -85.72013 | 35.4299 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (14 /36) | Valves | Valve | | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont | 6 | -85.71714 | 35.436632 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (2 /36) | Valves | Valve | | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont | 6 | -85.705435 | 35.446793 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (Opposite of 25 /36) | Valves | Valve | | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont | 6 | -85.686676 | 35.459382 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (32 /27) | Valves | Valve | | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont | 6 | -85.698794 | 35.4516 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (9 /26) | Valves | Valve | | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont | 6 | -85.665319 | 35.467472 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valves | Valve | | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank | 4 | -85.651685 | 35.466824 | 2005 | |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valves | Valve | | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank | 4 | -85.651685 | 35.466824 | 2005 | |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. (16.01 /35) | Valves | Valve | | Blowoff Valve for 6-Inch on Highway 56 F.M. | 6 | -85.72091 | 35.433432 | 2005 | |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (10 /36) | Valves | Valve | | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.712339 | 35.438883 | 2005 | |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Timber Drive, Parcel 25 /36) | Valves | Valve | | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.702157 | 35.450203 | 2005 | |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (17.02 /27, 25 /36) | Valves | Valve | | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.69578 | 35.454437 | 2005 | |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Between 32 /27 and 33 /27) | Valves | Valve | | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.689701 | 35.457568 | 2005 | |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (77 /27) | Valves | Valve | | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.671441 | 35.465038 | 2005 | |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch PVC F.M. on Lake Avenue (Across 25 /35-M) | Valves | Valve | | Air Release Valve for 6-Inch PVC F.M. on Lake Avenue | 6 | -85.720818 | 35.425739 | 2005 | |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (14 /36) | Valves | Valve | | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.71714 | 35.436632 | 2005 | |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (2 /36) | Valves | Valve | | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.705435 | 35.446793 | 2005 | |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Across 25 /36) | Valves | Valve | | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.693243 | 35.456725 | 2005 | |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (32 /27) | Valves | Valve | | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.686676 | 35.459382 | 2005 | |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (9 /26) | Valves | Valve | | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont | 6 | -85.665232 | 35.467423 | 2005 | |
| Sewer_Plant | WWTP | Flow Meter Vault/ Influent Flow Measurement Structure | Other | Other | 150 psi Strap-on Saddle Meter (Hach) | 10" DIP (FLGxFLG) with existing pipe to North and South Pond | | -85.719705 | 35.379107 | 2024 | 2024 |
| Sewer_Plant | WWTP | North Aeration Basin | Aeration | Basin | | 6" DIP to Storage Lagoon, 0.89 mg volume | | -85.719705 | 35.379107 | 1993 | |
| Sewer_Plant | WWTP | North Aeration Basin - Aerator | Aeration | Aerator | | One Aerator with another on Standby (5hp) | | -85.719705 | 35.379107 | 1993 | |
| Sewer_Plant | WWTP | South Aeration Basin | Aeration | Basin | | 6" DIP to Storage Lagoon, 0.89 mg volume | | -85.719705 | 35.379107 | 1993 | |
| Sewer_Plant | WWTP | South Aeration Basin - Aerator | Aeration | Aerator | | One Aerator with another on Standby (5hp) | | -85.719705 | 35.379107 | 1993 | |
| Sewer_Plant | WWTP | Storage Lagoon | Aeration | Storage | | 6 Million Gallons effective storage, compacted clay lining | | -85.719705 | 35.379107 | 1993 | |
| Sewer_Plant | WWTP | Maintenance and Lab Building | Lab | Lab | | No update to exisiting structure | | -85.719705 | 35.379107 | 1993 | |
| Sewer_Plant | WWTP | Spray Pump Station Wet Well | Other | Pump Station | | Connected to 6" DIP Class 50, and to the existing 6" Flange, as well as the Propeller Meter | | -85.719705 | 35.379107 | 1993 | |
| Sewer_Plant | WWTP | Effluent Pump #1 | Other | Pump | | Guthrie Pump, 20HP, Constant Duty Motor (10M 7000 AW) | | -85.719705 | 35.379107 | 2024 | 2024 |
| Sewer_Plant | WWTP | Effluent Pump #2 | Other | Pump | | Guthrie Pump, 20HP, Constant Duty Motor (10M 7000 AW) | | -85.719705 | 35.379107 | 2024 | 2024 |
| Sewer_Plant | WWTP | LAS - Sprayfield 1 | Other | Sprayfield | | Spray Field No 1 Replacement 27 Heads, New PVC | | -85.719705 | 35.379107 | 2024 | 2024 |
| Sewer_Plant | WWTP | LAS - Sprayfield 2 | Other | Sprayfield | | Spray Field No 2 Replacement, 26 Heads, New PVC | | -85.719705 | 35.379107 | 2024 | 2024 |
| Sewer_Plant | WWTP | LAS - Sprayfield 3 | Other | Sprayfield | | Spray Field No 3 Replacement, 26 Heads, New PVC | | -85.719705 | 35.379107 | 2024 | 2024 |
| Sewer_Plant | WWTP | LAS - Sprayfield 4 | Other | Sprayfield | | New Spray Field No 4, 18 Heads, New PVC | | -85.719705 | 35.379107 | 2024 | 2024 |
| Sewer_Plant | WWTP | Recirculation Tank | Filtration | Tank | | No updated noted to existing system | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | 30,000 Gallon Recirculation Sand Filter | Filtration | Filter | | 30,000 GPD Recirculating Sand Filter | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | Recirculation Pump 1 | Filtration | Pump | | 2" PVC going to the sand filter, housed within the recirculation tank | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | Recirculation Pump 2 | Filtration | Pump | | 2" PVC going to the sand filter, housed within the recirculation tank | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | Recirculation Pump 3 | Filtration | Pump | | 2" PVC going to the sand filter, housed within the recirculation tank | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | Recirculation Pump 4 | Filtration | Pump | | 2" PVC going to the sand filter, housed within the recirculation tank | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | Recirculation Pump 5 | Filtration | Pump | | 2" PVC going to the sand filter, housed within the recirculation tank | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | 2,000 Gallon Effluent Septic Pump Tank | Other | Pump Tank | | | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Plant | WWTP | Ultraviolet Disinfection System | Disinfection | UV System | | Housed inside of Building from the effluent pump tank | | -85.87867 | 35.311775 | 2001 | |
| Sewer_Collection | Beersheba Springs pump | Beersheba Springs Lift Station | Other | Lift Station | | One Manhole, 8" PVC french drain to daylight, reinforced concrete headwall | | -85.652297 | 35.46766 | 2005 | |

# Appendix E

## Utility Asset Life Cycle

| ASSET LIFE-CYCLE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ASSET LOCATION | ASSET NAME | ASSET ID | INSTALL DATE | USEFUL LIFE (YEARS) | RECENT ASSET REVIEW | YEARS IN USE | REMAINING USEFUL LIFE (YEARS) | % USEFUL LIFE REMAINING |
| Sewer_Collection | Transmission line | 8-Inch Beersheba Springs FM | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Transmission line | 4-Inch Beersheba Springs FM | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Transmission line | 10-Inch Altamont FM | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Transmission line | 10-Inch FM State Route 108 | 1993 | 50 | Fair | 32 | 18 | 36 |
| Sewer_Collection | Transmission line | 6-Inch PVC Spring Street to Maple Street | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Transmission line | 6-Inch PVC FM Virginia Street | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Transmission line | 2-Inch FM Fitch Town Road | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Virginia Street for County Buildings (15 /35-M) (Vernon Ave. and Virginia Street) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Virginia Street for County Buildings (15 /35-M) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on 6-Inch F.M. Fitch Town Road (3.01 /35-M) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on 6-Inch F.M. Fitch Town Road (Corner of Maple Street and Fitch Town Road) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (14 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (2 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (Opposite of 25 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (32 /27) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (9 /26) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Blowoff Valve for 6-Inch on Highway 56 F.M. (16.01 /35) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (10 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Timber Drive, Parcel 25 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (17.02 /27, 25 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Between 32 /27 and 33 /27) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (77 /27) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Air Release Valve for 6-Inch PVC F.M. on Lake Avenue (Across 25 /35-M) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (14 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (2 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Across 25 /36) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (32 /27) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Collection | Valves | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (9 /26) | 2005 | 50 | Satisfactory | 20 | 30 | 60 |
| Sewer_Plant | Other | Flow Meter Vault/ Influent Flow Measurement Structure | 2024 | 20 | Excellent | 1 | 19 | 95 |
| Sewer_Plant | Aeration | North Aeration Basin | 1993 | 50 | Fair | 32 | 18 | 36 |
| Sewer_Plant | Aeration | North Aeration Basin - Aerator | 1993 | 25 | Poor | 32 | -7 | -28 |
| Sewer_Plant | Aeration | South Aeration Basin | 1993 | 50 | Fair | 32 | 18 | 36 |
| Sewer_Plant | Aeration | South Aeration Basin - Aerator | 1993 | 25 | Poor | 32 | -7 | -28 |
| Sewer_Plant | Aeration | Storage Lagoon | 1993 | 50 | Fair | 32 | 18 | 36 |
| Sewer_Plant | Lab | Maintenance and Lab Building | 1993 | 75 | Satisfactory | 32 | 43 | 57.33333333 |
| Sewer_Plant | Other | Spray Pump Station Wet Well | 1993 | 50 | Fair | 32 | 18 | 36 |
| Sewer_Plant | Other | Effluent Pump #1 | 2024 | 25 | Excellent | 1 | 24 | 96 |
| Sewer_Plant | Other | Effluent Pump #2 | 2024 | 25 | Excellent | 1 | 24 | 96 |
| Sewer_Plant | Other | LAS - Sprayfield 1 | 2024 | 50 | Excellent | 1 | 49 | 98 |
| Sewer_Plant | Other | LAS - Sprayfield 2 | 2024 | 50 | Excellent | 1 | 49 | 98 |
| Sewer_Plant | Other | LAS - Sprayfield 3 | 2024 | 50 | Excellent | 1 | 49 | 98 |
| Sewer_Plant | Other | LAS - Sprayfield 4 | 2024 | 50 | Excellent | 1 | 49 | 98 |
| Sewer_Plant | Filtration | Recirculation Tank | 2001 | 50 | Satisfactory | 24 | 26 | 52 |
| Sewer_Plant | Filtration | 30,000 Gallon Recirculation Sand Filter | 2001 | 50 | Satisfactory | 24 | 26 | 52 |
| Sewer_Plant | Filtration | Recirculation Pump 1 | 2001 | 25 | Poor | 24 | 1 | 4 |
| Sewer_Plant | Filtration | Recirculation Pump 2 | 2001 | 25 | Poor | 24 | 1 | 4 |
| Sewer_Plant | Filtration | Recirculation Pump 3 | 2001 | 25 | Poor | 24 | 1 | 4 |
| Sewer_Plant | Filtration | Recirculation Pump 4 | 2001 | 25 | Poor | 24 | 1 | 4 |
| Sewer_Plant | Filtration | Recirculation Pump 5 | 2001 | 25 | Poor | 24 | 1 | 4 |
| Sewer_Plant | Other | 2,000 Gallon Effluent Septic Pump Tank | 2001 | 50 | Satisfactory | 24 | 26 | 52 |
| Sewer_Plant | Disinfection | Ultraviolet Disinfection System | 2001 | 25 | Poor | 24 | 1 | 4 |
| Sewer_Collection | Other | Beersheba Springs Lift Station | 2005 | 50 | Satisfactory | 20 | 30 | 60 |

# Appendix F

## Asset Condition Capacity

| ASSET CONDITION CAPACITY | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSET LOCATION | ASSET NAME | ASSET ID | ASSET TYPE | % USEFUL LIFE REMAINING | % REMAINING USEFUL LIFE RANK | SCORE | CURRENT ASSET CAPACITY LEVEL OF SERVICE | SCORE2 | CURRENT ASSET CONDITION | SCORE3 | LIKELIHOOD OF FAILURE SCORE |
| 8-Inch Beersheba Springs FM | Transmission line | | Main | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| 4-Inch Beersheba Springs FM | Transmission line | | Main | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| 10-Inch Altamont FM | Transmission line | | Main | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| 10-Inch FM State Route 108 | Transmission line | | Main | 36 | 4 - 20-40% | 4 | Moderately Below Current LOS | 4 | Significant Deterioration | 4 | 12 |
| 6-Inch PVC Spring Street to Maple Street | Transmission line | | Main | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| 6-Inch PVC FM Virginia Street | Transmission line | | Main | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| 2-Inch FM Fitch Town Road | Transmission line | | Service Line | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Virginia Street for County Buildings (15 /35-M) (Vernon Ave. and Virginia Street) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Virginia Street for County Buildings (15 /35-M) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on 6-Inch F.M. Fitch Town Road (3.01 /35-M) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on 6-Inch F.M. Fitch Town Road (Corner of Maple Street and Fitch Town Road) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (14 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (2 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (Opposite of 25 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (32 /27) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (9 /26) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. (16.01 /35) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (10 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Timber Drive, Parcel 25 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (17.02 /27, 25 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Between 32 /27 and 33 /27) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (77 /27) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Air Release Valve for 6-Inch PVC F.M. on Lake Avenue (Across 25 /35-M) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (14 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (2 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Across 25 /36) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (32 /27) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (9 /26) | Valves | | Valve | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Flow Meter Vault/ Influent Flow Measurement Structure | Other | | Other | 95 | 1 – 90-100% | 1 | New/Greatly Exceeds LOS | 1 | New/Excellent | 1 | 3 |
| North Aeration Basin | Aeration | | Basin | 36 | 4 - 20-40% | 4 | Moderately Below Current LOS | 4 | Significant Deterioration | 4 | 12 |
| North Aeration Basin - Aerator | Aeration | | Aerator | -28 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| South Aeration Basin | Aeration | | Basin | 36 | 4 - 20-40% | 4 | Moderately Below Current LOS | 4 | Significant Deterioration | 4 | 12 |
| South Aeration Basin - Aerator | Aeration | | Aerator | -28 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| Storage Lagoon | Aeration | | Storage | 36 | 4 - 20-40% | 4 | Moderately Below Current LOS | 4 | Significant Deterioration | 4 | 12 |
| Maintenance and Lab Building | Lab | | Lab | 57.33333333 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Spray Pump Station Wet Well | Other | | Pump Station | 36 | 4 - 20-40% | 4 | Moderately Below Current LOS | 4 | Significant Deterioration | 4 | 12 |
| Effluent Pump #1 | Other | | Pump | 96 | 1 – 90-100% | 1 | New/Greatly Exceeds LOS | 1 | New/Excellent | 1 | 3 |
| Effluent Pump #2 | Other | | Pump | 96 | 1 – 90-100% | 1 | New/Greatly Exceeds LOS | 1 | New/Excellent | 1 | 3 |
| LAS - Sprayfield 1 | Other | | Sprayfield | 98 | 1 – 90-100% | 1 | New/Greatly Exceeds LOS | 1 | New/Excellent | 1 | 3 |
| LAS - Sprayfield 2 | Other | | Sprayfield | 98 | 1 – 90-100% | 1 | New/Greatly Exceeds LOS | 1 | New/Excellent | 1 | 3 |
| LAS - Sprayfield 3 | Other | | Sprayfield | 98 | 1 – 90-100% | 1 | New/Greatly Exceeds LOS | 1 | New/Excellent | 1 | 3 |
| LAS - Sprayfield 4 | Other | | Sprayfield | 98 | 1 – 90-100% | 1 | New/Greatly Exceeds LOS | 1 | New/Excellent | 1 | 3 |
| Recirculation Tank | Filtration | | Tank | 52 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| 30,000 Gallon Recirculation Sand Filter | Filtration | | Filter | 52 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Recirculation Pump 1 | Filtration | | Pump | 4 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| Recirculation Pump 2 | Filtration | | Pump | 4 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| Recirculation Pump 3 | Filtration | | Pump | 4 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| Recirculation Pump 4 | Filtration | | Pump | 4 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| Recirculation Pump 5 | Filtration | | Pump | 4 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| 2,000 Gallon Effluent Septic Pump Tank | Other | | Pump Tank | 52 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| Ultraviolet Disinfection System | Disinfection | | UV System | 4 | 5 - 0-20% | 5 | Significantly Below LOS | 5 | Unserviceable/End Of Life | 5 | 15 |
| Beersheba Springs Lift Station | Other | | Lift Station | 60 | 2 – 60-80% | 2 | Exceeds Current LOS | 2 | Minor Deterioration | 2 | 6 |
| | | | | | | | | | | | |

# Appendix G

## Probability and Consequence of Failure

| PROBABILITY AND CONSEQUENCE OF FAILURE | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSET LOCATION | ASSET NAME | ASSET ID | ASSET TYPE | LIKELIHOOD OF FAILURE SCORE | REDUNDANCY - Does the utility have a back-up asset on hand, or could one be easily acquired? | SCORE | Size | POPULATION - Population served affected by failure. | SCORE2 | COMPLIANCE - Could asset failure lead to regulatory violations? | SCORE3 | PUBLIC HEALTH & ENVIRONMENTAL CONCERNS - Could asset failure lead to public health or environmental concerns? | SCORE4 | ASSET CRITICALITY | ASSET CRITICALITY | RANK |
| 8-Inch Beersheba Springs FM | | | Main | 6 | 2 - Yes | 2 | 8 | 4 - 50-80% | 4 | 2 - No | 2 | 4 - Yes | 4 | 72 | 8 | 21 |
| 4-Inch Beersheba Springs FM | | | Main | 6 | 2 - Yes | 2 | 4 | 5 - 80-100% | 5 | 2 - No | 2 | 4 - Yes | 4 | 78 | 9 | 15 |
| 10-Inch Altamont FM | | | Main | 6 | 2 - Yes | 2 | 10 | 5 - 80-100% | 5 | 2 - No | 2 | 4 - Yes | 4 | 78 | 9 | 16 |
| 10-Inch FM State Route 108 | | | Main | 12 | 2 - Yes | 2 | 10 | 5 - 80-100% | 5 | 2 - No | 2 | 4 - Yes | 4 | 156 | 9 | 13 |
| 6-Inch PVC Spring Street to Maple Street | | | Main | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 22 |
| 6-Inch PVC FM Virginia Street | | | Main | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 23 |
| 2-Inch FM Fitch Town Road | | | Service Line | 6 | 2 - Yes | 2 | 2 | 1 - 0-20% | 1 | 2 - No | 2 | 2 - No | 2 | 42 | 5 | 54 |
| Gate Valve on Virginia Street for County Buildings (15 /35-M) (Vernon Ave. and Virginia Street) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 24 |
| Gate Valve on Virginia Street for County Buildings (15 /35-M) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 25 |
| Gate Valve on 6-Inch F.M. Fitch Town Road (3.01 /35-M) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 26 |
| Gate Valve on 6-Inch F.M. Fitch Town Road (Corner of Maple Street and Fitch Town Road) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 27 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (14 /36) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 28 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (2 /36) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 29 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (Opposite of 25 /36) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 30 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (32 /27) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 31 |
| Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (9 /26) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 32 |
| Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | | | Gate Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 33 |
| Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | | | Gate Valve | 6 | 2 - Yes | 2 | 4 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 34 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. (16.01 /35) | | | Gate Valve | 6 | 2 - Yes | 2 | 4 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 35 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (10 /36) | | | Blowoff Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 36 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Timber Drive, Parcel 25 /36) | | | Blowoff Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 37 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (17.02 /27, 25 /36) | | | Blowoff Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 38 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Between 32 /27 and 33 /27) | | | Blowoff Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 39 |
| Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (77 /27) | | | Blowoff Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 40 |
| Air Release Valve for 6-Inch PVC F.M. on Lake Avenue (Across 25 /35-M) | | | Air Release Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 41 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (14 /36) | | | Air Release Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 42 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (2 /36) | | | Air Release Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 43 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Across 25 /36) | | | Air Release Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 44 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (32 /27) | | | Air Release Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 45 |
| Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (9 /26) | | | Air Release Valve | 6 | 2 - Yes | 2 | 6 | 2 - 30-40% | 2 | 2 - No | 2 | 4 - Yes | 4 | 60 | 6 | 46 |
| Flow Meter Vault/ Influent Flow Measurement Structure | | | Other | 3 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 51 | 13 | 47 |
| North Aeration Basin | | | Basin | 12 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 204 | 13 | 3 |
| North Aeration Basin - Aerator | | | Aerator | 15 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 255 | 13 | 1 |
| South Aeration Basin | | | Basin | 12 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 204 | 13 | 4 |
| South Aeration Basin - Aerator | | | Aerator | 15 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 255 | 13 | 2 |
| Storage Lagoon | | | Storage | 12 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 204 | 13 | 5 |
| Maintenance and Lab Building | | | Lab | 6 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 102 | 13 | 14 |
| Spray Pump Station Wet Well | | | Pump Station | 12 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 204 | 13 | 6 |
| Effluent Pump #1 | | | Pump | 3 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 51 | 13 | 48 |
| Effluent Pump #2 | | | Pump | 3 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 51 | 13 | 49 |
| LAS - Sprayfield 1 | | | Sprayfield | 3 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 51 | 13 | 50 |
| LAS - Sprayfield 2 | | | Sprayfield | 3 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 51 | 13 | 51 |
| LAS - Sprayfield 3 | | | Sprayfield | 3 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 51 | 13 | 52 |
| LAS - Sprayfield 4 | | | Sprayfield | 3 | 4 - No | 4 | | 5 - 80-100% | 5 | 4 - Yes | 4 | 4 - Yes | 4 | 51 | 13 | 53 |
| Recirculation Tank | | | Tank | 6 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 78 | 9 | 17 |
| 30,000 Gallon Recirculation Sand Filter | | | Filter | 6 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 78 | 9 | 18 |
| Recirculation Pump 1 | | | Pump | 15 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 195 | 9 | 7 |
| Recirculation Pump 2 | | | Pump | 15 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 195 | 9 | 8 |
| Recirculation Pump 3 | | | Pump | 15 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 195 | 9 | 9 |
| Recirculation Pump 4 | | | Pump | 15 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 195 | 9 | 10 |
| Recirculation Pump 5 | | | Pump | 15 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 195 | 9 | 11 |
| 2,000 Gallon Effluent Septic Pump Tank | | | Pump Tank | 6 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 78 | 9 | 19 |
| Ultraviolet Disinfection System | | | UV System | 15 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 195 | 9 | 12 |
| Beersheba Springs Lift Station | | | Lift Station | 6 | 4 - No | 4 | | 1 - 0-20% | 1 | 4 - Yes | 4 | 4 - Yes | 4 | 78 | 9 | 20 |

# Appendix H

## Capital Improvement Needs

| CAPITAL IMPROVEMENT NEEDS | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSET LOCATION | ASSET NAME | ASSET ID | ASSET TYPE | YEARS IN USE | Length in Feet | INITIAL PRICE OF ASSET | HISTORICAL AVG INFLATION RATE | ESTIMATED REPLACEMNET COST (IN CURRENT $) | EXPECTED REPLACEMENT DATE | ASSET CONDITION | ASSET CRITICALITY | ASSET PRIORITY (RANK) |
| Sewer_Collection | Sewer Pipe | 8-Inch Beersheba Springs FM | Main | 20 | 28,649 | $356,373.10 | 4.50% | $859,470.00 | 2055 | Minor Deterioration | 8 | 21 |
| Sewer_Collection | Sewer Pipe | 4-Inch Beersheba Springs FM | Main | 20 | 630 | $7,836.75 | 4.50% | $18,900.00 | 2055 | Minor Deterioration | 9 | 15 |
| Sewer_Collection | Sewer Pipe | 10-Inch Altamont FM | Main | 20 | 31,169 | $387,720.10 | 4.50% | $935,070.00 | 2055 | Minor Deterioration | 9 | 16 |
| Sewer_Collection | Sewer Pipe | 10-Inch FM State Route 108 | Main | 32 | 10,486 | $76,914.78 | 4.50% | $314,580.00 | 2043 | Significant Deterioration | 9 | 13 |
| Sewer_Collection | Sewer Pipe | 6-Inch PVC Spring Street to Maple Street | Main | 20 | 2,440 | $30,351.86 | 4.50% | $73,200.00 | 2055 | Minor Deterioration | 6 | 22 |
| Sewer_Collection | Sewer Pipe | 6-Inch PVC FM Virginia Street | Main | 20 | 1,772 | $22,042.41 | 4.50% | $53,160.00 | 2055 | Minor Deterioration | 6 | 23 |
| Sewer_Collection | Sewer Pipe | 2-Inch FM Fitch Town Road | Service Line | 20 | 1,850 | $23,012.68 | 4.50% | $55,500.00 | 2055 | Minor Deterioration | 5 | 54 |
| Sewer_Collection | Gate Valve | Gate Valve on Virginia Street for County Buildings (15 /35-M) (Vernon Ave. and Virginia Street) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 24 |
| Sewer_Collection | Gate Valve | Gate Valve on Virginia Street for County Buildings (15 /35-M) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 25 |
| Sewer_Collection | Gate Valve | Gate Valve on 6-Inch F.M. Fitch Town Road (3.01 /35-M) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 26 |
| Sewer_Collection | Gate Valve | Gate Valve on 6-Inch F.M. Fitch Town Road (Corner of Maple Street and Fitch Town Road) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 27 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (14 /36) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 28 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (2 /36) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 29 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (Opposite of 25 /36) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 30 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (32 /27) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 31 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (9 /26) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 32 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 33 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valve | 20 | | $497.57 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 6 | 34 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. (16.01 /35) | Valve | 20 | | $414.64 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 6 | 35 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (10 /36) | Valve | 20 | | $414.64 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 6 | 36 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Timber Drive, Parcel 25 /36) | Valve | 20 | | $414.64 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 6 | 37 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (17.02 /27, 25 /36) | Valve | 20 | | $414.64 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 6 | 38 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Between 32 /27 and 33 /27) | Valve | 20 | | $414.64 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 6 | 39 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (77 /27) | Valve | 20 | | $414.64 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 6 | 40 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch PVC F.M. on Lake Avenue (Across 25 /35-M) | Valve | 20 | | $1,036.61 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 6 | 41 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (14 /36) | Valve | 20 | | $1,036.61 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 6 | 42 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (2 /36) | Valve | 20 | | $1,036.61 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 6 | 43 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Across 25 /36) | Valve | 20 | | $1,036.61 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 6 | 44 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (32 /27) | Valve | 20 | | $1,036.61 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 6 | 45 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (9 /26) | Valve | 20 | | $1,036.61 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 6 | 46 |
| Sewer_Plant | WWTP | Flow Meter Vault/ Influent Flow Measurement Structure | Other | 1 | | $6,220.10 | 4.50% | $6,500.00 | 2044 | New/Excellent | 13 | 47 |
| Sewer_Plant | WWTP | North Aeration Basin | Basin | 32 | | $513,449.81 | 4.50% | $2,100,000.00 | 2043 | Significant Deterioration | 13 | 3 |
| Sewer_Plant | WWTP | North Aeration Basin - Aerator | Aerator | 32 | | $2,445.00 | 4.50% | $10,000.00 | 2018 | Unserviceable/End Of Life | 13 | 1 |
| Sewer_Plant | WWTP | South Aeration Basin | Basin | 32 | | $513,449.81 | 4.50% | $2,100,000.00 | 2043 | Significant Deterioration | 13 | 4 |
| Sewer_Plant | WWTP | South Aeration Basin - Aerator | Aerator | 32 | | $2,445.00 | 4.50% | $10,000.00 | 2018 | Unserviceable/End Of Life | 13 | 2 |
| Sewer_Plant | WWTP | Storage Lagoon | Storage | 32 | | $1,222,499.56 | 4.50% | $5,000,000.00 | 2043 | Significant Deterioration | 13 | 5 |
| Sewer_Plant | WWTP | Maintenance and Lab Building | Lab | 32 | | $48,899.98 | 4.50% | $200,000.00 | 2068 | Minor Deterioration | 13 | 14 |
| Sewer_Plant | WWTP | Spray Pump Station Wet Well | Pump Station | 32 | | $36,674.99 | 4.50% | $150,000.00 | 2043 | Significant Deterioration | 13 | 6 |
| Sewer_Plant | WWTP | Effluent Pump #1 | Pump | 1 | | $5,741.63 | 4.50% | $6,000.00 | 2049 | New/Excellent | 13 | 48 |
| Sewer_Plant | WWTP | Effluent Pump #2 | Pump | 1 | | $5,741.63 | 4.50% | $6,000.00 | 2049 | New/Excellent | 13 | 49 |
| Sewer_Plant | WWTP | LAS - Sprayfield 1 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 50 |
| Sewer_Plant | WWTP | LAS - Sprayfield 2 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 51 |
| Sewer_Plant | WWTP | LAS - Sprayfield 3 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 52 |
| Sewer_Plant | WWTP | LAS - Sprayfield 4 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 53 |
| Sewer_Plant | WWTP | Recirculation Tank | Tank | 24 | | $17,385.17 | 4.50% | $50,000.00 | 2051 | Minor Deterioration | 9 | 17 |
| Sewer_Plant | WWTP | 30,000 Gallon Recirculation Sand Filter | Filter | 24 | | $52,155.52 | 4.50% | $150,000.00 | 2051 | Minor Deterioration | 9 | 18 |
| Sewer_Plant | WWTP | Recirculation Pump 1 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 7 |
| Sewer_Plant | WWTP | Recirculation Pump 2 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 8 |
| Sewer_Plant | WWTP | Recirculation Pump 3 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 9 |
| Sewer_Plant | WWTP | Recirculation Pump 4 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 10 |
| Sewer_Plant | WWTP | Recirculation Pump 5 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 11 |
| Sewer_Plant | WWTP | 2,000 Gallon Effluent Septic Pump Tank | Pump Tank | 24 | | $5,215.55 | 4.50% | $15,000.00 | 2051 | Minor Deterioration | 9 | 19 |
| Sewer_Plant | WWTP | Ultraviolet Disinfection System | UV System | 24 | | $15,646.66 | 4.50% | $45,000.00 | 2026 | Unserviceable/End Of Life | 9 | 12 |
| Sewer_Collection | Beersheba Springs pump | Beersheba Springs Lift Station | Lift Station | 20 | | $103,660.71 | 4.50% | $250,000.00 | 2055 | Minor Deterioration | 9 | 20 |

# Appendix I

## Asset Management Plan Report

| ASSET MANAGEMENT PLAN | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSET LOCATION | ASSET NAME | ASSET ID | ASSET TYPE | YEARS IN USE | Length in Feet | INITIAL PRICE OF ASSET | HISTORICAL AVG INFLATION RATE | ESTIMATED REPLACEMNET COST (IN CURRENT $) | EXPECTED REPLACEMENT DATE | ASSET CONDITION | ASSET CRITICALITY | ASSET PRIORITY (RANK) |
| Sewer_Plant | WWTP | North Aeration Basin - Aerator | Aerator | 32 | | $2,445.00 | 4.50% | $10,000.00 | 2018 | Unserviceable/End Of Life | 13 | 1 |
| Sewer_Plant | WWTP | South Aeration Basin - Aerator | Aerator | 32 | | $2,445.00 | 4.50% | $10,000.00 | 2018 | Unserviceable/End Of Life | 13 | 2 |
| Sewer_Plant | WWTP | North Aeration Basin | Basin | 32 | | $488,999.82 | 4.50% | $2,100,000.00 | 2043 | Significant Deterioration | 13 | 3 |
| Sewer_Plant | WWTP | South Aeration Basin | Basin | 32 | | $488,999.82 | 4.50% | $2,100,000.00 | 2043 | Significant Deterioration | 13 | 4 |
| Sewer_Plant | WWTP | Storage Lagoon | Storage | 32 | | $1,222,499.56 | 4.50% | $5,000,000.00 | 2043 | Significant Deterioration | 13 | 5 |
| Sewer_Plant | WWTP | Spray Pump Station Wet Well | Pump Station | 32 | | $36,674.99 | 4.50% | $150,000.00 | 2043 | Significant Deterioration | 13 | 6 |
| Sewer_Plant | WWTP | Recirculation Pump 1 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 7 |
| Sewer_Plant | WWTP | Recirculation Pump 2 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 8 |
| Sewer_Plant | WWTP | Recirculation Pump 3 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 9 |
| Sewer_Plant | WWTP | Recirculation Pump 4 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 10 |
| Sewer_Plant | WWTP | Recirculation Pump 5 | Pump | 24 | | $3,477.03 | 4.50% | $10,000.00 | 2026 | Unserviceable/End Of Life | 9 | 11 |
| Sewer_Plant | WWTP | Ultraviolet Disinfection System | UV System | 24 | | $15,646.66 | 4.50% | $45,000.00 | 2026 | Unserviceable/End Of Life | 9 | 12 |
| Sewer_Collection | Sewer Pipe | 10-Inch FM State Route 108 | Main | 32 | 10,486 | $76,914.78 | 4.50% | $314,580.00 | 2043 | Significant Deterioration | 9 | 13 |
| Sewer_Plant | WWTP | Maintenance and Lab Building | Lab | 32 | | $48,899.98 | 4.50% | $200,000.00 | 2068 | Minor Deterioration | 13 | 14 |
| Sewer_Collection | Sewer Pipe | 10-Inch Altamont FM | Main | 20 | 31,169 | $387,720.10 | 4.50% | $935,070.00 | 2055 | Minor Deterioration | 9 | 15 |
| Sewer_Plant | WWTP | Recirculation Tank | Tank | 24 | | $17,385.17 | 4.50% | $50,000.00 | 2051 | Minor Deterioration | 9 | 16 |
| Sewer_Plant | WWTP | 30,000 Gallon Recirculation Sand Filter | Filter | 24 | | $52,155.52 | 4.50% | $150,000.00 | 2051 | Minor Deterioration | 9 | 17 |
| Sewer_Plant | WWTP | 2,000 Gallon Effluent Septic Pump Tank | Pump Tank | 24 | | $5,215.55 | 4.50% | $15,000.00 | 2051 | Minor Deterioration | 9 | 18 |
| Sewer_Collection | Beersheba Springs pump | Beersheba Springs Lift Station | Lift Station | 20 | | $103,660.71 | 4.50% | $250,000.00 | 2055 | Minor Deterioration | 9 | 19 |
| Sewer_Collection | Sewer Pipe | 8-Inch Beersheba Springs FM | Main | 20 | 28,649 | $356,373.10 | 4.50% | $859,470.00 | 2055 | Minor Deterioration | 8 | 20 |
| Sewer_Collection | Gate Valve | Gate Valve on Virginia Street for County Buildings (15 /35-M) (Vernon Ave. and Virginia Street) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 21 |
| Sewer_Collection | Gate Valve | Gate Valve on Virginia Street for County Buildings (15 /35-M) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 22 |
| Sewer_Collection | Gate Valve | Gate Valve on 6-Inch F.M. Fitch Town Road (3.01 /35-M) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 23 |
| Sewer_Collection | Gate Valve | Gate Valve on 6-Inch F.M. Fitch Town Road (Corner of Maple Street and Fitch Town Road) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 24 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (14 /36) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 25 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (2 /36) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 26 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (Opposite of 25 /36) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 27 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (32 /27) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 28 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 6-Inch F.M. Outside Altamont (9 /26) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 29 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 30 |
| Sewer_Collection | Gate Valve | Gate Valve on Highway 56 4-Inch F.M. Outside Altamont by Septic Tank (Methodist Church Lot) | Valve | 20 | | $352.45 | 4.50% | $1,200.00 | 2055 | Minor Deterioration | 8 | 31 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. (16.01 /35) | Valve | 20 | | $352.45 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 8 | 32 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (10 /36) | Valve | 20 | | $352.45 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 8 | 33 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Timber Drive, Parcel 25 /36) | Valve | 20 | | $352.45 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 8 | 34 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (17.02 /27, 25 /36) | Valve | 20 | | $352.45 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 8 | 35 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Between 32 /27 and 33 /27) | Valve | 20 | | $352.45 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 8 | 36 |
| Sewer_Collection | Blowoff Valve | Blowoff Valve for 6-Inch on Highway 56 F.M. Outside Altamont (77 /27) | Valve | 20 | | $352.45 | 4.50% | $1,000.00 | 2055 | Minor Deterioration | 8 | 37 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch PVC F.M. on Lake Avenue (Across 25 /35-M) | Valve | 20 | | $352.45 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 8 | 38 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (14 /36) | Valve | 20 | | $352.45 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 8 | 39 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (2 /36) | Valve | 20 | | $352.45 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 8 | 40 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (Across 25 /36) | Valve | 20 | | $352.45 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 8 | 41 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (32 /27) | Valve | 20 | | $352.45 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 8 | 42 |
| Sewer_Collection | Air Release Valve | Air Release Valve for 6-Inch on Highway 56 F.M. Outside Altamont (9 /26) | Valve | 20 | | $352.45 | 4.50% | $2,500.00 | 2055 | Minor Deterioration | 8 | 43 |
| Sewer_Collection | Sewer Pipe | 4-Inch Beersheba Springs FM | Main | 20 | 630 | $7,836.75 | 4.50% | $18,900.00 | 2055 | Minor Deterioration | 9 | 44 |
| Sewer_Collection | Sewer Pipe | 6-Inch PVC Spring Street to Maple Street | Main | 20 | 2,440 | $30,351.86 | 4.50% | $73,200.00 | 2055 | Minor Deterioration | 6 | 45 |
| Sewer_Collection | Sewer Pipe | 6-Inch PVC FM Virginia Street | Main | 20 | 1,772 | $22,042.41 | 4.50% | $53,160.00 | 2055 | Minor Deterioration | 6 | 46 |
| Sewer_Plant | WWTP | Flow Meter Vault/ Influent Flow Measurement Structure | Other | 1 | | $6,220.10 | 4.50% | $6,500.00 | 2044 | New/Excellent | 13 | 47 |
| Sewer_Plant | WWTP | Effluent Pump #1 | Pump | 1 | | $5,741.63 | 4.50% | $6,000.00 | 2049 | New/Excellent | 13 | 48 |
| Sewer_Plant | WWTP | Effluent Pump #2 | Pump | 1 | | $5,741.63 | 4.50% | $6,000.00 | 2049 | New/Excellent | 13 | 49 |
| Sewer_Plant | WWTP | LAS - Sprayfield 1 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 50 |
| Sewer_Plant | WWTP | LAS - Sprayfield 2 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 51 |
| Sewer_Plant | WWTP | LAS - Sprayfield 3 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 52 |
| Sewer_Plant | WWTP | LAS - Sprayfield 4 | Sprayfield | 1 | | $110,047.85 | 4.50% | $115,000.00 | 2074 | New/Excellent | 13 | 53 |
| Sewer_Collection | Sewer Pipe | 2-Inch FM Fitch Town Road | Service Line | 20 | 1,850 | $23,012.68 | 4.50% | $55,500.00 | 2055 | Minor Deterioration | 5 | 54 |

Exhibit D-1

Grundy County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2022

| | Business-type Activities - Major Enterprise Fund Waste Water Fund |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Equity in Pooled Cash and Investments | $ 105,746 |
| Accounts Receivable | 8,221 |
| Total Current Assets | $ 113,967 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Assets Not Depreciated: | |
| Land | $ 30,000 |
| Assets Net of Accumulated Depreciation: | |
| Buildings and Improvements | 547,709 |
| Infrastructure | 225,313 |
| Total Noncurrent Assets | $ 803,022 |
| Total Assets | $ 916,989 |
| **NET POSITION** | |
| Unrestricted | $ 113,967 |
| Net Investment in Capital Assets | 803,022 |
| Total Net Position | $ 916,989 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Grundy County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2022

| | Business-type Activities - Major Enterprise Fund Waste Water Fund |
|---|---|
| Operating Revenues | |
| Water Treatment Charges | $ 141,748 |
| Total Operating Revenues | $ 141,748 |
| | |
| Operating Expenses | |
| Communication | $ 1,355 |
| Postal Charges | 0 |
| Other Contracted Services | 27,614 |
| Electricity | 12,984 |
| Water and Sewer | 305 |
| Testing | 7,412 |
| Other Supplies and Materials | 24,900 |
| Depreciation | 68,845 |
| Other Charges | 2,028 |
| Total Operating Expenses | $ 145,443 |
| Operating Loss | $ (3,695) |
| | |
| Change in Net Position | $ (3,695) |
| Net Position, July 1, 2021 | 920,684 |
| | |
| Net Position, June 30, 2022 | $ 916,989 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

Grundy County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

| | Business-type Activities - Major Enterprise Fund Waste Water Fund |
|---|---|
| Cash Flows from Operating Activities | |
| Receipts from Customers | $ 141,748 |
| Payments to Vendors | (75,260) |
| Other Payments | (1,338) |
| Net Cash Provided By (Used In) Operating Activities | $ 65,150 |
| Net Increase (Decrease) in Cash | $ 65,150 |
| Cash, July 1, 2021 | 40,596 |
| Cash, June 30, 2022 | $ 105,746 |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities | |
| Operating Income (Loss) | $ (3,695) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 68,845 |
| Net Cash Provided By (Used In) Operating Activities | $ 65,150 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

Grundy County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2023

| | Business-type Activities - Major Enterprise Fund Waste Water Fund |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Equity in Pooled Cash and Investments | $ 162,616 |
| Accounts Receivable | 8,221 |
| Total Current Assets | $ 170,837 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Assets Not Depreciated: | |
| Land | $ 30,000 |
| Assets Net of Accumulated Depreciation: | |
| Buildings and Improvements | 508,415 |
| Infrastructure | 195,762 |
| Total Noncurrent Assets | $ 734,177 |
| Total Assets | $ 905,014 |
| **NET POSITION** | |
| Net Investment in Capital Assets | $ 734,177 |
| Unrestricted | 170,837 |
| Total Net Position | $ 905,014 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Grundy County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2023

| | Business-type Activities - Major Enterprise Fund Waste Water Fund |
|---|---|
| Operating Revenues | |
| Water Treatment Charges | $ 146,256 |
| Total Operating Revenues | $ 146,256 |
| | |
| Operating Expenses | |
| Communication | $ 1,324 |
| Postal Charges | 0 |
| Other Contracted Services | 32,533 |
| Electricity | 12,012 |
| Water and Sewer | 303 |
| Testing | 6,717 |
| Other Supplies and Materials | 34,065 |
| Depreciation | 68,845 |
| Other Charges | 2,432 |
| Total Operating Expenses | $ 158,231 |
| Operating Loss | $ (11,975) |
| | |
| Change in Net Position | $ (11,975) |
| Net Position, July 1, 2022 | 916,989 |
| | |
| Net Position, June 30, 2023 | $ 905,014 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

Grundy County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

| | Business-type Activities - Major Enterprise Fund Waste Water Fund |
|---|---|
| Cash Flows from Operating Activities | |
| Receipts from Customers | $ 146,256 |
| Payments to Vendors | (87,954) |
| Other Payments | (1,432) |
| Net Cash Provided By (Used In) Operating Activities | $ 56,870 |
| Net Increase (Decrease) in Cash | $ 56,870 |
| Cash, July 1, 2022 | 105,746 |
| Cash, June 30, 2023 | $ 162,616 |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities | |
| Operating Income (Loss) | $ (11,975) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 68,845 |
| Net Cash Provided By (Used In) Operating Activities | $ 56,870 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

**GRUNDY COUNTY, TENNESSEE**
**Statement of Net Position**
Proprietary Fund
**June 30, 2024**

| | Business-type Activities |
|---|---|
| | Major Enterprise Fund |
| | Waste Water Fund |
| **ASSETS** | |
| Current Assets: | |
| Equity in Pooled Cash and Investments | $ 245,494 |
| Total Current Assets | $ 245,494 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Assets Not Depreciated: | |
| Land | $ 30,000 |
| Assets Net of Accumulated Depreciation: | |
| Buildings and Improvements | 469,120 |
| Infrastructure | 166,212 |
| Total Noncurrent Assets | $ 665,332 |
| Total Assets | $ 910,826 |
| **NET POSITION** | |
| Net Investment in Capital Assets | $ 665,332 |
| Unrestricted | 245,494 |
| Total Net Position | $ 910,826 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

**GRUNDY COUNTY, TENNESSEE**

**Statement of Revenues, Expenses, and Changes in Net Position**

Proprietary Funds

**For the Year Ended June 30, 2024**

| | Business-type Activities |
|---|---|
| | Major Enterprise Fund |
| | Waste Water Fund |
| **Operating Revenues** | |
| Water Treatment Charges | $ 150,397 |
| Total Operating Revenues | $ 150,397 |
| **Operating Expenses** | |
| Communication | $ 880 |
| Other Contracted Services | 36,773 |
| Electricity | 11,828 |
| Water and Sewer | 312 |
| Testing | 7,048 |
| Other Supplies and Materials | 16,346 |
| Depreciation | 68,845 |
| Other Charges | 2,553 |
| Total Operating Expenses | $ 144,585 |
| Operating Income (Loss) | $ 5,812 |
| Change in Net Position | $ 5,812 |
| Net Position, July 1, 2023 | 905,014 |
| Net Position, June 30, 2024 | $ 910,826 |

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

**GRUNDY COUNTY, TENNESSEE**
**Statement of Cash Flows**
Proprietary Fund
**For the Year Ended June 30, 2024**

| | Business-type Activities |
|---|---|
| | Major Enterprise Fund |
| | Waste Water Fund |
| **Cash Flows from Operating Activities** | |
| Receipts from Customers | $ 158,618 |
| Payments to Vendors | (74,187) |
| Other Payments | (1,553) |
| Net Cash Provided By (Used In) Operating Activities | $ 82,878 |
| Net Increase (Decrease) in Cash | $ 82,878 |
| Cash, July 1, 2023 | 162,616 |
| Cash, June 30, 2024 | $ 245,494 |
| **Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities** | |
| Operating Income (Loss) | $ 5,812 |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 68,845 |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Accounts Receivable | 8,221 |
| Net Cash Provided By (Used In) Operating Activities | $ 82,878 |

The notes to the financial statements are an integral part of this statement.

Grundy County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2027

| | Business-type Activities - Major Enterprise Fund Waste Water Fund |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Equity in Pooled Cash and Investments | $434,934 |
| Accounts Receivable | - |
| Total Current Assets | $434,934 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Assets Not Depreciated: | |
| Land | $30,000 |
| Assets Net of Accumulated Depreciation: | |
| Buildings and Improvements | 351,238 |
| Infrastructure | 77,559 |
| Proposed Infrastracure | 5,572,265 |
| Total Noncurrent Assets | $6,031,062 |
| Total Assets | $6,465,996 |
| **NET POSITION** | |
| Unrestricted | $434,934 |
| Net Investment in Capital Assets | $6,031,062 |
| Total Net Position | $6,465,996 |

Herzfeld Suetholz Gastel Leniski and Wall PLLC

Michael J. Wall
1920 Adelicia Street
Suite 300
Nashville, TN 37212
Tel: (615) 800-6225
michael@hsglawgroup.com

April 24, 2026

**Via U.S. Mail and Email**
Ross Colona
Assistant Director, Local Government Finance
Comptroller of the Treasury
425 Rep. John Lewis Way North
Nashville, TN 37243
Ross.Colona@cot.tn.gov

***RE:*** ***Petition for Reinstatement of Eligibility to be Commissioner of Sylvia-Tennessee City-Pond Utility District***

Dear Mr. Colona:

I represent Jesse Davis, a former commissioner of Sylvia-Tennessee City-Pond Utility District of Dickson County, Tennessee. Mr. Davis did not get all the training and education required in his first year of service in 2015, making him ineligible for reappointment. He submits this petition to the Tennessee Board of Utility Regulation to reinstate his eligibility, pursuant to Tenn. Code Ann. § 7-82-307(b)(5)(A)(ii).

Mr. Davis began a four-year term as commissioner on January 20, 2015 (oath of office attached). He got five hours of training and education at the 2015 TAUD Business Conference (certificate attached). Unfortunately, he did not get all 12 hours required by statute. *See* Tenn. Code Ann. § 7-82-308(f)(1). Mr. Davis assumed that the training he got for his job at another utility would count toward the education requirement to be a commissioner of the District.

John Greer at the Utility Management Review Board flagged the issue. Mr. Davis resigned his seat on the Board of Commissioners, effective August 30, 2018 (resignation letter attached). At present, he is ineligible for reappointment. *See* Tenn. Code Ann. § 7-82-307(b)(5)(A)(i).

One of the District's current commissioners is in poor health and may need to resign in the next year. The District wants to prepare for that possibility. Mr. Davis has experience as a commissioner and is willing to serve again, if needed.

This petition meets the requirements of Tenn. Code Ann. § 7-82-307(b)(5)(A)(ii). The original term of office that led to Mr. Davis's ineligibility started in 2015 and ended in 2019. He is now free to petition for reinstatement.

According to the statute, an order reinstating Mr. Davis must require him to get 12 hours of training and continuing education within one year. Mr. Davis has already done that. He completed 17.5 hours of training and education from the Comptroller's office last month (certificates attached).

Mr. Davis respectfully petitions TBOUR to reinstate his eligibility immediately and with no conditions. The District may need his service soon. If TBOUR grants this petition, Mr. Davis will still need to be nominated by the Board of Commissioners and appointed by the Dickson County Mayor.

The statute calls for an informal hearing. Please, let me know if you need any other information. Mr. Davis appreciates your consideration.

Sincerely yours,

Michael Wall

Michael J. Wall

enclosures

# Sylvia-Tennessee City-Pond Utility District

102 Pond Circle Road
Dickson, TN 37055
615-446-8888

## OATH OF OFFICE AFFIDAVIT

**STATE OF TENNESSEE**
**COUNTY OF DICKSON**

**Having been duly selected as a member of the Board of Commissioners of the Sylvia-Tennessee City-Pond Utility District, and in compliance with Article 10, Section 1 of the Constitution of Tennessee, and Tennessee Code Annotated, Section 8-18-107, I do solemnly swear that I will support the Constitution of Tennessee and of the United States, and that I will perform with fidelity the duties of office to which I have been selected and which I am about to assume.**

**COMMISSIONER**

**Sworn to and subscribed before me this the 20th day of January, 2015**
**Duty Ending the 20th day of January, 2019.**

Maria Ann Tosin
**NOTARY PUBLIC**

**My Commission Expires** March 21, 2017

"This institution is an equal opportunity provider, and employer."

Official Resignation Letter
Jesse Davis
124 Robert Porter Rd.
Dickson, Tn. 37055

August 23, 2018
Sylvia, Tennessee City, Pond Utility
102 Pond Circle Rd.
Dickson, Tn. 37055

Dear Matthew Poynor

Please accept this letter as my formal resignation from my position as Commissioner at Sylvia, Tennessee City, Pond Utility, effective one week from today, which will be August 30, 2018.

I appreciate the opportunity of being a Commissioner for the past 3 years at Sylvia, Tennessee City, Pond Utility. During my time as Commissioner, I have been fortunate for the opportunity to watch the growth and learn more about STCP Utility.

I wish you and Sylvia, Tennessee City, Pond Utility the very best going forward.

Sincerely,

Jesse Davis

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**TAS Utility Training: Water through Systems (1 Hour Cred**

Jason E. Mumpower, Comptroller of the Treasury

**3/18/2026**

Date of Completion

Page 134

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**A Debt Overview for Utilities (1 Hour of Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/23/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Budgeting for Utilities (1Hour Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/20/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Communicating with Customers (1 Hour of Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/21/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Cyber Security ( 1 hour Credit )**

Jason E. Mumpower, Comptroller of the Treasury

**3/17/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**nancial Accountability and Fraud Awareness (1 hour credi**

Jason E. Mumpower, Comptroller of the Treasury

**3/18/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Fraud Can't Happen Here (1 Hour Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/19/2026**

Date of Completion

Page 1 of 1

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**GASB Basics 101 Part 1 (1 Hour of Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/19/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**GASB Basics 101 Part 2 (1 Hour of Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/20/2026**

Date of Completion

Page 1 of 2

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**nveyance System; I&I and Water Loss Reduction (1 Hour**

Jason E. Mumpower, Comptroller of the Treasury

**3/19/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Internal Controls and Fraud in Utilities (1 Hour of Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/23/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Intro to MTAS (0.5 credits)**

Jason E. Mumpower, Comptroller of the Treasury

**3/18/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Introduction to Depreciation (1 hour credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/19/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**roduction to the Comptroller's Utility Office (1 Hour of Cre**

Jason E. Mumpower, Comptroller of the Treasury

**3/19/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Public Records and Open Meetings (1 Hour of Credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/17/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**en Keys to a Fiscally Well-Managed Government (1 hour cr**

Jason E. Mumpower, Comptroller of the Treasury

**3/20/2026**

Date of Completion

Page 1 of 1

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Water Loss Assessment Part 1 ( 1 Hour Credit )**

Jason E. Mumpower, Comptroller of the Treasury

**3/18/2026**

Date of Completion

TENNESSEE COMPTROLLER OF THE TREASURY

# Certificate of Achievement

THIS ACKNOWLEDGES THAT

**Jesse Davis**

HAS SUCCESSFULLY COMPLETED

**Water Loss Assessment Part 2 (1 hour credit)**

Jason E. Mumpower, Comptroller of the Treasury

**3/18/2026**

Date of Completion

Jason E. Mumpower
*Comptroller*

Entity Referred: **Mooresburg Utility District**

Referral Reason: **Decrease In Net Position, Investigative Report**

Utility Type **Water**

Referred: County: **Hawkins**

**Staff Summary:**
The Mooresburg Utility District ("the Utility") was placed under the oversight of the Tennessee Board of Utility Regulation ("the Board") for financial distress following its fiscal year 2020 audit pursuant to Tenn. Code Ann. § 7-82-703. The Board initially issued an order in 2021 and subsequently issued an updated order in December 2022 requiring corrective actions to address the Utility's financial and operational deficiencies. In 2024, the Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Utility for the period July 2022 through September 2023. Numerous deficiencies were identified, and the results of the investigation were communicated to the Office of the District Attorney General for the 3rd Judicial District.

Although the Utility has partially complied with the December 2022 order, it failed to implement the recommendations of a rate study completed by Jackson Thornton in July 2023. The Board originally required implementation of the study results by September I, 2023, and later extended the deadline to April 1, 2024; however, the former utility board failed to comply. Additionally, in March 2024, the Board ordered the Utility to engage a qualified third party to review internal controls and policies and provide proof of corrective action by September 1, 2024. The Utility also failed to comply with this requirement.

Further operational instability emerged in late 2024 amid reported conflicts between Utility management and the board of commissioners. During this period, the Utility operated without a General Manager and relied on part-time staff to maintain operations. In December 2024, two commissioners and two employees resigned. New commissioners were appointed in January 2025, and the General Manager subsequently returned to the Utility. Board staff were informed that the newly appointed commissioners are aware of the outstanding Board orders and intend to take corrective action moving forward.

The Board ordered the Utility in March 2025 to complete a new rate study and feasibility analysis. The utility contracted with Hatfield and Allen, Associates for the rate study and feasibility analysis. The rate study was completed with a recommended $29.28 monthly base rate and a $6.21 per 1,000 gallon flow rate. The author of the rate study noted that the recommendations are preliminary and based only on the financial information currently available. The author also explained that the recommended rates have not yet been formally adopted by the Utility. Additionally, the proposed rates do not fully account for the future costs or operational impacts of the planned Automatic Meter Reading ("AMR") project. The feasibility study only included a draft preliminary evaluation where the author noted that a full feasibility study needs to be conducted.

**Staff Recommendation:**

The board should order the following.

1. By August 31, 2026, the Utility shall provide Board staff with proof of implementation of the resulting recommendations from the completed rate study or a proposed plan of implementation.

2. The Utility shall have a qualified expert, as approved by Board staff, perform a study of the feasibility of a merger between the Utility and surrounding utilities that includes the following:

    a. A preliminary review and list of the five closest local government utilities that provide the same service or services and are within 30 miles of the Utility's main office. If there are fewer than five utilities that meet the requirements, the preliminary review shall include all local government utilities that meet the requirements.

    b. A detailed analysis of at least two of the utility systems identified in paragraph 2(a). If only one system is identified, the study shall also consider what local improvements may be made to the Utility in order to correct all operational, financial, and managerial deficiencies. The detailed analysis shall include:

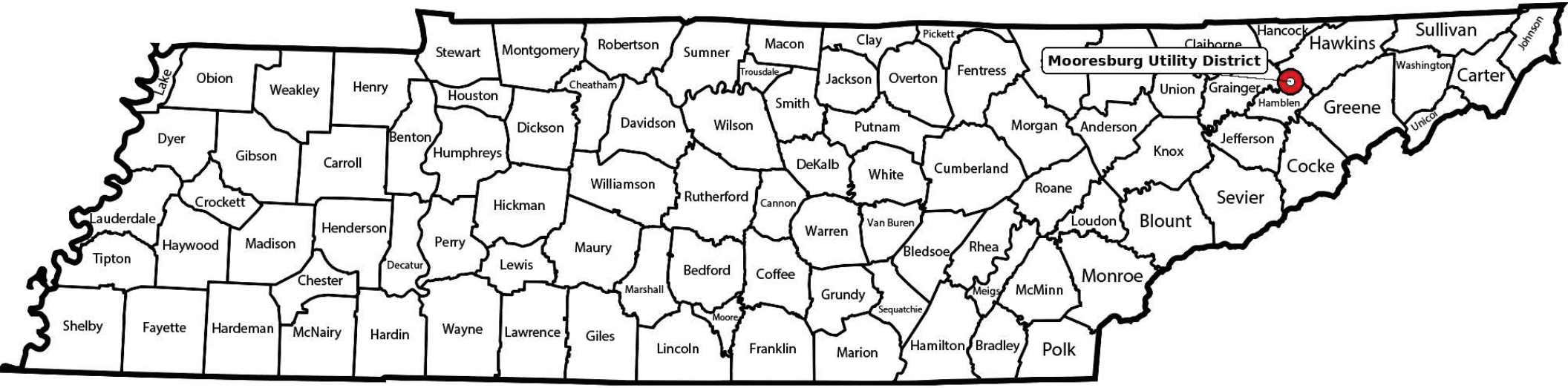
    c. A breakdown of what capital improvements must be made in order for the Utility to be hydraulically connected to each system being considered, and the associated cost.

    d. An analysis of whether or not a managerial and financial only consolidation is a viable option, and the associated cost for each system being considered.

    e. A report that includes the current rates of the Utility and the estimated rates for every option presented in the findings required by paragraphs 2(b)(i) and 2(b)(ii).

3. By August 31, 2026, the Utility shall provide Board staff with the completed feasibility analysis as detailed in paragraph 2.

4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.




**Mooresburg Utility District**

Total customers: 693

# Mooresburg Utility District

| | Category: **Water** | | County: **Hawkins** | |
|---|---|---|---|---|
| | **2021** | **2022** | **2023** | **2024** |
| **Net Assets** | $3,595,682.00 | $3,551,019.00 | $3,449,997.00 | $3,217,507.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $2,045,093.00 | $1,995,112.00 | $1,946,439.00 | $1,776,996.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $1,550,589.00 | $1,555,907.00 | $1,503,558.00 | $1,440,511.00 |
| **Operating Revenues** | $384,750.00 | $463,999.00 | $386,935.00 | $395,820.00 |
| **Net Sales** | $347,665.00 | $370,699.00 | $327,264.00 | $352,841.00 |
| **Operating Expenses** | $329,397.00 | $393,914.00 | $420,071.00 | $408,992.00 |
| **Depreciation Expenses** | $138,357.00 | $138,201.00 | $125,880.00 | $121,487.00 |
| **Non Operating Revenues** | -$67,573.00 | -$64,767.00 | -$19,213.00 | -$49,875.00 |
| **Capital Contributions** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | -$12,220.00 | $5,318.00 | -$52,349.00 | -$63,047.00 |
| **Statutory Change In Net Position** | -$12,220.00 | $5,318.00 | -$52,349.00 | -$63,047.00 |

# 2026 RATE ANALYSIS REPORT

For the

## Mooresburg Utility District

## Board of Commissioner

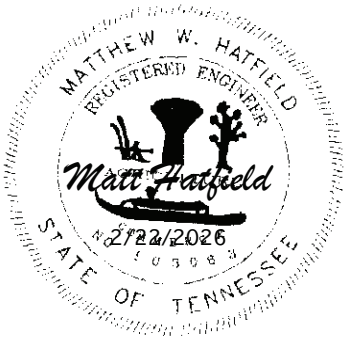
**General Manager: Joyce Carpenter**

Report Completed in Part For:

**Tennessee Board of Utility Regulation**

And To Be Included In The

**2026 Asset Management Plan**




Hatfield & Allen, Associates

Engineering and Planning





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# Section 1: Executive Summary

### Section 1.1 Introduction

Mooresburg Utility District conducted a financial and operational review of its water system in order to evaluate the adequacy of the current rate structure and to assess long-term system sustainability. The study utilized the ***RCAP Great Rates Tool*** to analyze customer demand, operating expenses, revenue generation, and overall financial performance.

The district currently serves approximately 703 customer connections and produces approximately 65 million gallons of water annually, or roughly 178,000 gallons per day. On a per-connection basis, system production averages approximately 253 gallons per connection per day, which is consistent with typical residential water demand for rural water systems. The analysis indicates that the district currently records approximately 18–20 million gallons of billed water consumption annually, or approximately 78 gallons per connection per day. This level of billed consumption is unusually low for a system of this size and suggests that a portion of water usage may not be fully captured through the existing metering and billing system.

The difference between water produced and water billed represents Non-Revenue Water, a condition commonly found in aging water systems. Non-Revenue Water may result from several factors including customer meter inaccuracies, hidden distribution system leaks, production meter measurement errors, and authorized but unmetered uses of water. Importantly, the district has continued to operate successfully despite these inefficiencies, indicating that the system remains operationally stable. Financial analysis shows that the district maintains a generally strong financial position. Annual operating expenses are projected at approximately $460,063, while other system revenues generate approximately $104,239 per year. This results in a required revenue from water sales of approximately $355,824 annually. Rates prior to 2025 generated approximately $353,294 per year, resulting in a modest revenue gap of approximately $2,530. The audit states that there is approximately $1.56 million in unrestricted reserves. If this was a true dollar for dollar reserve, this might reflect a vibrant responsible financial management that provides stability for future infrastructure needs. However, this appears to be a function of accounting and not a cash set aside for the district. This will be addressed further regarding ways to make a true cash reserve for the district.

The study also identified several opportunities to improve system efficiency and financial performance. The district plans to implement Automatic Meter Reading (AMR) technology to improve customer meter accuracy and billing reliability. Following meter

replacement, the district intends to conduct a system-wide leak detection survey to identify hidden distribution system leaks. These actions will improve water accountability and may significantly increase the amount of water properly measured and billed without increasing system production.

Overall, the Mooresburg Utility District water system's major objective is to find ways to be operating within a reasonable production range and maintains a stable financial condition, which may not have been the case prior to 2023. The primary opportunity identified throughout this study involves improving water measurement and system accountability through modern metering technology and distribution system monitoring. Implementing the recommended improvements will strengthen operational efficiency, improve revenue recovery, and support the long-term sustainability of the district's water system while continuing to provide reliable service to the community.

**Section 1.2 Statement of Methodology**

As stated, our analysis utilized the **RCAP "Formulate Great Rates"** financial modeling tool, which is designed specifically for small and rural water utilities. The model evaluates system revenues, operating expenses, customer demand, and financial reserves to determine whether existing rates adequately support system operations. As with any application tool, it is only as good as the information provided.

The study incorporated several sources of other information, including:

- historical financial records provided by the district – **Exhibit One - Audits**
- current water rate structure and billing data – **Exhibit Two – Rate Policies**
- customer connection counts
- treatment plant production records
- projected operating expenses and other system revenues

The model was then used to estimate current system revenues, project future financial performance, and determine the level of revenue required to maintain operational and financial stability. A comparison was also made between total water produced and total water billed to evaluate overall system water accountability. This comparison provided insight into potential opportunities for improving measurement accuracy and operational efficiency through modern metering technology and leak detection programs.

It is important to note that the water accountability values presented in this report represent preliminary indicators based on currently available operational data. More precise measurements may become available as the district implements meter modernization, leak detection surveys, and production meter verification in the near future. This plan is simply the first major step in improving the financial health of the district.

# Section 2.0 Utility District Information

### Section 2.1 Approach

Mooresburg Utility District uses a Base rate plus a flat flow rate for each additional 1,000 gallons used by the customer.

- The flow rate is on a flat amount per thousand gallons used
- Each succeeding consumption block increases by the same amount

No one rate structure is inherently better than another. Any rate structure can be priced to allow the district to collect the correct amount of revenue. However, these are a few of the considerations the district should be keep in mind when determining which rate structure is best for their community:

1. Rates must be set at a level that covers all of the costs to produce, treat, store, and distribute water to all current and future customers. These functions include other parts of a "business" that are not so visible—replacing assets, servicing debt, funding financial reserves, and other operations, maintenance, and administrative costs, including those associated with regulatory compliance.

2. Rates must be fair and equitable. Fair means that they are high enough to cover all costs of operating the system. Equitable means that each class (or type) of customer is paying what is rightfully its share of the costs.

3. A water system's revenues must not be used to pay for other services. In the case of Mooresburg Utility District, the only infrastructure provided is water, so this should not be an issue.

4. Customers should know what the rates are. This is a time when people demand transparency. Rates should be posted publicly in the water or general office, on your website (if you have one), and should comply with any other notification or approval requirements dictated by the state. The annual Consumer Confidence Report or CCR is a good time to remind customers about your rates and how system revenue is being spent.

5. The rate structure should be easy to understand. In general, smaller systems (fewer than 5,000 users) should have between one and five user classifications and between one and three consumption blocks.

6. Water rates have a short life span. The existing rate structure should be examined at least once a year as part of the budget-development process to determine if an adjustment needs to be made. If a dramatic change in income or

expenses is experienced during the year, an analysis should be done to determine if an adjustment is necessary before the regular budgeting process.

7. Good rate structures are based on actual, accurate financial information and good customer records. In the case of Mooresburg Utility, their records have been improving steadily over the past couple years. It's very difficult to develop a fair and equitable rate structure if you're not sure what your income and expenses have been for the last two to three years and how much water you are selling to each customer. The more detailed your budget and usage information, the more accurate your rate modeling will be.

8. The rate structure should be easy to administer. If it is too complex, chances are it's going to be hard for customers to understand and support.

In preparing for this analysis, the maxim that "Not every gallon that is produced by your system or delivered to a customer is paid for." It is obvious that Mooresburg Utility District produces much more water than it is getting paid. This is probably coming from a combination of water loss through old water meters, water loss in the transmission system, and inaccurate measurement. Mooresburg is addressing the first item mentioned with their system wide water meter replacement that will be done this summer. Minimizing these unpaid gallons will control costs and boost revenues without needing to raise rates. In preparation for this rate analysis, it was determined that after the water meters are installed, the district should conduct a more detailed water audit and make another evaluation of collections.

In going over the water records, both sales and water moving through the plant, it is obvious that there is a lot of nonrevenue water that needs to be captured in the next five years. It appears that almost 65,000,000 gallons of water are produced, but less than 20,000,000 gallons are revenue water. We have developed basic strategies and recommendations found throughout this report to help the district capture many of these losses. These are discussed in later sections.

**Section 2.2 Basic System Information**

This section is the foundational operating and customer data used throughout the rate analysis model. This information establishes the current conditions of the utility system and serves as the starting point for projecting revenues, evaluating expenses, and calculating potential rate adjustments. This gives us a snapshot of the essential system characteristics, including the number of customers served, annual water usage, billing practices, and the existing rate structure. These inputs allow the rate model to estimate current revenue generation and evaluate whether the existing rates are sufficient to support ongoing operations, maintenance, capital improvements, and financial stability. The **Basic Information Table** functions as the **input foundation for the entire rate model**. It should be noted that the information reflects through the end of 2024, as this is

the last financial audit completed by the district **(See Exhibit One – 2022, 2023 and 2024 Financial Audits).** However, the number of customers and the basic rates have not changed except for the rates shown in **Exhibit Two – Mooresburg Utility District Current Rates.** That said, the customer counts, usage levels, and existing rates entered here feed directly into subsequent worksheets that:

- calculate current revenue levels,
- project future financial performance,
- evaluate operating cost coverage, and
- determine the level of rate adjustment needed to maintain system sustainability.

Accurate information in this table is therefore critical to ensuring the reliability of the overall rate analysis.

**Basic Information Table**

| | | |
|---|---|---|
| Name of System | Mooresburg Utility District | |
| Date Prepared | 2/1/26 | |
| Total Customers | 703 | |
| Annual Usage | 17,652,000 | gallons |
| Annual Billing Periods | 12 | (For example, monthly billing would be 12) |
| Current Collection Rate | 90.0% | |
| Current Base Rate | $26.68 | |
| Current Flow Rate | $8.58 | per 1,000 gallons |

Key categories summarized in this table include:

**System Identification** – this is simply the name of the utility system, **Mooresburg Utility District**, and the date the analysis was prepared. This ensures the study is properly documented and referenced for future financial planning and regulatory review. It must be noted that the date of the information was based upon 2022, 2023, and 2024 Financial Audits.

**Customer Base** - The total number of customers served by the utility along with the Customer count is one of the most important variables in a rate analysis because it determines how operating costs are distributed among users. For Mooresburg Utility District, the number of connections represents the core base from which system revenues are generated.

**System Water Usage** - This portion of the worksheet identifies the total annual water usage across the system, typically expressed in gallons. Annual usage is used to calculate average consumption patterns and helps determine how much revenue is generated through volumetric charges. Understanding total water demand is essential for forecasting revenue under both current and proposed rate structures.

**Billing Frequency** - The number of billing periods per year is entered in this section. Utilities typically bill customers monthly, bi-monthly, or quarterly. Billing frequency affects revenue timing and is used by the model to convert customer usage and rate structures into annual revenue estimates.

**Collection Rate** - The table also includes the current collection rate, which represents the percentage of billed revenue that the utility successfully collects. No utility collects 100 percent of billed revenue due to delinquencies, write-offs, and other factors. Incorporating the collection rate ensures the financial projections reflect realistic cash receipts rather than theoretical billing amounts.

**Existing Rate Structure** - The final portion of the table documents the utility's current rate structure, which generally includes:

- Base Rate – the fixed monthly charge applied to each customer regardless of usage.
- Flow Rate (Volumetric Rate) – the charge applied per unit of water consumption, typically per 1,000 gallons.

These rates represent the current pricing framework used by the utility to generate operating revenue. The model uses these values to calculate present revenue levels and to evaluate the financial impacts of potential rate adjustments.

# Section 3.0 Financial Analysis

### Section 3.1 Explanation of the Analysis

In putting the financial information together for this rate analysis report, Mooresburg Utility District could only provide was not been able to provide information from past audits completed when none of the present staff was involved until the end of the the 2023 audit. Specifically, there have been a number of personnel changes, including the office manager, the entire board, and the general manager. That said, their accounting firm has provided the state, through its annual audit, with information that was assumed correct and was formulated as it was presented to the accounting firm. However, based upon the enclosed three-year totals that were contained in these audits, it is probably safe to assume that there were "holes in previous audits." Therefore, a continuing analysis should be completed each year over the next three years so that the district can ascertain a better picture of their financial condition and the direction they are headed. From all indications, they are on the right track and will be in a much better financial position than the previous three years.

### Section 3.2 Financial Analysis Tables

This analysis assumed that the district would retain the same number of customers over the next three years. The past years audits showed 703 customers and the current number is still holding at 704 customers. For purposes of this analysis, we presented the same number of customers over the next three fiscal years and showed that the district would maintaining their 90-95 percent collection rate (which may be more accurate today than in the past). Their debt service remains unchanged over the next three years, and their reserves are presented in a way that may or may not be indicative of other similar districts. Over the previous three fiscal years, Mooresburg water use was trending downward. That is reflected in this financial forecast, and as a result, their expected revenue from water sales is down. At the same time, many of their operating expenses were trending upward, and overall operating expenses have been increasing about 4 percent per year. While some line items are trending up and others trending downward, the 4 percent per year increase overall produces a close enough estimation of future operating expenses.

Mooresburg Utility District would not be able cover its operating expenses with this trend of operating revenues over the next three years, and revenues will not be sufficient to also cover their debt service and any capital outlays. Because their reserve funds (which are not indicative of cash) have been depleted according to the past three fiscal years audits, Mooresburg UD would not have had enough money to cover all of its expenses just one year from now. That would mean that they would need to find ways to cut costs,

raise revenues, or both. This is what they did in August of last year (See attached rate increase).

The **End of Year Revenues & Expenses Table** provides the **historical financial benchmark** for the rate study. The values recorded here are used throughout the rate model to:

- evaluate the financial performance of the existing rate structure,
- develop realistic future financial projections, and
- determine the level of rate adjustment required to ensure long-term system sustainability.

Accurate financial data in this table is essential because it establishes the financial baseline against which all future projections and rate recommendations are measured.

**End of Year Revenues & Expenses Table**

| Operating Revenue | Actual Yr 1 | Actual Yr 2 | Actual Yr 3 | 3-yr Diff +or - | % Diff 3-year period | Fixed or Variable |
|---|---|---|---|---|---|---|
| Water Sales | 370,699 | 327,264 | 352,841 | (17,858) | -5% | |
| Water Tap Fees, Connection Fees and Late Fees | 35,947 | 59,221 | 24,589 | (11,358) | -32% | |
| Grant Income | 56,233 | 0 | 18,290 | (37,943) | -67% | |
| Other Income | 1,120 | 450 | 100 | (1,020) | -91% | |
| Total Revenue | $463,999 | $386,935 | $395,820 | ($68,179) | -15% | |
| | | | | | | |
| Operating expenses | | | | | | |
| Depreciation | 138,501 | 125,880 | 121,487 | (17,014) | -12% | Variable |
| Annual Fees and Dues | 1,294 | 2,478 | 2,568 | 1,274 | 98% | Variable |
| Wages | 61,284 | 81,535 | 84,825 | 23,541 | 38% | Variable |
| Utilities and Telephone | 27,419 | 25,195 | 24,923 | (2,496) | -9% | Variable |
| Water Purchased | 12,383 | 28,911 | 32,441 | 20,058 | 162% | Variable |
| Insurance | 27,649 | 25,921 | 28,632 | 983 | 4% | Variable |
| Repairs & Maintenance | 50,912 | 52,810 | 19,254 | (31,658) | -62% | Variable |
| Vehicle Expense | 7,551 | 5,258 | 3,491 | (4,060) | -54% | Variable |
| Miscellaneous | 1,457 | 1,933 | 2,139 | 682 | 47% | Variable |
| Office Supplies & Postage | 10,475 | 8,058 | 16,427 | 5,952 | 57% | Variable |
| Water Supplies | 36,500 | 52,306 | 56,194 | 19,694 | 54% | Variable |
| Professional Fees | 13,168 | 2,424 | 9,906 | (3,262) | -25% | Variable |
| Taxes | 5,321 | 7,362 | 6,705 | 1,384 | 26% | Variable |
| | | | | 0 | | |
| | | | | 0 | | |
| | | | | 0 | | |
| | | | | 0 | | |
| | | | | 0 | | |
| | | | | 0 | | |
| Total Operating expenses | $393,914 | $420,071 | $408,992 | $15,078 | 4% | |
| | | | | | | |
| NET Operating Income (LOSS) | $70,085 | ($33,136) | ($13,172) | ($83,257) | -119% | |
| | | | | | | |
| Other Income & expenses | | | | | | |
| Other Income | 5,402 | 49,124 | 12,397 | 6,995 | 129% | |
| Other Expenses | 70,169 | 68,337 | 62,272 | (7,897) | -11% | |
| Principal and Interest on Long-Term Debt | | | | 0 | | Fixed |
| Capital Outlays | | | | 0 | | Fixed |
| Total Other Income & Expenses (NET) | ($64,767) | ($19,213) | ($49,875) | $14,892 | -23% | |
| | | | | | | |
| NET Income (LOSS) | $5,318 | ($52,349) | ($63,047) | ($68,365) | -1286% | |
| | | | | | | |
| Unrestricted Reserves at Beginning of Year | 1550589 | $1,555,907 | $1,503,558 | ($47,031) | -3% | |
| Unrestricted Reserves at End of Year | $1,555,907 | $1,503,558 | $1,440,511 | ($115,396) | -7% | |

The **Financial Forecast Table** projects the future financial performance of Mooresburg Utility District over the planning horizon used in the rate analysis. This table builds upon the historical financial data presented in the previous tables and estimates how revenues and expenses are expected to change over time based on anticipated system conditions.

The purpose of the financial forecast is to determine whether the utility's current rates will generate sufficient revenue to support ongoing operations, maintain infrastructure, meet regulatory requirements, and fund necessary capital improvements in the coming years.

## Financial Forecast Table

| Projected Operating Revenue | Base Year | Multiplier | Base Year +1 | Base Year +2 | Base Year +3 | Fixed or Variable |
|---|---|---|---|---|---|---|
| Current Base Rate | | | $26.68 | | | |
| Current Flow Rate (per 1,000 gallons) | | | $8.58 | | | |
| Current Annual Billing Periods | | | 12 | | | |
| Expected Total Customers | 703 | 0.0% | 703 | 703 | 703 | |
| Expected Total Gallons Sold | 17,652,000 | 1.0% | 17,828,520 | 18,006,805 | 18,186,873 | |
| Expected Collection Rate | 90.0% | 1.0% | 90.9% | 91.8% | 92.7% | |
| Water Sales | 352,841 | | 343,639 | 348,446 | 353,294 | |
| Water Tap Fees, Connection Fees and Late Fees | 24,589 | 3.0% | 25,327 | 26,087 | 26,870 | |
| Grant Income | 18,290 | -100.0% | 0 | 0 | 0 | |
| Other Income | 100 | 200.0% | 300 | 900 | 2,700 | |
| **Total Projected Operating Revenue** | **$395,820** | | **$369,266** | **$375,433** | **$382,864** | |
| | | | | | | |
| **Operating expenses** | | | | | | |
| Depreciation | 121,487 | 4.0% | 126,346 | 131,400 | 136,656 | Variable |
| Annual Fees and Dues | 2,568 | 4.0% | 2,671 | 2,778 | 2,889 | Variable |
| Wages | 84,825 | 4.0% | 88,218 | 91,747 | 95,417 | Variable |
| Utilities and Telephone | 24,923 | 4.0% | 25,920 | 26,957 | 28,035 | Variable |
| Water Purchased | 32,441 | 4.0% | 33,739 | 35,089 | 36,493 | Variable |
| Insurance | 28,632 | 4.0% | 29,777 | 30,968 | 32,207 | Variable |
| Repairs & Maintenance | 19,254 | 4.0% | 20,024 | 20,825 | 21,658 | Variable |
| Vehicle Expense | 3,491 | 4.0% | 3,631 | 3,776 | 3,927 | Variable |
| Miscellaneous | 2,139 | 4.0% | 2,225 | 2,314 | 2,407 | Variable |
| Office Supplies & Postage | 16,427 | 4.0% | 17,084 | 17,767 | 18,478 | Variable |
| Water Supplies | 56,194 | 4.0% | 58,442 | 60,780 | 63,211 | Variable |
| Professional Fees | 9,906 | 4.0% | 10,302 | 10,714 | 11,143 | Variable |
| Taxes | 6,705 | 4.0% | 6,973 | 7,252 | 7,542 | Variable |
| | 0 | | 0 | 0 | 0 | |
| | 0 | | 0 | 0 | 0 | |
| | 0 | | 0 | 0 | 0 | |
| | 0 | | 0 | 0 | 0 | |
| | 0 | | 0 | 0 | 0 | |
| | 0 | | 0 | 0 | 0 | |
| **Total Projected Operating Expenses** | **$408,992** | | **$425,352** | **$442,367** | **$460,063** | |
| | | | | | | |
| **Projected NET Operating Income (LOSS)** | **-$13,172** | | **-$56,086** | **-$66,934** | **-$77,199** | |
| | | | | | | |
| **Projected Other Income & Expenses** | | | | | | |
| Other Income | 12,397 | | 12,397 | 12,397 | 12,397 | |
| Other Expenses | 62,272 | | 62,272 | 62,272 | 62,272 | |
| Principal and Interest on Long-Term Debt | 0 | | | | | Fixed |
| Capital Outlays | 0 | | | | | Fixed |
| **Total Projected Other Income & Expenses (NET)** | **($49,875)** | | **($49,875)** | **($49,875)** | **($49,875)** | |
| | | | | | | |
| **Projected NET Income (LOSS)** | **($63,047)** | | **($105,961)** | **($116,809)** | **($127,074)** | |
| | | | | | | |
| **Projected Unrestricted Reserves at Beginning of Year** | **$1,550,589** | | **$1,555,907** | **$1,449,946** | **$1,333,137** | |
| **Projected Unrestricted Reserves at End of Year** | **$1,555,907** | | **$1,449,946** | **$1,333,137** | **$1,206,063** | |

The **Revenue Requirement Table** calculates the total amount of annual revenue that Mooresburg Utility District must generate in order to properly operate, maintain, and sustain the water system. This table brings together the financial projections developed in earlier tables and determines the level of income necessary to cover all financial obligations while maintaining appropriate operating reserves.

The purpose of this table is to identify the difference between the revenue currently produced by the existing rate structure and the revenue that is actually required to support the long-term financial health of the utility system.

**Revenue Requirement Table**

| | Base Year +1 | Base Year +2 | Base Year +3 |
|---|---|---|---|
| Total Projected Operating Expenses | 425,352 | 442,367 | 460,063 |
| Principal and Interest on Long-Term Debt | 0 | 0 | 0 |
| Capital Outlays | 0 | 0 | 0 |
| **Total Expenses** | **$425,352** | **$442,367** | **$460,063** |
| | | | |
| Unrestricted Reserve Target | 1,556,000 | 1,556,000 | 1,556,000 |
| Current Unrestricted Reserve Funds | 1,555,907 | 1,556,000 | 1,556,000 |
| **Additional Unrestricted Reserve Funds Needed** | **$93** | **$0** | **$0** |
| | | | |
| **Financial Target** | **$425,445** | **$442,367** | **$460,063** |
| | | | |
| Water Tap Fees, Connection Fees and Late Fees | 25,327 | 26,087 | 26,870 |
| Grant Income | 0 | 0 | 0 |
| Other Income | 300 | 900 | 2,700 |
| Other Income | 12,397 | 12,397 | 12,397 |
| Other Expenses | 62,272 | 62,272 | 62,272 |
| **Total Revenue Other Than Water Sales** | **$100,296** | **$101,656** | **$104,239** |
| | | | |
| Revenue Needed from Water Sales | 325,149 | 340,711 | 355,824 |
| Projected Water Sales Under Current Rates | 343,639 | 348,446 | 353,294 |
| | | | |
| **Additoinal Revenue Needed from Water Sales** | **-$18,490** | **-$7,735** | **$2,530** |

The **Rate Design Tables** represents the final step in the rate analysis process. It converts the financial requirements identified in the earlier worksheets into a practical rate structure that can be implemented by the utility district.

The results of these tables provide the basis for rate recommendations presented to the utility board and serve as documentation supporting the need for any proposed rate adjustments.

By aligning system revenues with operational costs and infrastructure needs, the recommended rates help ensure that Mooresburg Utility District can continue providing safe, reliable, and sustainable water service to its customers in the years ahead.

**Rate Design Table One**

| | Base Year +1 | Base Year +2 | Base Year +3 |
|---|---|---|---|
| Current Base Rate | | $26.68 | |
| Current Flow Rate (per 1,000 gallons) | | $8.58 | |
| Current Annual Billing Periods | | 12 | |
| Expected Total Customers | 703 | 703 | 703 |
| Expected Total Gallons Sold | 17,828,520 | 18,006,805 | 18,186,873 |
| Expected Collection Rate | 91% | 92% | 93% |
| Additional Revenue Needed from Water Sales | -$18,490 | -$7,735 | $2,530 |
| | | | |
| Increase from Base Rate Only: | | | |
| New Base Rate ($/month) | $24.27 | $25.68 | $27.00 |
| Existing Flow Rate ($/1,000 gallons) | $8.58 | $8.58 | $8.58 |
| | | | |
| Increase from Flow Rate Only: | | | |
| Exisiting Base Rate ($/month) | $26.68 | $26.68 | $26.68 |
| New Flow Rate ($/1,000 gallons) | $7.44 | $8.11 | $8.73 |
| | | | |
| Increases to Both Base Rate and Flow Rate: | | | |
| New Base Rate ($/month) | $29.28 | $29.28 | $29.28 |
| New Flow Rate ($/1,000 gallons) | $6.21 | $6.89 | $7.52 |

**Rate Design Table Two**

| | Base Year +1 | Base Year +2 | Base Year +3 |
|---|---|---|---|
| Fixed Operating Expenses | 0 | 0 | 0 |
| Principal and Interest Payments on Long Term Debt | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Additional Reserve Funds Needed | 93 | 0 | 0 |
| **Total Fixed Expenses** | **$93** | **$0** | **$0** |
| | | | |
| **Total Variable Expenses** | **$425,352** | **$442,367** | **$460,063** |
| | | | |
| Expected Annual Billing Periods | 12 | 12 | 12 |
| Expected Total Customers | 703 | 703 | 703 |
| Expected Total Gallons Sold | 17,828,520 | 18,006,805 | 18,186,873 |
| Expected Collection Rate | 91% | 92% | 93% |
| | | | |
| Base Rate Covering Fixed Expenses | $0.01 | $0.00 | $0.00 |
| Flow Rate Covering Variable Expenses | $26.25 | $26.76 | $27.29 |

**Section 3.3 Financial Analysis Summary**

The analysis incorporated system operating data, customer usage information, and financial projections developed through the RCAP rate modeling tool. These are the outcomes of this analysis.

***Current System Characteristics***

Based on the data entered into the rate model, the Mooresburg Utility District currently serves approximately 703 customer connections. Annual water demand for the system is projected at approximately:

**17,552,000 gallons of water per year**

These values form the foundation for calculating system revenue under both the existing and proposed rate structures.

***Projected Operating Costs***

The financial forecast indicates that total system operating expenses are projected to reach approximately:

**$460,063 per year**

This amount represents the estimated annual cost required to operate and maintain the water system, including personnel, utilities, maintenance activities, administrative expenses, and other operational costs necessary to provide safe and reliable water service.

***Non-Rate Revenue Sources***

The system also receives revenue from sources other than water sales, including tap fees, service charges, and other miscellaneous income. These revenues are projected to generate approximately:

**$25,970 annually**

These funds help offset the amount of revenue that must be generated directly through customer water rates.

***Revenue Requirement from Water Sales***

After accounting for other revenues, the system must generate approximately:

**$355,824 per year from water sales**

in order to fully cover operating expenses and maintain financial stability.

***Revenue Generated Under Current Rates***

Based on the current rate structure and projected water usage levels, the model estimates that the existing rates will generate approximately:

**$353,294 annually from water sales**

This indicates that current revenues fall slightly below the level required to fully support system operations.

***Identified Revenue Gap***

The financial model indicates a revenue shortfall of approximately:

**$2,530 per year**

This represents a relatively small gap between projected revenue and the amount required to fully support system operations. Although the shortfall is modest, maintaining balanced revenues and expenditures is essential for the long-term sustainability of the utility system. Addressing this gap helps ensure that the district can continue to operate effectively while maintaining adequate financial reserves.

***Financial Stability Considerations***

The analysis also evaluated the utility's reserve position. The model indicates that the district maintains unrestricted reserve funds of approximately:

**$1,556,000**

This reserve level meets the financial reserve targets identified in the model and reflects a strong financial position for the utility. Maintaining adequate reserves is a recommended best management practice for water utilities because it allows systems to respond to infrastructure failures, emergency repairs, and future capital replacement needs without sudden financial stress.

**Section 3.4 System Water Production and Non-Revenue Water**

During the rate analysis process, a comparison was made between the total volume of water produced at the treatment facility and the total volume of water billed to customers. This comparison provides insight into system efficiency and is commonly referred to in the water industry as **Non-Revenue Water (NRW)**. Based on operational records provided by the district:

- The treatment facility produces approximately **65,000,000 gallons of water annually**.
- The system currently records approximately **18–20 million gallons per year in billed consumption**.

This indicates that a significant portion of the water produced by the system is not currently captured through customer billing. The difference between water produced and water sold represents **system losses and unaccounted-for water**, which can result from several common conditions found in aging water distribution systems.

These conditions may include:

- Aging or inaccurate customer meters that under-register water usage
- Undetected system leaks in distribution lines or service connections
- Unmetered authorized uses such as flushing, firefighting, or maintenance activities
- Meter reading or billing inefficiencies

This situation is not uncommon in older water systems and does not necessarily indicate operational failure. Many small utilities experience elevated levels of non-revenue water prior to undertaking modernization efforts such as meter replacement and system leak detection programs. One notable observation is that **Mooresburg Utility District continues to operate in a stable financial condition despite these system inefficiencies**. The district has maintained operations, met its financial obligations, and accumulated financial reserves.

This demonstrates that the district's management has recently exercised **sound fiscal oversight and conservative financial practices**, allowing the system to remain operational even while system inefficiencies are present.

However, addressing the difference between water produced and water billed represents a significant opportunity to improve both system efficiency and financial performance.

### Section 3.4 Financial Analysis Rate Adjustment and Other Recommendations

The following are the three main recommendations from this analysis:

1. **Rate Adjustment**

   Based on the results of the rate analysis, only a modest rate adjustment appears to be necessary to align annual revenues with projected operating costs. The proposed rate adjustment is designed to generate the additional $2,530 in annual revenue required to meet the system's financial target while minimizing the

impact on customers. Because the financial gap is small, the recommended adjustment is expected to have **minimal impact on individual customer bills** while protecting the financial stability of the utility system.

2. **Advanced Meter Replacement (AMR)**

   Mooresburg Utility District plans to install **Automatic Meter Reading (AMR) technology** for customer meters during the summer of 2026. Modern AMR meters typically provide significantly improved accuracy compared to older mechanical meters and allow utilities to detect abnormal consumption patterns more quickly. Meter modernization often results in improved measurement of water usage and more accurate billing.

3. **System Leak Detection Program**

   Following meter replacement, the district plans to initiate a **system-wide leak detection program**. Leak detection surveys use acoustic monitoring technology to identify hidden leaks within the distribution system that may not be visible at the surface. Correcting undetected leaks can significantly reduce water loss and improve system efficiency. Even modest improvements in water accountability can significantly increase the amount of water that is properly measured and billed.

   For example, if the district were able to reduce system losses and capture an additional **10–15 percent of produced water through accurate metering and leak repair**, the resulting increase in billed water sales could substantially improve system revenues without increasing rates.

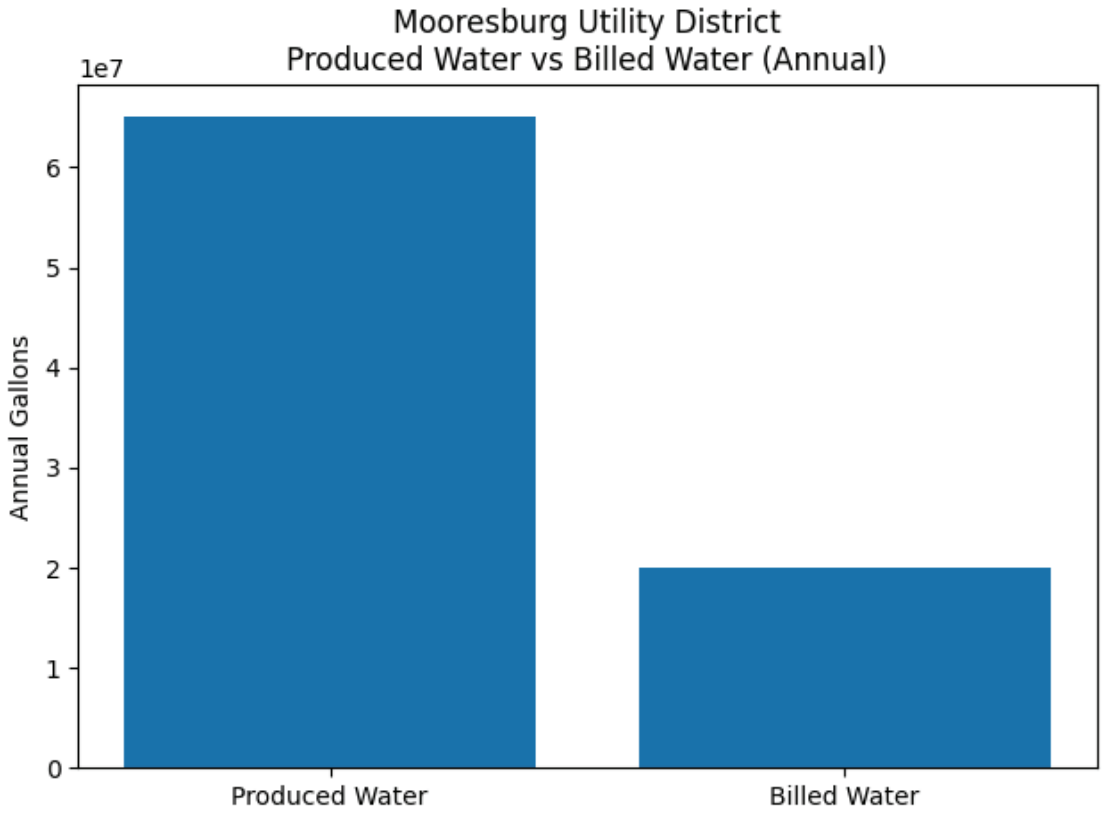
## Section 3.5 Financial Analysis Conclusion

The Mooresburg Utility District is currently operating in a generally stable financial position. However, small adjustments to the rate structure are necessary to ensure that annual revenues fully match projected operating costs and that the system remains financially sustainable in the future.

Implementing the recommended rate adjustment will help ensure that the district can continue to maintain and operate its water infrastructure while providing reliable service to its customers.

The difference between water produced and water billed represents an important operational indicator that the district is already working to address through modern metering technology and proactive system management.

The current difference between water produced and water billed should also be viewed as an opportunity for system improvement rather than a structural failure. Many utilities experience similar conditions prior to implementing modern metering and leak detection programs.




The production numbers indicate the plant is producing about 178,000 gallons per day, which is consistent with the demand expected for a system of approximately 700 customers. The difference between produced water and billed water likely reflects a combination of older customer meters, some distribution leakage, and potential inaccuracies in the production meter. The district's planned meter modernization program and leak detection efforts will allow us to better understand and improve this water accountability." Mooresburg Utility District has already demonstrated responsible financial management and operational stability. By implementing the planned improvements in metering and system monitoring, the district can significantly improve system efficiency and strengthen its long-term financial position.

# Section 4.0 Summary and System Improvement Roadmap

## Section 4.1 Explanation of the Analysis

Mooresburg Utility District has demonstrated responsible financial management and operational stability over the past two years. Over the next five years, by implementing the improvements identified in this study and the following "Improvement Roadmap", the district will further strengthen its ability to provide safe, reliable, and sustainable water service to the community. The roadmap outlined in this section represents a proactive approach to utility management and positions the district to address future infrastructure and operational challenges effectively.

As part of the water rate analysis and system review, several opportunities were identified to improve water accountability, operational efficiency, and long-term financial sustainability. The following roadmap outlines a phased approach for implementing these improvements over the next several years.

This plan focuses on strengthening water measurement accuracy, improving infrastructure monitoring, and maintaining responsible financial management.

## Section 4.2 System Roadmap

### *Step One – Meter Modernization and Water Accountability Initiation*

The first phase of the improvement program will focus on improving the accuracy of customer water measurement through the installation of **Automatic Meter Reading (AMR) technology**. Older mechanical meters gradually lose accuracy over time and often under-register water consumption, particularly at low flow levels. Replacement will begin in Summer of 2026. Replacing these meters will allow the district to:

- improve measurement accuracy
- reduce manual meter reading errors
- identify unusual usage patterns more quickly
- improve billing efficiency

During this phase, the district will also begin developing improved **water accountability monitoring practices** by comparing system production data with billed consumption. Complete meter replacement will probably be accomplished over a three-year period.

***Year Two – System Leak Detection and Distribution Review***

After modernizing the customer meter system, the district will conduct a **system-wide leak detection survey**. Leak detection programs use acoustic listening technology and system monitoring techniques to identify hidden leaks within the water distribution network. These leaks can occur in buried water mains, service lines, valves, or fittings and may remain undetected for extended periods.

The goals of this phase include:

- identifying hidden system leaks
- prioritizing infrastructure repairs
- reducing unnecessary water loss
- improving overall system efficiency

The district will also verify the accuracy of the **treatment plant production meter** to ensure that total system production is being measured correctly.

***Step Three – Improved Water Accountability and System Optimization***

The difference identified between annual water production and billed consumption in this analysis represents an **estimated water accountability gap based on currently available operational data**. At this stage of the review, the values should not be interpreted as a precise measurement of system water loss.

Several factors can influence the apparent difference between produced water and billed water, including:

- aging customer meters that under-register water consumption
- potential inaccuracies in production meter readings
- authorized but unmetered water uses
- undetected distribution system leaks

Because the district is planning to implement modern metering technology and conduct a system leak detection program, more accurate water accounting information will become available as these improvements are completed.

For this reason, the values presented in this report should be considered **preliminary indicators of system water accountability rather than a definitive measurement of physical water loss**.

By the third year of the improvement program, the district expects to have begun to have improved its ability to track water usage throughout the system.

With modern meters installed and system leaks identified and repaired, the district will be able to:

- improve system water accounting
- reduce non-revenue water
- improve the accuracy of customer billing
- strengthen long-term financial sustainability

These improvements will also provide better operational data for future infrastructure planning and asset management.

**Section 4.3 Closing Statement**

The review completed as part of this rate analysis has provided valuable insight into both the financial and operational condition of the Mooresburg Utility District water system. While the analysis identified opportunities to improve water accountability and measurement accuracy, the overall findings indicate that the district remains financially stable and continues to operate within a reasonable production range for a system of its size.

Importantly, the district has already begun planning practical steps to address the opportunities identified in this study. Through the implementation of modern AMR metering technology, system-wide leak detection, and improved water accountability monitoring, Mooresburg Utility District is taking proactive steps to strengthen operational efficiency and improve system management.

These actions reflect a commitment to responsible utility stewardship and demonstrate the district's dedication to providing reliable water service while maintaining long-term financial sustainability. By addressing water measurement accuracy and continuing sound financial oversight, the district will be well positioned to enhance system performance and continue serving its customers effectively for many years to come.

# Section 5 - Exhibits

# Exhibit One – 2022, 2023, 2024 Financial Audits

***Selected Pages***

# MOORESBURG UTILITY DISTRICT
## Financial Statements
## December 31, 2022

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF NET POSITION**
**December 31, 2022**

| | | |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash in bank | 224,743 | |
| Accounts receivable | 54,791 | |
| Grants receivable | 56,233 | |
| Inventory | 40,346 | |
| Total Current Assets | | $ 376,113 |
| Capital Assets Not Being Depreciated | | |
| Land | 3,675 | |
| Construction in progress | 56,233 | |
| Capital Assets Being Depreciated | | |
| Water plant in service | 2,568,479 | |
| Slate Hill pump station | 1,883,546 | |
| Buildings | 115,031 | |
| Vehicles | 60,755 | |
| Furniture and equipment | 170,405 | |
| Less: Accumulated depreciation | (1,683,218) | |
| Total Capital Assets | | 3,174,906 |
| TOTAL ASSETS | | $ 3,551,019 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | 2,150 | |
| Accrued Interest | 2,783 | |
| Taxes payable | 6,636 | |
| Meter deposits | 5,535 | |
| Current portion of bonds payable | 49,550 | |
| Total Current Liabilities | | $ 66,654 |
| Long Term Liabilities | | |
| Bonds payable (net of current portion) | 1,928,458 | |
| Total Long Term Liabilities | | 1,928,458 |
| TOTAL LIABILITIES | | 1,995,112 |
| NET POSITION | | |
| Net investment in capital assets | 1,196,899 | |
| Restricted | 49,550 | |
| Unrestricted | 309,458 | |
| TOTAL NET POSITION | | $ 1,555,907 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**For the Year Ended December 31, 2022**

| | | |
|---|---|---|
| OPERATING REVENUES | | |
| Water sales (Net of $3,245 bad debt) | $ 370,699 | |
| Late fees | 11,240 | |
| Tap fees | 22,228 | |
| Connection fees | 2,479 | |
| Grant income | 56,233 | |
| Other income | 1,120 | |
| TOTAL OPERATING REVENUES | | $ 463,999 |
| OPERATING EXPENSES | | |
| Depreciation | 138,501 | |
| Annual fees and dues | 1,294 | |
| Wages | 61,284 | |
| Utilities and telephone | 27,419 | |
| Water purchased | 12,383 | |
| Insurance | 27,649 | |
| Repairs & maintenance | 50,912 | |
| Vehicle expense | 7,551 | |
| Miscellaneous | 1,457 | |
| Office supplies and postage | 10,475 | |
| Water supplies | 36,500 | |
| Professional fees | 13,168 | |
| Taxes | 5,321 | |
| TOTAL OPERATING EXPENSES | | 393,914 |
| OPERATING INCOME (LOSS) | | 70,085 |
| NONOPERATING REVENUES (EXPENSE) | | |
| Other Income | 5,402 | |
| Interest expense | (70,169) | |
| TOTAL NONOPERATING REVENUES (EXPENSE) | | (64,767) |
| CHANGE IN NET POSITION | | 5,318 |
| NET POSITION, DECEMBER 31, 2021 | | 1,550,589 |
| NET POSITION, DECEMBER 31, 2022 | | $ 1,555,907 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF CASH FLOWS**
**For the Year Ended December 31, 2022**

| | | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | $ | 407,766 |
| Cash paid to employees for services | | (61,284) |
| Cash paid to other suppliers of goods and services | | (273,607) |
| Net Cash Provided (Used) by Operations | | 134,159 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from Capital Grants | | 56,233 |
| Principal Paid on Long Term Debt | | (47,712) |
| Interest Paid on Long Term Debt | | (70,169) |
| Acquisition of Capital Assets | | (60,226) |
| Net Cash Used by Capital and Related Financing Activities | | (178,107) |
| NET INCREASE (DECREASE) IN CASH | | (43,948) |
| CASH AT BEGINNING OF YEAR | | 268,691 |
| CASH AT END OF YEAR | $ | 224,743 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | $ | 70,085 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | | 138,501 |
| (Increase) decrease in accounts receivable | | (15,924) |
| (Increase) decrease in grants receivable | | (56,233) |
| (Increase) decrease in inventory | | - |
| Increase (decrease) in accounts payable | | (3,242) |
| Increase (decrease) in accrued interest | | (68) |
| Increase (decrease) in accrued taxes | | 1,040 |
| Total adjustments | | 64,074 |
| Net cash provided (used) by operating activities | $ | 134,159 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**NOTES TO FINANCIAL STATEMENTS**
**December 31, 2022**

- The board and district management failed to properly oversee district operations, which contributed to multiple purchasing deficiencies.
- District management did not reconcile bank statements with the general ledger monthly.
- District management did not issue official consecutively prenumbered receipts for some collections.
- District management failed to pay 941 payroll taxes and file IRS forms timely, resulting in unnecessary interest and penalties totaling at least $1,634.
- The board failed to review all adjustments to customer accounts.

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 29, 2024, the date the financial statements were available to be issued.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**
**December 31, 2022**

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 01/01/22 | Paid and/or Matured During Period | Refunded During Period | Outstanding 12/31/22 |
|---|---|---|---|---|---|---|---|---|
| BONDS PAYABLE | | | | | | | | |
| Waterworks Revenue Bond 91-04 | $ 256,000 | 5.000% | 7/23/96 | 7/23/34 | $ 139,377 | $ 8,304 | $ - | $ 131,073 |
| Waterworks Revenue Bond 91-07 | 200,000 | 4.750% | 5/17/00 | 5/17/38 | 128,784 | 5,399 | - | 123,385 |
| Waterworks Revenue Bond 91-09 | 690,000 | 4.375% | 4/5/11 | 5/5/49 | 593,021 | 11,632 | - | 581,389 |
| Waterworks Revenue Bond 91-11 | 1,274,000 | 2.750% | 8/24/16 | 8/24/54 | 1,164,538 | 22,377 | - | 1,142,161 |
| Total Bonds Payable | | | | | $ 2,025,720 | $ 47,712 | $ - | $ 1,978,008 |

**MOORESBURG UTILTIY DISTRICT**
**SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS**
**For the Year Ended December 31, 2022**

**Financial Statement Findings**

| Finding Number | Finding Title | Status |
|---|---|---|
| 2021-001 | Preparation of Financial Statements and Related Note Disclosures (original finding 2015-003) | 2022-001 |
| 2021-002 | Segregation of Duties (orginal finding #2015-006) | 2022-002 |
| 2021-003 | Reserve Accounts are not Maintained for Loans (original finding #2015-007) | Corrected |
| 2021-004 | Utilization of Accounting Software (original finding #2020-005) | Corrected |
| 2021-005 | Audit Adjustments were Required for Proper Financial Presentation (original finding #2020-006) | 2022-003 |
| 2021-006 | District Operating at a Continued Deficit (original finding #2020-007) | Corrected |

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2022**

Financial Statement Findings:

**2022-001 Preparation of Financial Statements and Related Note Disclosures**

*Condition*: As part of the audit, the auditor prepared the financial statements, related notes, and supplementary information from information provided by Utility District personnel.

*Criteria*: Under current professional standards, the Utility District is responsible for the internal control process which includes the preparation of fiscal year-end financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statement preparation process should be performed in a manner such that there is only a remote likelihood that a misstatement of the Utility District's financial statements, that is more than inconsequential, will not be prevented or detected.

*Cause:* Personnel of the Utility District are not currently prepared to remit GAAP financial statements for audit or for review to their Board of Commissioners.

*Effect:* The Board of Commissioners does not receive complete and accurate financial information on a timely basis.

*Recommendation*: With participation of management personnel and members of the Board of Commissioners, the Utility District can have an increased comfort level with the task of financial statement and note disclosure preparation and review.

*Management's Response:* Management agrees with the recommendation.

**2022-002 Segregation of Duties**

*Condition:* Inadequate separation of duties.

*Criteria:* The Internal Control and Compliance Manual for Tennessee Utility Districts Title 5 Chapter 10 recommends that there be an adequate separation of duties in all aspects of cash handling, record keeping and deposits.

*Cause:* The small number of employees available to share duties makes it difficult to have an adequate segregation of the custodial, authorization and record keeping functions.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2022**

*Effect:* Without an adequate separation of duties, it becomes more likely that fraud could occur and not be detected in a timely manner.

*Recommendation:* Some of the duties should be assigned to other part-time personnel.

*Management's Response:* Management agrees with the recommendation.

**2022-003 Audit Adjustments Were Required for Proper Financial Statement Presentation**

*Condition:* At December 31, 2022, certain general ledger accounts were materially incorrect, and significant audit adjustments were required for the financial statements to be free from misstatements at year end.

*Criteria:* To generate financial statements that are presented in accordance with generally accepted accounting principles, the Utility must have adequate internal controls over the maintenance of its accounting records.

*Cause:* Revenue and expenditures were not properly recorded and accounted for to ensure accurate and reliable financial reports. Several items were recorded as expenses that should be recorded as reductions in liabilities. Depreciation had not been entered on the books.

*Effect:* The Utility's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

*Recommendation:* The Utility should have appropriate processes in place to ensure that the general ledger and financial statements generated are accurate.

*Management's Response:* Management agrees with the recommendation.

**2022-004 Failure to Submit Payroll Tax Forms and Payments in a Timely Manner**

*Condition:* Some payroll tax forms and payments were not submitted to the IRS by the due date.

*Criteria:* The Internal Revenue Service requires employers to file Form 941 (Quarterly Federal Tax Returns) to report federal income taxes, Social Security tax,

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2022**

and Medicare tax deducted from employee's paychecks as well as the employer's part of Social Security and Medicare Tax. In addition, the IRS requires employers to pay Form 941 payroll taxes to the IRS within a certain time frame after each payroll.

*Cause:* During the audit period, the District did not consistently pay payroll taxes and file the related IRS Form 941 by the due date each quarter.

*Effect:* The District was responsible for paying unnecessary penalties and interest to the IRS for late submissions.

*Recommendations:* The District should have appropriate processes in place to ensure that the payroll taxes are paid to the IRS when required and the IRS Form 941 is filed before the end of the month following each quarter.

*Management's Response:* Management agrees with the recommendation.

**2022-005 Questionable Payments Made to Part-time Employee**

*Condition:* Payments were made to a part-time employee as an independent contractor in addition to the employee's regular earnings.

*Criteria:* Employees should not be compensated by the District as independent contractors in addition to their regular pay. All pay to employees for work performed should be paid through the District's payroll system to reflect total salary properly.

*Cause:* A part-time employee was routinely paid as an independent contractor. The employee submitted invoices from his business to the district for payments, but the invoices lacked sufficient detail to determine the dates and times when work was performed. According to the invoices, the work performed was for repairs to the building and equipment, septic repairs, electrical work, and painting. Since it was unclear whether, and if the work was performed outside of the employee's regular work hours, it was not possible to determine whether the payments made were reasonable.

*Effect:* Since the payments to the employee as an independent contractor were not paid through the District's payroll system, the payments were not subjected to income tax, Social Security, or Medicare deductions. Also, the District did not report and pay its required matching Social Security and Medicare associated with these payments.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2022**

*Recommendations:* All pay to employees for work performed should be paid through the District's payroll system. Those wages should be subjected to the proper employee payroll taxes and the District's matching payments. The District should maintain sufficient supporting documentation for disbursements detailing the purpose of transactions, the scope of work performed, and authorization for payment.

*Management's Response:* Management agrees with the recommendation.

**2022-006 District Made Questionable Disbursements**

*Condition:* The District made other questionable disbursements in addition to those mentioned in 2022-005.

*Criteria:* The District should only make authorized disbursements for the benefit of the District and maintain adequate supporting documentation for all disbursements.

*Cause:* The District made questionable disbursements which included purchases for food and supplies that were not supported with itemized receipts or other documentation.

*Effect:* Without proper supporting documentation, it is unclear whether these purchases were exclusively for the benefit of the District.

*Recommendation:* The District should only make authorized disbursements for the benefit of the District and maintain adequate supporting documentation for all disbursements.

*Management's Response:* Management agrees with the recommendation.

**2022-007 Failure to Reconcile Bank Statements Monthly**

*Condition:* The District did not reconcile the bank statements with the general ledger on a monthly basis when the bank statements were received from the bank.

*Criteria:* Sound business practices dictate that management should reconcile the bank statements with the general ledger at least monthly.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2022**

*Cause:* The main operating bank account was only reconciled a few times throughout the audit period. A second bank account had not been reconciled during the audit period.

*Effect:* The failure to reconcile bank statements with the general ledger increases the risk that errors or misappropriations will not be detected in a timely manner.

*Recommendation:* The District should reconcile bank statements with the general ledger for all bank accounts on a monthly basis.

*Management's Response:* Management agrees with the recommendation.

**2022-008 Failure to Consistently Issue Official Consecutively Prenumbered Receipts**

*Condition:* In some instances, District management did not issue official consecutively prenumbered receipts for collections.

*Criteria:* Tennessee Code Annotated § 9-2-104 requires official consecutively prenumbered receipts to be issued for all collections.

*Cause:* District management did not use official consecutively prenumbered receipts for collections making it unclear whether all funds had been accounted for properly.

*Effect:* The practice of not issuing official consecutively prenumbered receipts weakens internal controls over collections and increases the risk of fraud and misappropriation.

*Recommendation:* The District should consistently issue prenumbered receipts for all collections.

*Management's Response:* Management agrees with the recommendation and is working with their software company to get new software to issue prenumbered receipts.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2022**

**2022-009 Failure to Follow Appropriate Purchasing Procedures**

*Condition:* The District did not follow appropriate purchasing procedures relating to supporting documentation, written policies, use of credit cards, obtaining quotes, and purchase orders.

*Criteria:* Sound business practices dictate that management have policies in place for all aspects of purchasing as well as follow the policies that are already in place.

*Cause:* The District did not authorize written policies regarding adequate supporting documentation, purchases of uniforms, or use of credit cards. The District did not follow its own policies regarding obtaining at least three quotes for purchases ranging from $1,000 to $5,000 or a single purchase exceeding $1,500. In addition, the District was inconsistent with the use of purchase orders and was using checks that were pre-signed prior to their preparation and issuance.

*Effect:* The District was not in compliance with its own policies and needs to implement written policies for other purchasing procedures.

*Recommendation:* The District needs to evaluate all of its purchasing procedures and design written policies for the use of credit cards, the purchase of uniforms, and the use of pre-signed checks. In addition, the District should comply with existing purchasing policies.

*Management's Response:* Management agrees with the recommendation.

**2022-010 Failure to Implement Cyber Security Plan**

*Condition:* The District failed to implement a Cyber Security Plan by the implementation date. A written plan was not available to read, review, or document compliance.

*Criteria:* TCA § 7-51-2301 et seq. were added by 112$^{th}$ General Assembly, Public Chapter 1111, effective June 1, 2022. This law amends sections of TCA to require certain utilities to prepare and implement a cyber security plan to provide for the protection of the utility's facilities from unauthorized use, alteration, ransom, or destruction of electronic data.

*Cause:* The District was not able to implement a Cyber Security plan by the required date due to management turnover during the year.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2022**

*Effect:* Without adequate security measures in place, the Utility leaves itself vulnerable to data breaches and public safety of the drinking water.

*Recommendation:* The District should design and implement a written Cyber Security Plan as soon as possible.

*Management's Response:* Management agrees with the recommendation and is in the process of working with their insurance company to implement a written Cyber Security Plan.

**Mooresburg Utility District**
**800 Old Highway 11W**
**PO Box 2**
**Mooresburg, TN 37811**
**(423) 921-7815**

**Management's Corrective Action Plan**

**2022-001 Preparation of Financial Statements and Related Note Disclosures**

*Recommendation:* With participation of management personnel and members of the Board of Commissioners, the Utility District can have an increased comfort level with the task of financial statements and note disclosure preparation and review.

*Corrective Action:*
Bonnie has took the Responsibility of the Financial Statements and preparation for Review by the Board of Commissioners.
*Name of Contact Person:* Bonnie Burton
*Anticipated Completion Date:* Completed

**2022-002 Segregation of Duties**

*Recommendation:* Some of the duties should be assigned to other part-time personnel.

*Corrective Action:*
Bonnie Burton - BookKeeper
Joyce Carpenter - General Manage
Near Future Hiring Part Time Employee.
*Name of Contact Person:* Joyce Carpenter
*Anticipated Completion Date:* April 2024

**2022-003 Audit Adjustments Were Required for Proper Financial Statement Preparation**

*Recommendation:* The Utility should have appropriate processes in place to ensure that the general ledger and financial statements generated are accurate.

*Corrective Action:*
Bonnie handles the processing of the general ledger and financial statements.
*Name of Contact Person:* Bonnie Burton
*Anticipated Completion Date:* Completed

**2022-004 Failure to Submit Payroll Tax Forms and Payments in a Timely Manner**

*Recommendation:* The District should have appropriate processes in place to ensure that the payroll taxes are paid to the IRS when required and the IRS Form 941 is filed before the end of the month following each quarter.

*Corrective Action:* Bonnie files all taxes Applied and Received EFTPS Pin #

*Name of Contact Person:* Bonnie Burton

*Anticipated Completion Date:* Completed

**2022-005 Questionable Payments Made to Part-time Employee**

*Recommendation:* All pay to employees for work performed should be paid through the District's payroll system. Those wages should be subjected to the proper employee payroll taxes and the District's matching payments. The District should maintain sufficient supporting documentation for disbursements detailing the purpose of transactions, the scope of work performed, and authorization for payment.

*Corrective Action:*

Employees will be paid thru payroll not contract Labor.

*Name of Contact Person:* Bonnie Burton

*Anticipated Completion Date:* Completed

**2022-006 District Made Questionable Disbursements**

*Recommendation:* The District should only make authorized disbursements for the benefit of the District and maintain adequate supporting documentation for all disbursements.

*Corrective Action:*

Everything has to be approved thru the Board of Commissioners.

*Name of Contact Person:* Bonnie Burton / Joyce Carpenter

*Anticipated Completion Date:* Completed

**2022-007 Failure to Reconcile Bank Statements Monthly**

*Recommendation:* The District should reconcile bank statements with the general ledger for all bank accounts on a monthly basis.

*Corrective Action:*

Bonnie & Joyce Reconcile bank statements together every month.

*Name of Contact Person:* Bonnie Burton/ Joyce Carpenter

*Anticipated Completion Date:*

**2022-008 Failure to Consistently Issue Official Consecutively Prenumbered Receipts**

*Recommendation:* The District should consistently issue prenumbered receipts for all collections.

*Corrective Action:*
Working with Software Company to get NEW software with PRENUMBER RECEIPTS.

*Name of Contact Person:* Joyce Carpenter/Jim Murray

*Anticipated Completion Date:* On Going

**2022-009 Failure to Follow Appropriate Purchasing Procedures**

*Recommendation:* The District needs to evaluate all of its purchasing procedures and design written policies for the use of credit cards, the purchase of uniforms, and the use of pre-signed checks. In addition, the District should comply with existing purchasing policies.

*Corrective Action:*
NO PRE signed Checks
Has a new debit/credit card
Uniforms are paid by employees

*Name of Contact Person:* Joyce Carpenter

*Anticipated Completion Date:* Completed

**2022-010 Failure to Implement Cyber Security Plan**

*Recommendation:* The District should design and implement a written Cyber Security Plan as soon as possible.

*Corrective Action:*
In the process of working with Insurance for policy to implement a written Cyber Security Plan

*Name of Contact Person:* Joyce Carpenter

*Anticipated Completion Date:* On-going

**Signature:** Joyce Carpenter

**Title:** General Manager

**Date:** 03-19-24

# MOORESBURG UTILITY DISTRICT
## Financial Statements
## December 31, 2023

**MOORESBURG UTILITY DISTRICT**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CAPITAL ASSETS

At December 31, 2023, the District had $3,054,168 invested in capital assets.

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Land | $ 3,675 | $ - | $ - | $ 3,675 |
| Construction in Progress | 56,233 | - | - | 56,233 |
| Water plant in service | 2,568,479 | 5,142 | - | 2,573,621 |
| Slate Hill Line pump station | 1,883,546 | - | - | 1,883,546 |
| Building | 115,031 | - | - | 115,031 |
| Furniture and equipment | 170,405 | - | - | 170,405 |
| Vehicles | 60,755 | - | - | 60,755 |
| Total Assets | 4,858,124 | 5,142 | - | 4,863,266 |
| Less: Accumulated depreciation for: | | | | |
| Water plant in service | (1,193,095) | (57,293) | - | (1,250,388) |
| Slate Hill pump station | (264,171) | (41,003) | - | (305,174) |
| Building | (42,452) | (4,291) | - | (46,743) |
| Furniture and equipment | (142,551) | (17,623) | - | (160,174) |
| Vehicles | (40,949) | (5,670) | - | (46,619) |
| Total Accumulated Depreciation | (1,683,218) | (125,880) | - | (1,809,098) |
| Total Capital Assets, Net | $3,174,906 | $ (120,738) | $ - | $3,054,168 |

## UTILITY CONTACT INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Mooresburg Utility at P.O. Box 2, Mooresburg, Tennessee, 37811.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF NET POSITION**
**December 31, 2023**

| | | |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash in bank | 260,639 | |
| Accounts receivable | 37,871 | |
| Grants receivable | 56,233 | |
| Inventory | 41,086 | |
| Total Current Assets | | $ 395,829 |
| Capital Assets Not Being Depreciated | | |
| Land | 3,675 | |
| Construction in progress | 56,233 | |
| Capital Assets Being Depreciated | | |
| Water plant in service | 2,573,621 | |
| Slate Hill pump station | 1,883,546 | |
| Buildings | 115,031 | |
| Vehicles | 60,755 | |
| Furniture and equipment | 170,405 | |
| Less: Accumulated depreciation | (1,809,098) | |
| Total Capital Assets | | 3,054,168 |
| TOTAL ASSETS | | $ 3,449,997 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | 6,595 | |
| Accrued Interest | 2,713 | |
| Taxes payable | 3,128 | |
| Meter deposits | 5,536 | |
| Current portion of bonds payable | 51,455 | |
| Total Current Liabilities | | $ 69,427 |
| Long Term Liabilities | | |
| Bonds payable (net of current portion) | 1,877,012 | |
| Total Long Term Liabilities | | 1,877,012 |
| TOTAL LIABILITIES | | 1,946,439 |
| NET POSITION | | |
| Net investment in capital assets | 1,125,702 | |
| Restricted | 51,455 | |
| Unrestricted | 326,401 | |
| TOTAL NET POSITION | | $ 1,503,558 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**For the Year Ended December 31, 2023**

| | | |
|---|---|---|
| OPERATING REVENUES | | |
| Water sales | $ 327,264 | |
| Late fees | 23,096 | |
| Tap fees | 32,400 | |
| Connection fees | 3,725 | |
| Grant income | - | |
| Other income | 450 | |
| TOTAL OPERATING REVENUES | | $ 386,935 |
| OPERATING EXPENSES | | |
| Depreciation | 125,880 | |
| Annual fees and dues | 2,478 | |
| Wages | 81,535 | |
| Utilities and telephone | 25,195 | |
| Water purchased | 28,911 | |
| Insurance | 25,921 | |
| Repairs & maintenance | 52,810 | |
| Vehicle expense | 5,258 | |
| Miscellaneous | 1,933 | |
| Office supplies and postage | 8,058 | |
| Water supplies | 52,306 | |
| Professional fees | 2,424 | |
| Taxes | 7,362 | |
| TOTAL OPERATING EXPENSES | | 420,071 |
| OPERATING INCOME (LOSS) | | (33,136) |
| NONOPERATING REVENUES (EXPENSE) | | |
| Other Income | 49,124 | |
| Interest expense | (68,337) | |
| TOTAL NONOPERATING REVENUES (EXPENSE) | | (19,213) |
| CHANGE IN NET POSITION | | (52,349) |
| NET POSITION, DECEMBER 31, 2022 | | 1,555,907 |
| NET POSITION, DECEMBER 31, 2023 | | $ 1,503,558 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF CASH FLOWS**
**For the Year Ended December 31, 2023**

| | | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | $ | 386,935 |
| Cash paid to employees for services | | (81,535) |
| Cash paid to other suppliers of goods and services | | (277,144) |
| Net Cash Provided (Used) by Operations | | 109,791 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from Capital Grants | | - |
| Principal Paid on Long Term Debt | | (49,541) |
| Interest Paid on Long Term Debt | | (68,337) |
| Acquisition of Capital Assets | | 43,983 |
| Net Cash Used by Capital and Related Financing Activities | | (73,895) |
| NET INCREASE (DECREASE) IN CASH | | 35,896 |
| CASH AT BEGINNING OF YEAR | | 224,743 |
| CASH AT END OF YEAR | $ | 260,639 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | $ | (33,136) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | | 125,880 |
| (Increase) decrease in accounts receivable | | 16,920 |
| (Increase) decrease in grants receivable | | - |
| (Increase) decrease in inventory | | (740) |
| Increase (decrease) in accounts payable | | 4,445 |
| Increase (decrease) in accrued interest | | (70) |
| Increase (decrease) in accrued taxes | | (3,508) |
| Total adjustments | | 142,927 |
| Net cash provided (used) by operating activities | $ | 109,791 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF WATER RATES AND NUMBER OF CUSTOMERS**
**December 31, 2023**

## WATER RATES

| | |
|---|---|
| Residential customers: | |
| First 1,000 gallons - minimum | $26.68 |
| Over 1,000 gallons | $8.58 per 1,000 gallons |
| | |
| Commercial customers: | |
| First 1,000 gallons - minimum | $34.61 |
| Over 1,000 gallons | $8.85 per 1,000 gallons |

## NUMBER OF CUSTOMERS

The District has 703 active customers.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**
**December 31, 2023**

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 01/01/23 | Paid and/or Matured During Period | Refunded During Period | Outstanding 12/31/23 |
|---|---|---|---|---|---|---|---|---|
| BONDS PAYABLE | | | | | | | | |
| Waterworks Revenue Bond 91-04 | $ 256,000 | 5.000% | 7/23/96 | 7/23/34 | $ 131,073 | $ 8,729 | $ - | $ 122,344 |
| Waterworks Revenue Bond 91-07 | 200,000 | 4.750% | 5/17/00 | 5/17/38 | 123,385 | 5,662 | - | 117,723 |
| Waterworks Revenue Bond 91-09 | 690,000 | 4.375% | 4/5/11 | 5/5/49 | 581,389 | 12,151 | - | 569,238 |
| Waterworks Revenue Bond 91-11 | 1,274,000 | 2.750% | 8/24/16 | 8/24/54 | 1,142,161 | 23,000 | - | 1,119,161 |
| Total Bonds Payable | | | | | $ 1,978,008 | $ 49,542 | $ - | $ 1,928,466 |

**DAVID M. ELLIS**
*Certified Public Accountant*
*Member, American Institute of Certified Public Accountants*
*Member, Tennessee Society of Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Mooresburg Utility District
Mooresburg, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mooresburg Utility District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Mooresburg Utility District's basic financial statements and have issued my report thereon dated June 26, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Mooresburg Utility District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mooresburg Utility District's internal control. Accordingly, I do not express an opinion on the effectiveness of Mooresburg Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-002, 2023-005, 2023-006, and 2023-007, that I consider to be significant deficiencies.



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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mooresburg Utility District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-001, 2023-003, 2023-004, 2023-008, 2023-009, and 2023-010.

**Mooresburg Utility District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Mooresburg Utility District's response to the findings identified in my audit and described in the accompanying schedule of findings and responses. Mooresburg Utility District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Greeneville, Tennessee
June 26, 2025

**MOORESBURG UTILTIY DISTRICT**
**SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS**
**For the Year Ended December 31, 2023**

**Financial Statement Findings**

| Finding Number | Finding Title | Status |
|---|---|---|
| 2022-001 | Preparation of Financial Statements and Related Note Disclosures (original finding 2015-003) | Repeated / 2023-001 |
| 2022-002 | Segregation of Duties (orginal finding #2015-006) | Repeated / 2023-002 |
| 2022-003 | Audit Adjustments were Required for Proper Financial Presentation (original finding #2020-006) | Repeated / 2023-003 |
| 2022-004 | Failure to submit Payroll Tax Forms and Payments in a Timely Manner | Repeated / 2023-004 |
| 2022-005 | Questionable Payments Made to Part-time Employee | Repeated / 2023-005 |
| 2022-006 | District Made Questionable Disbursements | Repeated / 2023-006 |
| 2022-007 | Failure to Reconcile Bank Statements Monthly | Repeated / 2023-007 |
| 2022-008 | Failure to Consistently Issue Official Consecutively Prenumbered Receipts | Repeated / 2023-008 |
| 2022-009 | Failure to Follow Appropriate Purchasing Procedures | Repeated / 2023-009 |
| 2022-010 | Failure to Implement Cyber Security Plan | Repeated / 2023-010 |

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2023**

Financial Statement Findings:

**2023-001 Preparation of Financial Statements and Related Note Disclosures**

*Condition*: As part of the audit, the auditor prepared the financial statements, related notes, and supplementary information from information provided by Utility District personnel.

*Criteria*: Under current professional standards, the Utility District is responsible for the internal control process which includes the preparation of fiscal year-end financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statement preparation process should be performed in a manner such that there is only a remote likelihood that a misstatement of the Utility District's financial statements, that is more than inconsequential, will not be prevented or detected.

*Cause:* Personnel of the Utility District are not currently prepared to remit GAAP financial statements for audit or for review to their Board of Commissioners.

*Effect:* The Board of Commissioners does not receive complete and accurate financial information on a timely basis.

*Recommendation*: With participation of management personnel and members of the Board of Commissioners, the Utility District can have an increased comfort level with the task of financial statement and note disclosure preparation and review.

*Management's Response:* Management agrees with the recommendation.

**2023-002 Segregation of Duties**

*Condition:* Inadequate separation of duties.

*Criteria:* The Internal Control and Compliance Manual for Governmental Units and Other Organizations, Component 3 recommends that there be an adequate separation of duties in all aspects of cash handling, record keeping and deposits.

*Cause:* The small number of employees available to share duties makes it difficult to have an adequate segregation of the custodial, authorization and record keeping functions.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2023**

*Effect:* Without an adequate separation of duties, it becomes more likely that fraud could occur and not be detected in a timely manner.

*Recommendation:* Some of the duties should be assigned to other part-time personnel.

*Management's Response:* Management agrees with the recommendation.

**2023-003 Audit Adjustments Were Required for Proper Financial Statement Presentation**

*Condition:* At December 31, 2023, certain general ledger accounts were materially incorrect, and significant audit adjustments were required for the financial statements to be free from misstatements at year end.

*Criteria:* To generate financial statements that are presented in accordance with generally accepted accounting principles, the Utility must have adequate internal controls over the maintenance of its accounting records.

*Cause:* Revenue and expenditures were not properly recorded and accounted for to ensure accurate and reliable financial reports.

*Effect:* The Utility's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

*Recommendation:* The Utility should have appropriate processes in place to ensure that the general ledger and financial statements generated are accurate.

*Management's Response:* Management agrees with the recommendation.

**2023-004 Failure to Submit Payroll Tax Forms and Payments in a Timely Manner**

*Condition:* Some payroll tax forms and payments were not submitted to the IRS by the due date.

*Criteria:* The Internal Revenue Service requires employers to file Form 941 (Quarterly Federal Tax Returns) to report federal income taxes, Social Security tax, and Medicare tax deducted from employee's paychecks as well as the employer's part of Social Security and Medicare Tax. In addition, the IRS requires employers

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2023**

to pay Form 941 payroll taxes to the IRS within a certain time frame after each payroll.

*Cause:* During the audit period, the District did not consistently pay payroll taxes and file the related IRS Form 941 by the due date each quarter.

*Effect:* The District was responsible for paying unnecessary penalties and interest to the IRS for late submissions.

*Recommendations:* The District should have appropriate processes in place to ensure that the payroll taxes are paid to the IRS when required and the IRS Form 941 is filed before the end of the month following each quarter.

*Management's Response:* Management agrees with the recommendation.

**2023-005 Questionable Payments Made to Part-time Employee**

*Condition:* Payments were made to a part-time employee as an independent contractor in addition to the employee's regular earnings.

*Criteria:* Employees should not be compensated by the District as independent contractors in addition to their regular pay. All pay to employees for work performed should be paid through the District's payroll system to reflect total salary properly.

*Cause:* A part-time employee was routinely paid as an independent contractor. The employee submitted invoices from his business to the district for payments, but the invoices lacked sufficient detail to determine the dates and times when work was performed. According to the invoices, the work performed was for repairs to the building and equipment, septic repairs, electrical work, and painting. Since it was unclear whether, and if the work was performed outside of the employee's regular work hours, it was not possible to determine whether the payments made were reasonable.

*Effect:* Since the payments to the employee as an independent contractor were not paid through the District's payroll system, the payments were not subjected to income tax, Social Security, or Medicare deductions. Also, the District did not report and pay its required matching Social Security and Medicare associated with these payments.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2023**

*Recommendations:* All pay to employees for work performed should be paid through the District's payroll system. Those wages should be subjected to the proper employee payroll taxes and the District's matching payments. The District should maintain sufficient supporting documentation for disbursements detailing the purpose of transactions, the scope of work performed, and authorization for payment.

*Management's Response:* Management agrees with the recommendation.

**2023-006 District Made Questionable Disbursements**

*Condition:* The District made other questionable disbursements in addition to those mentioned in 2023-005.

*Criteria:* The District should only make authorized disbursements for the benefit of the District and maintain adequate supporting documentation for all disbursements.

*Cause:* The District made questionable disbursements which included purchases for food and supplies that were not supported with itemized receipts or other documentation.

*Effect:* Without proper supporting documentation, it is unclear whether these purchases were exclusively for the benefit of the District.

*Recommendation:* The District should only make authorized disbursements for the benefit of the District and maintain adequate supporting documentation for all disbursements.

*Management's Response:* Management agrees with the recommendation.

**2023-007 Failure to Reconcile Bank Statements Monthly**

*Condition:* The District did not reconcile the bank statements with the general ledger on a monthly basis when the bank statements were received from the bank.

*Criteria:* Sound business practices dictate that management should reconcile the bank statements with the general ledger at least monthly.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2023**

*Cause:* The main operating bank account was only reconciled a few times throughout the audit period. A second bank account had not been reconciled during the audit period.

*Effect:* The failure to reconcile bank statements with the general ledger increases the risk that errors or misappropriations will not be detected in a timely manner.

*Recommendation:* The District should reconcile bank statements with the general ledger for all bank accounts on a monthly basis.

*Management's Response:* Management agrees with the recommendation.

**2023-008 Failure to Consistently Issue Official Consecutively Prenumbered Receipts**

*Condition:* In some instances, District management did not issue official consecutively prenumbered receipts for collections.

*Criteria:* Tennessee Code Annotated § 9-2-104 requires official consecutively prenumbered receipts to be issued for all collections.

*Cause:* District management did not use official consecutively prenumbered receipts for collections making it unclear whether all funds had been accounted for properly.

*Effect:* The practice of not issuing official consecutively prenumbered receipts weakens internal controls over collections and increases the risk of fraud and misappropriation.

*Recommendation:* The District should consistently issue prenumbered receipts for all collections.

*Management's Response:* Management agrees with the recommendation and is working with their software company to get new software to issue prenumbered receipts.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2023**

**2023-009 Failure to Follow Appropriate Purchasing Procedures**

*Condition:* The District did not follow appropriate purchasing procedures relating to supporting documentation, written policies, use of credit cards, obtaining quotes, and purchase orders.

*Criteria:* Sound business practices dictate that management have policies in place for all aspects of purchasing as well as follow the policies that are already in place.

*Cause:* The District did not authorize written policies regarding adequate supporting documentation, purchases of uniforms, or use of credit cards. The District did not follow its own policies regarding obtaining at least three quotes for purchases ranging from $1,000 to $5,000 or a single purchase exceeding $1,500. In addition, the District was inconsistent with the use of purchase orders and was using checks that were pre-signed prior to their preparation and issuance.

*Effect:* The District was not in compliance with its own policies and needs to implement written policies for other purchasing procedures.

*Recommendation:* The District needs to evaluate all of its purchasing procedures and design written policies for the use of credit cards, the purchase of uniforms, and the use of pre-signed checks. In addition, the District should comply with existing purchasing policies.

*Management's Response:* Management agrees with the recommendation.

**2023-010 Failure to Implement Cyber Security Plan**

*Condition:* The District failed to implement a Cyber Security Plan by the implementation date. A written plan was not available to read, review, or document compliance.

*Criteria:* TCA § 7-51-2301 et seq. were added by 112th General Assembly, Public Chapter 1111, effective June 1, 2022. This law amends sections of TCA to require certain utilities to prepare and implement a cyber security plan to provide for the protection of the utility's facilities from unauthorized use, alteration, ransom, or destruction of electronic data.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2023**

*Cause:* The District was not able to implement a Cyber Security plan by the required date due to management turnover during the year.

*Effect:* Without adequate security measures in place, the Utility leaves itself vulnerable to data breaches and public safety of the drinking water.

*Recommendation:* The District should design and implement a written Cyber Security Plan as soon as possible.

*Management's Response:* Management agrees with the recommendation and is in the process of working with their insurance company to implement a written Cyber Security Plan.

**2023-011 Late Audit**

*Condition:* For the year ending December 31, 2023, the District failed to file audited financial statements with the Comptroller's office in a timely manner.

*Criteria:* Tennessee Code Annotates 6-56-105 states all such audits must be completed as soon as practicable after the end of the fiscal year of the municipality.

*Cause:* Oversight / error

*Effect:* The District's late submission resulted in noncompliance with State law.

*Recommendation:* Future audited statements should be submitted to the Tennessee Comptroller of the Treasury on a timely basis.

*Management's Response:* Management agrees with the recommendation.

**Mooresburg Utility District**
**Mooresburg, TN**

**Management's Corrective Plan**

**2023-001 Preparation of Financial Statements and Related Note Disclosures**

*Recommendation:* With participation of management personnel and members of the Board of Commissioners, the Utility District can have an increased comfort level with the task of financial statements and note disclosure preparation and review.

*Corrective Action:*

We now have a new President and Secretary of the Board. The new members, along with the Vice President are more involved with the financial statements and the everyday processing of the utility.

*Name of Contact Person:* Board Members

*Anticipated Completion Date:* January 2025

**2023-002 Segregation of Duties**

*Recommendation:* Some of the duties should be assigned to other part-time personnel.

*Corrective Action:*

As of January 2025, we have hired a full-time office employee, along with the full time General Manager and Field Supervisor. Another part-time employee has been hired as of June 2025 for out "in the field" work.

*Name of Contact Person:* Joyce Carpenter

*Anticipated Completion Date:* January 2025

**2023-003 Audit Adjustments Were Required for Proper Financial Statement Preparation**

*Recommendation: the Utility should have* appropriate processes in place to ensure that the general ledger and financial statements generated are accurate.

*Corrective Action:*

The Bookkeeper, Bonnie Burton, ensures that the General Ledger and Financial Statements are accurate. She then presents it to each person of The Board. We also keep a running total in office to ensure everything matches Bonnie Burton.

*Name of Contact Person:* Bonnie Burton

*Anticipated Completion Date:* October 2023

**2023-004 Failure to Submit Payroll Tax Forms and Payments in a Timely Manner**

*Recommendation:* The District should have appropriate processes in place to ensure that the payroll taxes are paid to the IRS when required and the IRS Form 941 is filed before the end of the month following each quarter.

*Corrective Action:*

The Bookkeeper, Bonnie Burton makes sure that all the Payroll Taxes are paid to the IRS correctly, and that the IRS Form 941 is filed correctly.

*Name of Contact Person:* Bonnie Burton

*Anticipated Completion Date:* October 2023

**2023-005 Questionable Payments Made to Part-time Employee**

*Recommendation:* All pay to employees for work performed should be paid through the District's payroll system. Those wages should be subjected to the proper employee payroll taxes and the District's matching payments. The District should maintain sufficient supporting documentation for disbursements detailing the purpose of transactions, the scope of work performed, and authorization for payment.

*Corrective Action:*

All employees must fill out a time statement that has to be approved and signed by the General Manager.

*Name of Contact Person:* Joyce Carpenter

*Anticipated Completion Date:* October 2023

**2023-006 District Made Questionable Disbursements**

*Recommendation:* The District should only make authorized disbursements for the benefit of the District and maintain adequate supporting documentation for all disbursements.

*Corrective Action:*

All disbursements are authorized and documented.

*Name of Contact Person:* Joyce Carpenter

*Anticipated Completion Date:* October 2023

**2023-007 Failure to Reconcile Bank Statements Monthly**

*Recommendation:* The District should reconcile bank statements with the general ledger for all bank accounts on a monthly basis.

*Corrective Action:*

The Bookkeeper, Bonnie Burton, reconciles the Bank Statements and presents it to The Board memebers at the Board Meetings.

*Name of Contact Person:* Bonnie Burton

*Anticipated Completion Date:* October 2023

**2023-008 Failure to Consistently Issue Official Consecutively Prenumbered Receipts**

*Recommendation:* The District should consistently issue prenumbered receipts for all collections.

*Corrective Action:*

We are working with RVS Software to get pre-numbered receipts.

*Name of Contact Person:* Monica Peterman

*Anticipated Completion Date:* 2025

**2023-009 Failure to Follow Appropriate Purchasing Procedures**

*Recommendation:* The District needs to evaluate all of its purchasing procedures and design written policies for the use of credit cards, the purchase of uniforms, and the use of pre-signed checks. In addition, the District should comply with existing purchasing policies.

*Corrective Action:*

All purchases have to be approved by the General Manager or Board members. There are "NO" pre-signed checks.

*Name of Contact Person:* Joyce Carpenter & Board Members

*Anticipated Completion Date:* October 2023

**2023-010 Failure to Implement Cyber Security Plan**

*Recommendation:* The District should design and implement a written Cyber Security Plan as soon as possible.

*Corrective Action:*

Cyber Security Plan is in the process.

*Name of Contact Person:* Board Members

*Anticipated Completion Date:* 2025

**2023-011 Late Audit**

*Recommendation:* Future audited statements should be submitted to the Tennessee Comptroller of the Treasury on a timely basis.

*Corrective Action:*

We will get the information your office asks for in a timely manner to make your job easier.

*Name of Contact Person:* Joyce Carpenter & Board Members

*Anticipated Completion Date:* October 2023

**Signature:** Joyce Carpenter

**Title:** General Manager

**Date:** 07-03-2025

**MOORESBURG UTILITY DISTRICT**
**Financial Statements**
**December 31, 2024**

***Full Statement***

**MOORESBURG UTILITY DISTRICT**
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**DECEMBER 31, 2024**


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**MOORESBURG UTILITY DISTRICT**
**BOARD OF COMMISSIONERS AND OFFICERS**
**December 31, 2024**

Lance McAnally – President – Beginning January 2024

Dwight Carpenter – Vice President – Beginning September 2023

Donald Kinser – Secretary – Beginning January 2024

Joyce Carpenter – General Manager – Beginning September 2023

**DAVID M. ELLIS**
*Certified Public Accountant*
*Member, American Institute of Certified Public Accountants*
*Member, Tennessee Society of Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Mooresburg Utility District
Mooresburg, Tennessee

### Report on the Audit of the Financial Statements

***Opinion***

I have audited the accompanying financial statements of Mooresburg Utility District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Mooresburg Utility District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mooresburg Utility District, as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Mooresburg Utility District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mooresburg Utility District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mooresburg Utility District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mooresburg Utility District's ability to continue as a going concern for a reasonable period of time.

I are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted by the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Mooresburg Utility District's basic financial statements. The supplementary information on pages 19-21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information on pages 19-21 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Board of Commissioners and Officers on page 1 but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2025, on my consideration of Mooresburg Utility District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mooresburg Utility District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mooresburg Utility District's internal control over financial reporting and compliance.

David M Ellis

Greeneville, Tennessee
November 7, 2025

## MOORESBURG UTILITY DISTRICT
## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis and overview of Mooresburg Utility District's financial condition and results of operations for the fiscal year that ended on December 31, 2024. Please read it in conjunction with the financial statements which follow this section.

### FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024

- Total net position decreased by $63,047.
- Long term debt decreased by $158,988.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance.

The financial statements of the District report the self-supporting proprietary activities of the District funded primarily by the sale of water services. The District reports business-type activities in a manner similar to private sector business enterprises, using the accrual basis of accounting in accordance with generally accepted accounting principles.

The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows, and notes to the financial statements. The statement of net position presents the financial position of the District on a full accrual historical cost basis. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses and changes in net position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs.

The District's rates are based on a cost-of-service rate study. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting standards. The primary objective of the rate model is to improve equity among customers and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth. The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, financing and investing activities. This statement presents cash receipts and cash disbursements information without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Other supplementary information contains information about the board of commissioners, insurance coverage, number of customers, and water rates.

**MOORESBURG UTILITY DISTRICT**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## SUMMARY OF ORGANIZATION OF BUSINESS

The Mooresburg Utility District was created to distribute potable water to the Hawkins County residents who reside in the Mooresburg area. The district provides reliable high-quality supplies of potable water used for drinking, irrigation, and other purposes.

The Commission is charged to finance, construct, operate and maintain facilities for the transmission of potable water. A three-member board governs the district. The board members serve a four-year term.

## FINANCIAL ANALYSIS

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial condition at the end of the last fiscal year. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

The following table shows changes in Net Position:

| | FY 2024 | FY 2023 | Change | Total Percent Changed |
|---|---|---|---|---|
| Total current and other assets | $ 206,991 | $ 395,829 | $ (188,838) | -48% |
| Total noncurrent assets | 3,010,516 | 3,054,168 | (43,652) | -1% |
| Total assets | 3,217,507 | 3,449,997 | (232,490) | -49% |
| Total current liabilities | 58,972 | 69,426 | (10,454) | -15% |
| Total noncurrent liabilities | 1,718,024 | 1,877,012 | (158,988) | -8% |
| Total liabilities | 1,776,996 | 1,946,438 | (169,442) | -24% |
| Net investment in capital assets | 1,245,282 | 1,125,702 | 119,580 | 11% |
| Restricted | 47,210 | 51,455 | (4,245) | 0% |
| Unrestricted | 148,019 | 326,401 | (178,382) | -55% |
| Total net position | $1,440,511 | $1,503,558 | $ (63,047) | -44% |

As the above table indicates, total assets decreased by $232,490 and total liabilities decreased by $169,442.

**MOORESBURG UTILITY DISTRICT**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Condensed Statement of Revenues, Expenses, and Changes in Net Position

| | FY 2024 | FY 2023 | Change | Total Percent Changed |
|---|---|---|---|---|
| Operating revenues | $ 395,820 | $ 386,935 | $ 8,885 | 2% |
| Non-operating revenues | 12,397 | 49,124 | (36,727) | 100% |
| Total revenues | 408,217 | 436,059 | (27,842) | -6% |
| Depreciation expense | 121,487 | 125,880 | (4,393) | -3% |
| Other operating expense | 287,505 | 294,191 | (6,686) | -2% |
| Non-operating expense | 62,272 | 68,337 | (6,065) | -9% |
| Total expenses | 471,264 | 488,408 | (17,144) | -15% |
| Changes in net position | (63,047) | (52,349) | (10,698) | 20% |
| Beginning net position | 1,503,558 | 1,555,907 | (52,349) | -3% |
| Total net position | $ 1,440,511 | $ 1,503,558 | $ (63,047) | 17% |

While the statement of Net Position shows the change in financial position, the statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. The net position from 2023 to 2024 decreased $63,047.

**MOORESBURG UTILITY DISTRICT**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CAPITAL ASSETS

At December 31, 2024, the District had $3,010,516 invested in capital assets.

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Land | $ 3,675 | $ - | $ - | $ 3,675 |
| Construction in Progress | 56,233 | 32,290 | (56,233) | 32,290 |
| Water plant in service | 2,573,621 | 7,385 | - | 2,581,006 |
| Slate Hill Line pump station | 1,883,546 | - | - | 1,883,546 |
| Adams Lane Extension | - | 56,233 | - | 56,233 |
| Building | 115,031 | - | - | 115,031 |
| Furniture and equipment | 170,405 | 5,159 | - | 175,564 |
| Vehicles | 60,755 | 33,000 | - | 93,755 |
| Total Assets | 4,863,266 | 134,067 | (56,233) | 4,941,100 |
| Less: Accumulated depreciation for: | | | | |
| Water plant in service | (1,250,388) | (56,862) | - | (1,307,250) |
| Slate Hill pump station | (305,174) | (40,768) | - | (345,942) |
| Adams Lane Project | - | (937) | - | (937) |
| Building | (46,743) | (4,291) | - | (51,034) |
| Furniture and equipment | (160,174) | (8,935) | - | (169,109) |
| Vehicles | (46,619) | (9,693) | - | (56,312) |
| Total Accumulated Depreciation | (1,809,098) | (121,486) | - | (1,930,584) |
| Total Capital Assets, Net | $3,054,168 | $ 12,581 | $ (56,233) | $3,010,516 |

## ECONOMIC OUTLOOK AND OTHER FACTORS

Mooresburg Utility District provides water services and sales within the Mooresburg area of Hawkins County, Tennessee, a small rural community with limited growth. No changes are anticipated in the upcoming year for water rate increases.

**MOORESBURG UTILITY DISTRICT**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## UTILITY CONTACT INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Mooresburg Utility at P.O. Box 2, Mooresburg, Tennessee, 37811.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF NET POSITION**
**December 31, 2024**

| | | |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash in bank | 138,192 | |
| Accounts receivable | 22,234 | |
| Grants receivable | 18,290 | |
| Inventory | 28,275 | |
| Total Current Assets | | $ 206,991 |
| Capital Assets Not Being Depreciated | | |
| Land | 3,675 | |
| Construction in progress | 32,290 | |
| Capital Assets Being Depreciated | | |
| Water plant in service | 2,581,006 | |
| Slate Hill pump station | 1,883,546 | |
| Buildings | 115,031 | |
| Vehicles | 93,755 | |
| Furniture and equipment | 175,564 | |
| Adams Lane Project | 56,233 | |
| Less: Accumulated depreciation | (1,930,584) | |
| Total Capital Assets | | 3,010,516 |
| TOTAL ASSETS | | $ 3,217,507 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | 516 | |
| Accrued Interest | 2,436 | |
| Taxes payable | 3,274 | |
| Meter deposits | 5,536 | |
| Current portion of bonds payable | 47,210 | |
| Total Current Liabilities | | $ 58,972 |
| Long Term Liabilities | | |
| Bonds payable (net of current portion) | 1,718,024 | |
| Total Long Term Liabilities | | 1,718,024 |
| TOTAL LIABILITIES | | 1,776,996 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF NET POSITION**
**December 31, 2024**

| | | |
|---|---|---|
| NET POSITION | | |
| Net investment in capital assets | 1,245,282 | |
| Restricted Debt Service | 47,210 | |
| Unrestricted | 148,019 | |
| TOTAL NET POSITION | | $ 1,440,511 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
**For the Year Ended December 31, 2024**

| | | |
|---|---|---|
| OPERATING REVENUES | | |
| Water sales | $ 352,841 | |
| Late fees | 7,314 | |
| Tap fees | 15,000 | |
| Connection fees | 2,275 | |
| Grant income | 18,290 | |
| Other income | 100 | |
| TOTAL OPERATING REVENUES | | $ 395,820 |
| OPERATING EXPENSES | | |
| Depreciation | 121,487 | |
| Annual fees and dues | 2,568 | |
| Wages | 84,825 | |
| Utilities and telephone | 24,923 | |
| Water purchased | 32,441 | |
| Insurance | 28,632 | |
| Repairs & maintenance | 19,254 | |
| Vehicle expense | 3,491 | |
| Miscellaneous | 2,139 | |
| Office supplies and postage | 16,427 | |
| Water supplies | 56,194 | |
| Professional fees | 9,906 | |
| Taxes | 6,705 | |
| TOTAL OPERATING EXPENSES | | 408,992 |
| OPERATING INCOME (LOSS) | | (13,172) |
| NONOPERATING REVENUES (EXPENSE) | | |
| Other Income | 12,397 | |
| Interest expense | (62,272) | |
| TOTAL NONOPERATING REVENUES (EXPENSE) | | (49,875) |
| CHANGE IN NET POSITION | | (63,047) |
| NET POSITION, DECEMBER 31, 2023 | | 1,503,558 |
| NET POSITION, DECEMBER 31, 2024 | | $ 1,440,511 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**STATEMENT OF CASH FLOWS**
**For the Year Ended December 31, 2024**

| | | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | $ | 377,530 |
| Cash paid to employees for services | | (84,825) |
| Cash paid to other suppliers of goods and services | | (209,034) |
| Net Cash Provided (Used) by Operations | | 168,496 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from Capital Grants | | 18,290 |
| Principal Paid on Long Term Debt | | (163,233) |
| Interest Paid on Long Term Debt | | (62,272) |
| Acquisition of Capital Assets | | (77,835) |
| Other Income | | 12,397 |
| Net Cash Used by Capital and Related Financing Activities | | (303,340) |
| NET INCREASE (DECREASE) IN CASH | | (134,844) |
| CASH AT BEGINNING OF YEAR | | 260,639 |
| CASH AT END OF YEAR | $ | 125,795 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | $ | (13,172) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | | 121,487 |
| (Increase) decrease in accounts receivable | | 15,637 |
| (Increase) decrease in grants receivable | | 37,943 |
| (Increase) decrease in inventory | | 12,811 |
| Increase (decrease) in accounts payable | | (6,079) |
| Increase (decrease) in accrued interest | | (277) |
| Increase (decrease) in accrued taxes | | 146 |
| Total adjustments | | 181,668 |
| Net cash provided (used) by operating activities | $ | 168,496 |

The accompanying notes to financial statements are an integral part of this statement.

**MOORESBURG UTILITY DISTRICT**
**NOTES TO FINANCIAL STATEMENTS**
**December 31, 2024**

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. GENERAL** – Mooresburg Utility District (the District) is a public entity located in Mooresburg, Tennessee. The District is engaged in the distribution and sale of water to customers within their area of Mooresburg, Tennessee. The District operates under the utility district laws of the State of Tennessee. The District is fiscally independent, operating under the authority of the Board of Commissioners, and as a reporting entity has the responsibility for fiscal matters including debt management, revenues, rates, budgets, and control of surpluses and deficits without requiring approval by a primary government. The District at December 31, 2024, provides water services to approximately 703 customers.

**B. REPORTING ENTITY** – In evaluating how to define the Utility for financial reporting purposes, potential component units have been considered. A component unit is an organization for which the Utility is financially accountable to or for which the nature and significance of their relationship with the Utility is such that exclusion from the Utility's financial statements would cause them to be misleading or incomplete. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. generally accepted accounting principles (GAAP). The basic criterion of financial accountability between the Utility and a potential component unit is demonstrated if the Utility's governing body appoints a voting majority of the organization's governing body and is also able to significantly influence the programs, projects, activities, or level of services performed or provided by the organization. Another manifestation of financial accountability is an organization that is fiscally dependent on the Utility. Based upon the application of these criteria, there are no agencies or entities which should be combined with the financial statements of Mooresburg Utility District.

**C. BASIS OF ACCOUNTING**– The financial statements are reported using the accrual method of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. UTILITY PLANT** – Capital assets are defined by the government as assets with an initial individual cost of more than $500 and an estimated useful life in excess of five years. The distribution lines and other plant and equipment are stated at cost and are depreciated on the straight-line method over their estimated useful lives as follows:

| | |
|---|---|
| Water plant, service lines & meters | 10-40 years |
| Buildings | 10 and 40 years |
| Equipment and Vehicles | 5 years |

Repairs and maintenance of the system are expensed as the costs are incurred.

**MOORESBURG UTILITY DISTRICT**
**NOTES TO FINANCIAL STATEMENTS**
**December 31, 2024**

**E. INVENTORY** – Inventory consists of parts used for repairs and installation of new taps and is stated at cost, determined on a first in, first out basis.

**F. NET POSITION** – Net position comprises the various net earnings from operating income, non-operating revenues and expenses, capital contributions, and special items. Net position is classified in the following three components:

**Restricted** – This component of net position consists of assets which have constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

**Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**Unrestricted net position** – This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets".

**G. NET POSITION FLOW ASSUMPTION** – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as net position – restricted and net position – unrestricted, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider net position – restricted to have been depleted before net position – unrestricted is applied.

**H. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES** – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

For the year ended December 31, 2024, the District has neither a deferred inflow nor a deferred outflow of resources.

**I. ACCOUNTS RECEIVABLE/REVENUES** – Accounts receivable of $22,234 is stated at recorded amount and is reported on the statement of net position. Sales revenues of $370,116

are presented and include water sales, connection fees and tap fees. The total revenue is presented net of $0 in bad debt. Sales taxes collected are not included in revenue.

J. **CASH FLOWS** – For the purpose of reporting cash flows, the District considers cash on deposit and highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit classified as investments and funds restricted for various reasons are not treated as cash in the statement of cash flows.

K. **CASH INVESTMENT** – The District has no formal deposit and investment policies; however, the District is required to follow certain state statutes with respect to authorized investment and deposit procedures.

L. **CONSIDERATON OF CREDIT RISK** – The District's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade accounts receivable. The District maintains cash in accounts at local financial institutions. The balance, at times, may exceed the federal insurance limit. At this time, any amounts exceeding FDIC limits are not collateralized. The trade accounts receivable credit risk exposure is limited.

M. **USE OF ESTIMATES** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. **RISK MANAGEMENT** – The District uses commercial insurance to provide property, liability, and workers' compensation insurance. There have been no significant reductions in insurance coverage, and no settlement amounts have exceeded insurance coverage for the current year or five prior years. At December 31, 2024, there were no unpaid claims.

## NOTE 2 – CASH AND CASH EQUIVALENTS

The District has no formal policies with respect to deposit and investment; however, it is required to follow procedures allowed by applicable state laws. At December 31, 2024, the District only had funds invested in demand deposits with local financial institutions in the form of cash deposits. No funds were invested in bonds, notes, treasury bills, or any other agencies of the United States. The state regulations (i.e., TCA Code 7-82-108) authorize the District to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at state-chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchasing agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and money market funds. Statutes also required that securities underlying repurchase agreements must be approved by the State Director of Local Finance as an authorized investment. With respect to custodial credit risk, the District follows the applicable state guidelines. Furthermore, the state requires that all deposits with financial institutions be collateralized by securities whose market value is equal to 105% of the value of the insured deposits. The deposits must be covered by federal depository insurance or the Tennessee Collateral Bank Pool, by collateral held by Utility agent in the

**MOORESBURG UTILITY DISTRICT**
**NOTES TO FINANCIAL STATEMENTS**
**December 31, 2024**

District's name or by the Federal Reserve Banks acting as third-party agents. As of December 31, 2024, the amount of the District's deposits was $138,192. Of this total, $0 was uncollateralized.

## NOTE 3 – LONG-TERM DEBT

The District has the following bonds payable issued through Rural Economic and Community Development Agency as of December 31, 2024:

| Note Number | Issue Date | Original Amount | Interest Rate | Principal Balance 01/01/24 | Additions | Retirements | Balance 12/31/24 | Maturity Date |
|---|---|---|---|---|---|---|---|---|
| 91-04 | 7/23/96 | 256,000 | 5.000% | 122,344 | - | 9,177 | 113,167 | 7/23/34 |
| 91-07 | 5/17/00 | 200,000 | 4.750% | 117,723 | - | 117,723 | - | 5/17/38 |
| 91-09 | 4/5/11 | 690,000 | 4.375% | 569,238 | - | 12,693 | 556,545 | 5/5/49 |
| 91-11 | 8/24/16 | 1,274,000 | 2.750% | 1,119,161 | - | 23,641 | 1,095,520 | 8/24/54 |

Debt service requirements for bonds payable are:

| Year ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | 47,210 | 59,338 | 106,548 |
| 2026 | 48,973 | 57,575 | 106,548 |
| 2027 | 50,805 | 55,743 | 106,548 |
| 2028 | 52,711 | 53,837 | 106,548 |
| 2029 | 54,695 | 51,853 | 106,548 |
| 2030-2034 | 297,290 | 226,708 | 523,998 |
| 2035-2039 | 281,263 | 176,057 | 457,320 |
| 2040-2044 | 333,534 | 123,786 | 457,320 |
| 2045-2049 | 364,555 | 61,686 | 426,241 |
| 2050-2054 | 234,198 | 15,428 | 249,626 |
| | $ 1,765,234 | $ 882,011 | $ 2,647,245 |

The total amount of interest expense for the year ended December 31, 2024 was $62,272.

**MOORESBURG UTILITY DISTRICT**
**NOTES TO FINANCIAL STATEMENTS**
**December 31, 2024**

## NOTE 4 – CAPITAL ASSETS

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| Land | $ 3,675 | $ - | $ - | $ 3,675 |
| Construction in Progress | 56,233.00 | 32,290 | (56,233) | 32,290 |
| Water plant, service lines & meters | 2,573,621 | 7,385 | - | 2,581,006 |
| Slate Hill pump station | 1,883,546 | - | - | 1,883,546 |
| Adams Lane Extension | - | 56,233 | - | 56,233 |
| Building | 115,031 | - | - | 115,031 |
| Furniture and equipment | 170,405 | 5,159 | - | 175,564 |
| Vehicles | 60,755 | 33,000 | - | 93,755 |
| Total Assets | $ 4,863,266 | $ 134,067 | $ (56,233) | $ 4,941,100 |
| Less: Accumulated depreciation for: | | | | |
| Water plant in service | $ (1,250,388) | $ (56,862) | $ - | $ (1,307,250) |
| Slate Hill pump station | (305,174) | (40,768) | - | (345,942) |
| Adams Lane Extension | - | (937) | - | (937) |
| Building | (46,743) | (4,291) | - | (51,034) |
| Furniture and equipment | (160,174) | (8,935) | - | (169,109) |
| Vehicles | (46,619) | (9,693) | - | (56,312) |
| Total Accumulated Depreciation | (1,809,098) | (121,486) | - | (1,930,584) |
| Total Capital Assets, Net | $ 3,054,168 | $ 12,581 | $ (56,233) | $ 3,010,516 |

## NOTE 5 – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 7, 2025, the date the financial statements were available to be issued.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF WATER RATES AND NUMBER OF CUSTOMERS**
**December 31, 2024**

## WATER RATES

| | |
|---|---|
| Residential customers: | |
| First 1,000 gallons - minimum | $26.68 |
| Over 1,000 gallons | $8.58 per 1,000 gallons |
| | |
| Commercial customers: | |
| First 1,000 gallons - minimum | $34.61 |
| Over 1,000 gallons | $8.85 per 1,000 gallons |

## NUMBER OF CUSTOMERS

The District has 703 active customers.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**
**December 31, 2024**

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 01/01/24 | Paid and/or Matured During Period | Refunded During Period | Outstanding 12/31/24 |
|---|---|---|---|---|---|---|---|---|
| BONDS PAYABLE | | | | | | | | |
| Waterworks Revenue Bond 91-04 | $ 256,000 | 5.000% | 7/23/96 | 7/23/34 | $ 122,344 | $ 9,177 | $ - | $ 113,167 |
| Waterworks Revenue Bond 91-07 | 200,000 | 4.750% | 5/17/00 | 5/17/38 | 117,723 | 117,723 | - | - |
| Waterworks Revenue Bond 91-09 | 690,000 | 4.375% | 4/5/11 | 5/5/49 | 569,238 | 12,693 | - | 556,545 |
| Waterworks Revenue Bond 91-11 | 1,274,000 | 2.750% | 8/24/16 | 8/24/54 | 1,119,161 | 23,641 | - | 1,095,520 |
| Total Bonds Payable | | | | | $ 1,928,466 | $ 163,234 | $ - | $ 1,765,232 |

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF LONG-TERM DEBT PRINCIPAL AND INTEREST REQUIREMENTS**
**December 31, 2024**

| Year Ending 12/31 | Rural Development 91-04 | | Rural Development 91-09 | | Rural Development 91-11 | | TOTALS | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | 9,648 | 5,436 | 13,263 | 24,081 | 24,299 | 29,821 | 47,210 | 59,338 |
| 2026 | 10,142 | 4,942 | 13,855 | 23,489 | 24,976 | 29,144 | 48,973 | 57,575 |
| 2027 | 10,661 | 4,423 | 14,473 | 22,871 | 25,671 | 28,449 | 50,805 | 55,743 |
| 2028 | 11,206 | 3,878 | 15,119 | 22,225 | 26,386 | 27,734 | 52,711 | 53,837 |
| 2029 | 11,780 | 3,304 | 15,794 | 21,550 | 27,121 | 26,999 | 54,695 | 51,853 |
| 2030 | 12,382 | 2,702 | 16,499 | 20,845 | 27,876 | 26,244 | 56,757 | 49,791 |
| 2031 | 13,016 | 2,068 | 17,235 | 20,109 | 28,652 | 25,468 | 58,903 | 47,645 |
| 2032 | 13,682 | 1,402 | 18,005 | 19,339 | 29,450 | 24,670 | 61,137 | 45,411 |
| 2033 | 14,382 | 702 | 18,808 | 18,536 | 30,271 | 23,849 | 63,461 | 43,087 |
| 2034 | 6,270 | 72 | 19,648 | 17,696 | 31,114 | 23,006 | 57,032 | 40,774 |
| 2035 | | | 20,525 | 16,819 | 31,980 | 22,140 | 52,505 | 38,959 |
| 2036 | | | 21,441 | 15,903 | 32,871 | 21,249 | 54,312 | 37,152 |
| 2037 | | | 22,398 | 14,946 | 33,786 | 20,334 | 56,184 | 35,280 |
| 2038 | | | 23,398 | 13,946 | 34,727 | 19,393 | 58,125 | 33,339 |
| 2039 | | | 24,443 | 12,901 | 35,694 | 18,426 | 60,137 | 31,327 |
| 2040 | | | 25,534 | 11,810 | 36,688 | 17,432 | 62,222 | 29,242 |
| 2041 | | | 26,674 | 10,670 | 37,710 | 16,410 | 64,384 | 27,080 |
| 2042 | | | 27,864 | 9,480 | 38,760 | 15,360 | 66,624 | 24,840 |
| 2043 | | | 29,108 | 8,236 | 39,840 | 14,280 | 68,948 | 22,516 |
| 2044 | | | 30,407 | 6,937 | 40,949 | 13,171 | 71,356 | 20,108 |
| 2045 | | | 31,765 | 5,579 | 42,090 | 12,030 | 73,855 | 17,609 |
| 2046 | | | 33,183 | 4,161 | 43,262 | 10,858 | 76,445 | 15,019 |
| 2047 | | | 34,664 | 2,680 | 44,466 | 9,654 | 79,130 | 12,334 |
| 2048 | | | 36,211 | 1,133 | 45,705 | 8,415 | 81,916 | 9,548 |
| 2049 | | | 6,231 | 34 | 46,978 | 7,142 | 53,209 | 7,176 |
| 2050 | | | | | 48,286 | 5,834 | 48,286 | 5,834 |
| 2051 | | | | | 49,631 | 4,489 | 49,631 | 4,489 |
| 2052 | | | | | 51,013 | 3,107 | 51,013 | 3,107 |
| 2053 | | | | | 52,434 | 1,686 | 52,434 | 1,686 |
| 2054 | | | | | 32,835 | 312 | 32,835 | 312 |
| TOTAL | 113,169 | 28,929 | 556,545 | 345,976 | 1,095,521 | 507,106 | 1,765,235 | 882,011 |

**DAVID M. ELLIS**
*Certified Public Accountant*
*Member, American Institute of Certified Public Accountants*
*Member, Tennessee Society of Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Mooresburg Utility District
Mooresburg, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mooresburg Utility District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Mooresburg Utility District's basic financial statements and have issued my report thereon dated November 7, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Mooresburg Utility District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mooresburg Utility District's internal control. Accordingly, I do not express an opinion on the effectiveness of Mooresburg Utility District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-002 that I consider to be a significant deficiency.



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Greeneville, Tennessee 37743
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3865 Fort Henry Drive
Kingsport, Tennessee 37663
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**Report on Compliance and Other Matters**

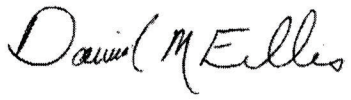
As part of obtaining reasonable assurance about whether Mooresburg Utility District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2024-001, 2024-003, 2024-004, and 2024-005.

**Mooresburg Utility District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Mooresburg Utility District's response to the findings identified in my audit and described in the accompanying schedule of findings and responses. Mooresburg Utility District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Greeneville, Tennessee
November 7, 2025

**MOORESBURG UTILTIY DISTRICT**
**SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS**
**For the Year Ended December 31, 2024**

**Financial Statement Findings**

| Finding Number | Finding Title | Status |
|---|---|---|
| 2023-001 | Preparation of Financial Statements and Related Note Disclosures (original finding 2015-003) | Repeated / 2024-001 |
| 2023-002 | Segregation of Duties (orginal finding 2015-006) | Repeated / 2024-002 |
| 2023-003 | Audit Adjustments were Required for Proper Financial Presentation (original finding 2020-006) | Repeated / 2024-003 |
| 2023-004 | Failure to submit Payroll Tax Forms and Payments in a Timely Manner | Corrected |
| 2023-005 | Questionable Payments Made to Part-time Employee | Corrected |
| 2023-006 | District Made Questionable Disbursements | Corrected |
| 2023-007 | Failure to Reconcile Bank Statements Monthly | Corrected |
| 2023-008 | Failure to Consistently Issue Official Consecutively Prenumbered Receipts | Repeated / 2024-004 |
| 2023-009 | Failure to Follow Appropriate Purchasing Procedures | Corrected |
| 2023-010 | Failure to Implement Cyber Security Plan | Corrected |
| 2023-011 | Late Audit | Repeated / 2024-005 |

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2024**

Financial Statement Findings:

**2024-001 Preparation of Financial Statements and Related Note Disclosures**

*Condition*: As part of the audit, the auditor prepared the financial statements, related notes, and supplementary information from information provided by Utility District personnel.

*Criteria*: Under current professional standards, the Utility District is responsible for the internal control process which includes the preparation of fiscal year-end financial statements in accordance with accounting principles generally accepted in the United States of America. The financial statement preparation process should be performed in a manner such that there is only a remote likelihood that a misstatement of the Utility District's financial statements, that is more than inconsequential, will not be prevented or detected.

*Cause:* Personnel of the Utility District are not currently prepared to remit GAAP financial statements for audit or for review to their Board of Commissioners.

*Effect:* The Board of Commissioners does not receive complete and accurate financial information on a timely basis.

*Recommendation*: With participation of management personnel and members of the Board of Commissioners, the Utility District can have an increased comfort level with the task of financial statement and note disclosure preparation and review.

*Management's Response:* Management agrees with the recommendation.

**2024-002 Segregation of Duties**

*Condition:* Inadequate separation of duties.

*Criteria:* The Internal Control and Compliance Manual for Governmental Units and Other Organizations, Component 3 recommends that there be an adequate separation of duties in all aspects of cash handling, record keeping and deposits.

*Cause:* The small number of employees available to share duties makes it difficult to have an adequate segregation of the custodial, authorization and record keeping functions.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2024**

*Effect:* Without an adequate separation of duties, it becomes more likely that fraud could occur and not be detected in a timely manner.

*Recommendation:* Some of the duties should be assigned to other part-time personnel.

*Management's Response:* Management agrees with the recommendation.

**2024-003 Audit Adjustments Were Required for Proper Financial Statement Presentation**

*Condition:* At December 31, 2024, certain general ledger accounts were materially incorrect, and significant audit adjustments were required for the financial statements to be free from misstatements at year end.

*Criteria:* To generate financial statements that are presented in accordance with generally accepted accounting principles, the Utility must have adequate internal controls over the maintenance of its accounting records.

*Cause:* Revenue and expenditures were not properly recorded and accounted for to ensure accurate and reliable financial reports.

*Effect:* The Utility's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

*Recommendation:* The Utility should have appropriate processes in place to ensure that the general ledger and financial statements generated are accurate.

*Management's Response:* Management agrees with the recommendation.

**2024-004 Failure to Consistently Issue Official Consecutively Prenumbered Receipts**

*Condition:* In some instances, District management did not issue official consecutively prenumbered receipts for collections.

*Criteria:* Tennessee Code Annotated 9-2-104 requires official consecutively prenumbered receipts to be issued for all collections.

**MOORESBURG UTILITY DISTRICT**
**SCHEDULE OF FINDINGS AND RESPONSES**
**December 31, 2024**

*Cause:* District management did not use official consecutively prenumbered receipts for collections making it unclear whether all funds had been accounted for properly.

*Effect:* The practice of not issuing official consecutively prenumbered receipts weakens internal controls over collections and increases the risk of fraud and misappropriation.

*Recommendation:* The District should consistently issue prenumbered receipts for all collections.

*Management's Response:* Management agrees with the recommendation.

**2024-005 Late Audit**

*Condition:* For the year ending December 31, 2024, the District failed to file audited financial statements with the Comptroller's office in a timely manner.

*Criteria:* Tennessee Code Annotated 7-82-401 states all such audits must be completed as soon as practicable after the end of the fiscal year of the municipality.

*Cause:* Oversight / error

*Effect:* The District's late submission resulted in noncompliance with State law.

*Recommendation:* Future audited statements should be submitted to the Tennessee Comptroller of the Treasury on a timely basis.

*Management's Response:* Management agrees with the recommendation.

Management's Corrective Plan

2024-001

Corrective Action: All members of management, bookkeeping, and members of the Board of Commissioners work together reviewing and preparation of the financial statements every month.

Name of Contact Person: Joyce Carpenter & Monica Peterman

Anticipated Completion Date: January 2025

2024-002

Corrective Action: General Manager: Joyce Carpenter

Office Manager: Monica Peterman

Bookkeeper: Bonnie Burton

Field Supervisor: Zack Gilliam

Field Assistant: Rick Anderson

Name of Contact Person: Joyce Carpenter

Anticipated Completion Date: January 2025 & June 2025

2024-003

Corrective Action: We make sure all daily receipts match the deposits

Name of Contact Person: Joyce Carpenter

Anticipated Completion Date: December 2024

2024-004

Corrective Action: Purchased Cash Management System.

Name of Contact Person: Monica Peterman

Anticipated Completion Date: August 2025

2024-005

Corrective Action: Should be ready and available for Micky Ellis's office to pick up and start audit by January 2026.

Name of Contact Person: Joyce Carpenter, Monica Peterman and Bonnie Burton

Anticipated Completion Date: January 2026

Signature: Joyce Carpenter

Title: General Manager

# Exhibit Two – Present MUD Water Rates

# Mooresburg Utility District

## Customer Service Policy Updates

As of August 18, 2025, the following changes have been made and adopted by the Board:

1. **Connection Fee**

   Landowners: $100.00

   Renters: $200.00

2. **New Tap & Meter Installation for Residential (3/4"):** $1,800.00
   **New Tap & Meter Installation for Commercial (1"):** $3,000.00
   **New Tap & Meter Installation for Commercial (2"):** $6,000.00

3. **Reconnection Fee after Termination**: $200.00

4. **Meter Testing**:

-Customer owes $150.00 (if meter is tested and comes back **good**, within +/- 2% of allowable limit.

- If meter comes back **bad,** Mooresburg Utility District will replace it with no cost to the customer.

5. **Schedule of Rates**:

   **Residential Rate**
   First 1,000 Gallons $26.68 + tax (minimum monthly charge) = $29.28
   Over 1,000 Gallons $12.58 per 1,000 Gallons used + tax

   **Commercial Rate**
   First 1,000 Gallons $40.00 + tax (minimum monthly charge) = $43.90
   Over 1,000 Gallons $12.85 per 1,000 Gallons used + tax

6. **Campgrounds with a Regular Meter**:

$15.00 x Total Number of Campsites + per 1,000 Gallons charge for use above the total minimum gallon usage= Total Monthly Bill

**Campgrounds with a Master Meter (1 inch) and/or a Master Meter (2 inch):**

Campground will not be charged $15.00 per Campsite Fee

7. **Obtaining Water Service:**
   Applicants must have and present proof of the following to obtain Water Service:
   - Physical 911 Address
   - Proof of Ownership, Lease, or Rental Agreement
   - Legal Right-Of-Way with Utilities or Utility Easement

   All Applicants must pay a Connection Fee

   Landowners: $100.00
   Renters: $200.00

8. **Change of Address Fee:** $25.00
9. **Change of Name on Account Fee:** $25.00

10. **Termination of Water Service:**

    Customers who fail to pay the entire amount they owe by the last day of the month will be subject to termination of water service within **60 days** of non-payment.

# PROFESSIONAL SERVICES AGREEMENT BETWEEN

# MOORESBURG UTILITY DISTRICT
# AND
# HATFIELD & ALLEN, ASSOCIATES

## FOR THE

## ARPA FUNDED WATER METER PROJECT (AMENDED)

Prepared by

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Issued and Published Jointly by

ACEC
AMERICAN COUNCIL OF ENGINEERING COMPANIES

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AMERICAN SOCIETY OF CIVIL ENGINEERS

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# AGREEMENT
# BETWEEN OWNER AND ENGINEER
# FOR PROFESSIONAL SERVICES

THIS IS AN AGREEMENT effective as of **JANUARY 17, 2025** ("Effective Date") between

**MOORESBURG UTILITY DISTRICT, HAWKINS COUNTy, TENNESSEE** ("Owner") and

**HATFIELD & ALLEN, ASSOCIATES** ("Engineer").

Owner's Project, of which Engineer's services under this Agreement are a part, is generally identified as follows:
**"2022 ARPA WATER METER PROJECT (AMENDED)"**

Other terms used in this Agreement are defined in Article 7.

Engineer's services under this Agreement are generally identified as follows:
**PROJECT ADMINISTRATION, SURVEY, DESIGN, BIDDING, CONSTRUCTION OBSERVATION AND INSPECTION**

Owner and Engineer further agree as follows:

## ARTICLE 1 – SERVICES OF ENGINEER

1.01 *Scope*

A. Engineer shall provide, or cause to be provided, the services set forth herein and in Exhibit A.

## ARTICLE 2 – OWNER'S RESPONSIBILITIES

2.01 *General*

A. Owner shall have the responsibilities set forth herein and in Exhibit B.

B. Owner shall pay Engineer as set forth in Article 4 and Exhibit C.

C. Owner shall be responsible for all requirements and instructions that it furnishes to Engineer pursuant to this Agreement, and for the accuracy and completeness of all programs, reports, data, and other information furnished by Owner to Engineer pursuant to this Agreement. Engineer may use and rely upon such requirements, programs, instructions, reports, data, and information in performing or furnishing services under this Agreement, subject to any express limitations or reservations applicable to the furnished items.

D. Owner shall give prompt written notice to Engineer whenever Owner observes or otherwise becomes aware of:

1. any development that affects the scope or time of performance of Engineer's services;

2. the presence at the Site of any Constituent of Concern; or

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3. any relevant, material defect or nonconformance in: (a) Engineer's services, (b) the Work, (c) the performance of any Constructor, or (d) Owner's performance of its responsibilities under this Agreement.

## ARTICLE 3 – SCHEDULE FOR RENDERING SERVICES

3.01 *Commencement*

A. Engineer is authorized to begin rendering services as of the Effective Date.

3.02 *Time for Completion*

A. Engineer shall complete its obligations within a reasonable time. Specific periods of time for rendering services, or specific dates by which services are to be completed, are provided in Exhibit A, and are hereby agreed to be reasonable.

B. If, through no fault of Engineer, such periods of time or dates are changed, or the orderly and continuous progress of Engineer's services is impaired, or Engineer's services are delayed or suspended, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.

C. If Owner authorizes changes in the scope, extent, or character of the Project or Engineer's services, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.

D. Owner shall make decisions and carry out its other responsibilities in a timely manner so as not to delay the Engineer's performance of its services.

E. If Engineer fails, through its own fault, to complete the performance required in this Agreement within the time set forth, as duly adjusted, then Owner shall be entitled, as its sole remedy, to the recovery of direct damages, if any, resulting from such failure.

## ARTICLE 4 – INVOICES AND PAYMENTS

4.01 *Invoices*

A. *Preparation and Submittal of Invoices:* Engineer shall prepare invoices in accordance with its standard invoicing practices and the terms of Exhibit C. Engineer shall submit its invoices to Owner on a monthly basis. Invoices are due and payable within 30 days of receipt.

4.02 *Payments*

A. *Application to Interest and Principal:* Payment will be credited first to any interest owed to Engineer and then to principal.

B. *Failure to Pay*: If Owner fails to make any payment due Engineer for services and expenses within 30 days after receipt of Engineer's invoice, then:

1. amounts due Engineer will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day; and


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2. Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement until Owner has paid in full all amounts due for services, expenses, and other related charges. Owner waives any and all claims against Engineer for any such suspension.

C. *Disputed Invoices:* If Owner disputes an invoice, either as to amount or entitlement, then Owner shall promptly advise Engineer in writing of the specific basis for doing so, may withhold only that portion so disputed, and must pay the undisputed portion subject to the terms of Paragraph 4.01.

D. *Sales or Use Taxes:* If after the Effective Date any governmental entity takes a legislative action that imposes additional sales or use taxes on Engineer's services or compensation under this Agreement, then Engineer may invoice such additional sales or use taxes for reimbursement by Owner. Owner shall reimburse Engineer for the cost of such invoiced additional sales or use taxes; such reimbursement shall be in addition to the compensation to which Engineer is entitled under the terms of Exhibit C.

## ARTICLE 5 – OPINIONS OF COST

5.01 *Opinions of Probable Construction Cost*

A. Engineer's opinions (if any) of probable Construction Cost are to be made on the basis of Engineer's experience, qualifications, and general familiarity with the construction industry. However, because Engineer has no control over the cost of labor, materials, equipment, or services furnished by others, or over contractors' methods of determining prices, or over competitive bidding or market conditions, Engineer cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by Engineer. If Owner requires greater assurance as to probable Construction Cost, then Owner agrees to obtain an independent cost estimate.

5.02 *Designing to Construction Cost Limit*

A. If a Construction Cost limit is established between Owner and Engineer, such Construction Cost limit and a statement of Engineer's rights and responsibilities with respect thereto will be specifically set forth in Exhibit F to this Agreement.

5.03 *Opinions of Total Project Costs*

A. The services, if any, of Engineer with respect to Total Project Costs shall be limited to assisting the Owner in tabulating the various categories that comprise Total Project Costs. Engineer assumes no responsibility for the accuracy of any opinions of Total Project Costs.

## ARTICLE 6 – GENERAL CONSIDERATIONS

6.01 *Standards of Performance*

A. *Standard of Care:* The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar


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circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with any services performed or furnished by Engineer.

B. *Technical Accuracy:* Owner shall not be responsible for discovering deficiencies in the technical accuracy of Engineer's services. Engineer shall correct deficiencies in technical accuracy without additional compensation, unless such corrective action is directly attributable to deficiencies in Owner-furnished information.

C. *Consultants:* Engineer may retain such Consultants as Engineer deems necessary to assist in the performance or furnishing of the services, subject to reasonable, timely, and substantive objections by Owner.

D. *Reliance on Others:* Subject to the standard of care set forth in Paragraph 6.01.A, Engineer and its Consultants may use or rely upon design elements and information ordinarily or customarily furnished by others, including, but not limited to, specialty contractors, manufacturers, suppliers, and the publishers of technical standards.

E. *Compliance with Laws and Regulations, and Policies and Procedures:*

1. Engineer and Owner shall comply with applicable Laws and Regulations.

2. Engineer shall comply with any and all policies, procedures, and instructions of Owner that are applicable to Engineer's performance of services under this Agreement and that Owner provides to Engineer in writing, subject to the standard of care set forth in Paragraph 6.01.A, and to the extent compliance is not inconsistent with professional practice requirements.

3. This Agreement is based on Laws and Regulations and Owner-provided written policies and procedures as of the Effective Date. The following may be the basis for modifications to Owner's responsibilities or to Engineer's scope of services, times of performance, or compensation:

   a. changes after the Effective Date to Laws and Regulations;

   b. the receipt by Engineer after the Effective Date of Owner-provided written policies and procedures;

   c. changes after the Effective Date to Owner-provided written policies or procedures.

F. Engineer shall not be required to sign any document, no matter by whom requested, that would result in the Engineer having to certify, guarantee, or warrant the existence of conditions whose existence the Engineer cannot ascertain. Owner agrees not to make resolution of any dispute with the Engineer or payment of any amount due to the Engineer in any way contingent upon the Engineer signing any such document.

G. The general conditions for any construction contract documents prepared hereunder are to be EJCDC® C-700 "Standard General Conditions of the Construction Contract" (2013 Edition), prepared by the Engineers Joint Contract Documents Committee, unless expressly indicated otherwise in Exhibit J or elsewhere in this Agreement.


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H. Engineer shall not at any time supervise, direct, control, or have authority over any Constructor's work, nor shall Engineer have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction selected or used by any Constructor, or the safety precautions and programs incident thereto, for security or safety at the Site, nor for any failure of a Constructor to comply with Laws and Regulations applicable to that Constructor's furnishing and performing of its work. Engineer shall not be responsible for the acts or omissions of any Constructor.

I. Engineer neither guarantees the performance of any Constructor nor assumes responsibility for any Constructor's, failure to furnish and perform the Work in accordance with the Construction Contract Documents.

J. Engineer shall not be responsible for any decision made regarding the Construction Contract Documents, or any application, interpretation, clarification, or modification of the Construction Contract Documents, other than those made by Engineer or its Consultants.

K. Engineer is not required to provide and does not have any responsibility for surety bonding or insurance-related advice, recommendations, counseling, or research, or enforcement of construction insurance or surety bonding requirements.

L. Engineer's services do not include providing legal advice or representation.

M. Engineer's services do not include (1) serving as a "municipal advisor" for purposes of the registration requirements of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) or the municipal advisor registration rules issued by the Securities and Exchange Commission, or (2) advising Owner, or any municipal entity or other person or entity, regarding municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, or other similar matters concerning such products or issuances.

N. While at the Site, Engineer, its Consultants, and their employees and representatives shall comply with the applicable requirements of Contractor's and Owner's safety programs of which Engineer has been informed in writing.

6.02 *Design Without Construction Phase Services*

A. Engineer shall be responsible only for those Construction Phase services expressly required of Engineer in Exhibit A, Paragraph A1.05. With the exception of such expressly required services, Engineer shall have no design, Shop Drawing review, or other obligations during construction, and Owner assumes all responsibility for the application and interpretation of the Construction Contract Documents, review and response to Contractor claims, Construction Contract administration, processing of Change Orders and submittals, revisions to the Construction Contract Documents during construction, construction observation and review, review of Contractor's payment applications, and all other necessary Construction Phase administrative, engineering, and professional services. Owner waives all claims against the Engineer that may be connected in any way to Construction Phase administrative, engineering, or professional services except for those services that are expressly required of Engineer in Exhibit A.


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6.03 *Use of Documents*

A. All Documents are instruments of service, and Engineer shall retain an ownership and property interest therein (including the copyright and the right of reuse at the discretion of the Engineer) whether or not the Project is completed.

B. If Engineer is required to prepare or furnish Drawings or Specifications under this Agreement, Engineer shall deliver to Owner at least one original printed record version of such Drawings and Specifications, signed and sealed according to applicable Laws and Regulations.

C. Owner may make and retain copies of Documents for information and reference in connection with the use of the Documents on the Project. Engineer grants Owner a limited license to use the Documents on the Project, extensions of the Project, and for related uses of the Owner, subject to receipt by Engineer of full payment due and owing for all services relating to preparation of the Documents, and subject to the following limitations: (1) Owner acknowledges that such Documents are not intended or represented to be suitable for use on the Project unless completed by Engineer, or for use or reuse by Owner or others on extensions of the Project, on any other project, or for any other use or purpose, without written verification or adaptation by Engineer; (2) any such use or reuse, or any modification of the Documents, without written verification, completion, or adaptation by Engineer, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Engineer or to its officers, directors, members, partners, agents, employees, and Consultants; (3) Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and Consultants from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use, reuse, or modification of the Documents without written verification, completion, or adaptation by Engineer; and (4) such limited license to Owner shall not create any rights in third parties.

D. If Engineer at Owner's request verifies the suitability of the Documents, completes them, or adapts them for extensions of the Project or for any other purpose, then Owner shall compensate Engineer at rates or in an amount to be agreed upon by Owner and Engineer.

6.04 *Electronic Transmittals*

A. Owner and Engineer may transmit, and shall accept, Project-related correspondence, Documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website, in accordance with a mutually agreeable protocol.

B. If this Agreement does not establish protocols for electronic or digital transmittals, then Owner and Engineer shall jointly develop such protocols.

C. When transmitting items in electronic media or digital format, the transmitting party makes no representations as to long term compatibility, usability, or readability of the items resulting from the recipient's use of software application packages, operating systems, or computer hardware differing from those used in the drafting or transmittal of the items, or from those established in applicable transmittal protocols.


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6.05 *Insurance*

A. Engineer shall procure and maintain insurance as set forth in Exhibit G. Engineer shall cause Owner to be listed as an additional insured on any applicable general liability insurance policy carried by Engineer.

B. Owner shall procure and maintain insurance as set forth in Exhibit G. Owner shall cause Engineer and its Consultants to be listed as additional insureds on any general liability policies carried by Owner, which are applicable to the Project.

C. Owner shall require Contractor to purchase and maintain policies of insurance covering workers' compensation, general liability, motor vehicle damage and injuries, and other insurance necessary to protect Owner's and Engineer's interests in the Project. Owner shall require Contractor to cause Engineer and its Consultants to be listed as additional insureds with respect to such liability insurance purchased and maintained by Contractor for the Project.

D. Owner and Engineer shall each deliver to the other certificates of insurance evidencing the coverages indicated in Exhibit G. Such certificates shall be furnished prior to commencement of Engineer's services and at renewals thereafter during the life of the Agreement.

E. All policies of property insurance relating to the Project, including but not limited to any builder's risk policy, shall allow for waiver of subrogation rights and contain provisions to the effect that in the event of payment of any loss or damage the insurers will have no rights of recovery against any insured thereunder or against Engineer or its Consultants. Owner and Engineer waive all rights against each other, Contractor, the Consultants, and the respective officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, for all losses and damages caused by, arising out of, or resulting from any of the perils or causes of loss covered by any builder's risk policy and any other property insurance relating to the Project. Owner and Engineer shall take appropriate measures in other Project-related contracts to secure waivers of rights consistent with those set forth in this paragraph.

F. All policies of insurance shall contain a provision or endorsement that the coverage afforded will not be canceled or reduced in limits by endorsement, and that renewal will not be refused, until at least 10 days prior written notice has been given to the primary insured. Upon receipt of such notice, the receiving party shall promptly forward a copy of the notice to the other party to this Agreement.

G. At any time, Owner may request that Engineer or its Consultants, at Owner's sole expense, provide additional insurance coverage, increased limits, or revised deductibles that are more protective than those specified in Exhibit G. If so requested by Owner, and if commercially available, Engineer shall obtain and shall require its Consultants to obtain such additional insurance coverage, different limits, or revised deductibles for such periods of time as requested by Owner, and Exhibit G will be supplemented to incorporate these requirements.


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6.06 *Suspension and Termination*

A. *Suspension:*

1. *By Owner*: Owner may suspend the Project for up to 90 days upon seven days written notice to Engineer.

2. *By Engineer*: Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement if Owner has failed to pay Engineer for invoiced services and expenses, as set forth in Paragraph 4.02.B, or in response to the presence of Constituents of Concern at the Site, as set forth in Paragraph 6.10.D.

B. *Termination*: The obligation to provide further services under this Agreement may be terminated:

1. For cause,

a. by either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

b. by Engineer:

1) upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional; or

2) upon seven days written notice if the Engineer's services for the Project are delayed or suspended for more than 90 days for reasons beyond Engineer's control, or as the result of the presence at the Site of undisclosed Constituents of Concern, as set forth in Paragraph 6.10.D.

3) Engineer shall have no liability to Owner on account of such termination.

c. Notwithstanding the foregoing, this Agreement will not terminate under Paragraph 6.06.B.1.a if the party receiving such notice begins, within seven days of receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. For convenience, by Owner effective upon Engineer's receipt of notice from Owner.

C. *Effective Date of Termination:* The terminating party under Paragraph 6.06.B may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Engineer to demobilize personnel and equipment from the Site, to complete tasks


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whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.

D. *Payments Upon Termination:*

1. In the event of any termination under Paragraph 6.06, Engineer will be entitled to invoice Owner and to receive full payment for all services performed or furnished in accordance with this Agreement and all Reimbursable Expenses incurred through the effective date of termination. Upon making such payment, Owner shall have the limited right to the use of Documents, at Owner's sole risk, subject to the provisions of Paragraph 6.03.

2. In the event of termination by Owner for convenience or by Engineer for cause, Engineer shall be entitled, in addition to invoicing for those items identified in Paragraph 6.06.D.1, to invoice Owner and receive payment of a reasonable amount for services and expenses directly attributable to termination, both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with Engineer's Consultants, and other related close-out costs, using methods and rates for Additional Services as set forth in Exhibit C.

6.07 *Controlling Law*

A. This Agreement is to be governed by the Laws and Regulations of the state in which the Project is located.

6.08 *Successors, Assigns, and Beneficiaries*

A. Owner and Engineer are hereby bound and the successors, executors, administrators, and legal representatives of Owner and Engineer (and to the extent permitted by Paragraph 6.08.B the assigns of Owner and Engineer) are hereby bound to the other party to this Agreement and to the successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements, and obligations of this Agreement.

B. Neither Owner nor Engineer may assign, sublet, or transfer any rights under or interest (including, but without limitation, money that is due or may become due) in this Agreement without the written consent of the other party, except to the extent that any assignment, subletting, or transfer is mandated by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

1. Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Engineer to any Constructor, other third-party individual or entity, or to any surety for or employee of any of them.

2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Engineer and not for the benefit of any other party.


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3. Owner agrees that the substance of the provisions of this Paragraph 6.08.C shall appear in the Construction Contract Documents.

6.09 *Dispute Resolution*

A. Owner and Engineer agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to invoking the procedures of Exhibit H or other provisions of this Agreement, or exercising their rights at law.

B. If the parties fail to resolve a dispute through negotiation under Paragraph 6.09.A, then either or both may invoke the procedures of Exhibit H. If Exhibit H is not included, or if no dispute resolution method is specified in Exhibit H, then the parties may exercise their rights at law.

6.10 *Environmental Condition of Site*

A. Owner represents to Engineer that as of the Effective Date to the best of Owner's knowledge no Constituents of Concern, other than those disclosed in writing to Engineer, exist at or adjacent to the Site.

B. If Engineer encounters or learns of an undisclosed Constituent of Concern at the Site, then Engineer shall notify (1) Owner and (2) appropriate governmental officials if Engineer reasonably concludes that doing so is required by applicable Laws or Regulations.

C. It is acknowledged by both parties that Engineer's scope of services does not include any services related to unknown or undisclosed Constituents of Concern. If Engineer or any other party encounters, uncovers, or reveals an undisclosed Constituent of Concern, then Owner shall promptly determine whether to retain a qualified expert to evaluate such condition or take any necessary corrective action.

D. If investigative or remedial action, or other professional services, are necessary with respect to undisclosed Constituents of Concern, or if investigative or remedial action beyond that reasonably contemplated is needed to address a disclosed or known Constituent of Concern, then Engineer may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until such portion of the Project is no longer affected.

E. If the presence at the Site of undisclosed Constituents of Concern adversely affects the performance of Engineer's services under this Agreement, then the Engineer shall have the option of (1) accepting an equitable adjustment in its compensation or in the time of completion, or both; or (2) terminating this Agreement for cause on seven days' notice.

F. Owner acknowledges that Engineer is performing professional services for Owner and that Engineer is not and shall not be required to become an "owner," "arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), as amended, which are or may be encountered at or near the Site in connection with Engineer's activities under this Agreement.


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6.11 *Indemnification and Mutual Waiver*

A. *Indemnification by Engineer:* To the fullest extent permitted by Laws and Regulations, Engineer shall indemnify and hold harmless Owner, and Owner's officers, directors, members, partners, agents, consultants, and employees, from losses, damages, and judgments (including reasonable consultants' and attorneys' fees and expenses) arising from third-party claims or actions relating to the Project, provided that any such claim, action, loss, damages, or judgment is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Engineer or Engineer's officers, directors, members, partners, agents, employees, or Consultants.

B. *Indemnification by Owner:* Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and Consultants as required by Laws and Regulations.

C. *Environmental Indemnification:* To the fullest extent permitted by Laws and Regulations, Owner shall indemnify and hold harmless Engineer and its officers, directors, members, partners, agents, employees, and Consultants from all claims, costs, losses, damages, actions, and judgments (including reasonable consultants' and attorneys fees and expenses) caused by, arising out of, relating to, or resulting from a Constituent of Concern at, on, or under the Site, provided that (1) any such claim, cost, loss, damages, action, or judgment is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, and (2) nothing in this paragraph shall obligate Owner to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence or willful misconduct.

D. *No Defense Obligation:* The indemnification commitments in this Agreement do not include a defense obligation by the indemnitor unless such obligation is expressly stated.

E. *Percentage Share of Negligence:* To the fullest extent permitted by Laws and Regulations, a party's total liability to the other party and anyone claiming by, through, or under the other party for any cost, loss, or damages caused in part by the negligence of the party and in part by the negligence of the other party or any other negligent entity or individual, shall not exceed the percentage share that the party's negligence bears to the total negligence of Owner, Engineer, and all other negligent entities and individuals.

F. *Mutual Waiver:* To the fullest extent permitted by Laws and Regulations, Owner and Engineer waive against each other, and the other's employees, officers, directors, members, agents, insurers, partners, and consultants, any and all claims for or entitlement to special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to this Agreement or the Project, from any cause or causes.

6.12 *Records Retention*

A. Engineer shall maintain on file in legible form, for a period of five years following completion or termination of its services, all Documents, records (including cost records), and design calculations related to Engineer's services or pertinent to Engineer's


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performance under this Agreement. Upon Owner's request, Engineer shall provide a copy of any such item to Owner at cost.

6.13 *Miscellaneous Provisions*

A. *Notices:* Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

B. *Survival:* All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason.

C. *Severability:* Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Engineer, which agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

D. *Waiver:* A party's non-enforcement of any provision shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

E. *Accrual of Claims:* To the fullest extent permitted by Laws and Regulations, all causes of action arising under this Agreement shall be deemed to have accrued, and all statutory periods of limitation shall commence, no later than the date of Substantial Completion.

## ARTICLE 7 – DEFINITIONS

7.01 *Defined Terms*

A. Wherever used in this Agreement (including the Exhibits hereto) terms (including the singular and plural forms) printed with initial capital letters have the meanings indicated in the text above, in the exhibits, or in the following definitions:

1. *Addenda*—Written or graphic instruments issued prior to the opening of bids which clarify, correct, or change the bidding requirements or the proposed Construction Contract Documents.

2. *Additional Services*—The services to be performed for or furnished to Owner by Engineer in accordance with Part 2 of Exhibit A of this Agreement.

3. *Agreement*—This written contract for professional services between Owner and Engineer, including all exhibits identified in Paragraph 8.01 and any duly executed amendments.

4. *Application for Payment*—The form acceptable to Engineer which is to be used by Contractor during the course of the Work in requesting progress or final payments and

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which is to be accompanied by such supporting documentation as is required by the Construction Contract.

5. *Basic Services*—The services to be performed for or furnished to Owner by Engineer in accordance with Part 1 of Exhibit A of this Agreement.

6. *Change Order*—A document which is signed by Contractor and Owner and authorizes an addition, deletion, or revision in the Work or an adjustment in the Construction Contract Price or the Construction Contract Times, or other revision to the Construction Contract, issued on or after the effective date of the Construction Contract.

7. *Change Proposal*—A written request by Contractor, duly submitted in compliance with the procedural requirements set forth in the Construction Contract, seeking an adjustment in Construction Contract Price or Construction Contract Times, or both; contesting an initial decision by Engineer concerning the requirements of the Construction Contract Documents or the acceptability of Work under the Construction Contract Documents; challenging a set-off against payments due; or seeking other relief with respect to the terms of the Construction Contract.

8. *Constituent of Concern*—Asbestos, petroleum, radioactive material, polychlorinated biphenyls (PCBs), hazardous waste, and any substance, product, waste, or other material of any nature whatsoever that is or becomes listed, regulated, or addressed pursuant to (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq. ("CERCLA"); (b) the Hazardous Materials Transportation Act, 49 U.S.C. §§5501 et seq.; (c) the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq. ("RCRA"); (d) the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.; (e) the Clean Water Act, 33 U.S.C. §§1251 et seq.; (f) the Clean Air Act, 42 U.S.C. §§7401 et seq.; or (g) any other federal, State, or local statute, law, rule, regulation, ordinance, resolution, code, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material.

9. *Construction Contract*—The entire and integrated written contract between the Owner and Contractor concerning the Work.

10. *Construction Contract Documents*—Those items designated as "Contract Documents" in the Construction Contract, and which together comprise the Construction Contract.

11. *Construction Contract Price*—The money that Owner has agreed to pay Contractor for completion of the Work in accordance with the Construction Contract Documents.

12. *Construction Contract Times*—The number of days or the dates by which Contractor shall: (a) achieve milestones, if any, in the Construction Contract; (b) achieve Substantial Completion; and (c) complete the Work.

13. *Construction Cost*—The cost to Owner of the construction of those portions of the entire Project designed or specified by or for Engineer under this Agreement, including construction labor, services, materials, equipment, insurance, and bonding costs, and allowances for contingencies. Construction Cost does not include costs of services of Engineer or other design professionals and consultants; cost of land or rights-of-way, or


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compensation for damages to property; Owner's costs for legal, accounting, insurance counseling, or auditing services; interest or financing charges incurred in connection with the Project; or the cost of other services to be provided by others to Owner. Construction Cost is one of the items comprising Total Project Costs.

14. *Constructor*—Any person or entity (not including the Engineer, its employees, agents, representatives, and Consultants), performing or supporting construction activities relating to the Project, including but not limited to Contractors, Subcontractors, Suppliers, Owner's work forces, utility companies, other contractors, construction managers, testing firms, shippers, and truckers, and the employees, agents, and representatives of any or all of them.

15. *Consultants*—Individuals or entities having a contract with Engineer to furnish services with respect to this Project as Engineer's independent professional associates and consultants; subcontractors; or vendors.

16. *Contractor*—The entity or individual with which Owner enters into a Construction Contract.

17. *Documents*—Data, reports, Drawings, Specifications, Record Drawings, building information models, civil integrated management models, and other deliverables, whether in printed or electronic format, provided or furnished in appropriate phases by Engineer to Owner pursuant to this Agreement.

18. *Drawings*—That part of the Construction Contract Documents that graphically shows the scope, extent, and character of the Work to be performed by Contractor.

19. *Effective Date*—The date indicated in this Agreement on which it becomes effective, but if no such date is indicated, the date on which this Agreement is signed and delivered by the last of the parties to sign and deliver.

20. *Engineer*—The individual or entity named as such in this Agreement.

21. *Field Order*—A written order issued by Engineer which requires minor changes in the Work but does not change the Construction Contract Price or the Construction Contract Times.

22. *Laws and Regulations; Laws or Regulations*—Any and all applicable laws, statutes, rules, regulations, ordinances, codes, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

23. *Owner*—The individual or entity named as such in this Agreement and for which Engineer's services are to be performed. Unless indicated otherwise, this is the same individual or entity that will enter into any Construction Contracts concerning the Project.

24. *Project*—The total undertaking to be accomplished for Owner by engineers, contractors, and others, including planning, study, design, construction, testing, commissioning, and start-up, and of which the services to be performed or furnished by Engineer under this Agreement are a part.


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25. *Record Drawings*—Drawings depicting the completed Project, or a specific portion of the completed Project, prepared by Engineer as an Additional Service and based on Contractor's record copy of all Drawings, Specifications, Addenda, Change Orders, Work Change Directives, Field Orders, and written interpretations and clarifications, as delivered to Engineer and annotated by Contractor to show changes made during construction.

26. *Reimbursable Expenses*—The expenses incurred directly by Engineer in connection with the performing or furnishing of Basic Services and Additional Services for the Project.

27. *Resident Project Representative*—The authorized representative of Engineer assigned to assist Engineer at the Site during the Construction Phase. As used herein, the term Resident Project Representative or "RPR" includes any assistants or field staff of Resident Project Representative. The duties and responsibilities of the Resident Project Representative, if any, are as set forth in Exhibit D.

28. *Samples*—Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and that establish the standards by which such portion of the Work will be judged.

29. *Shop Drawings*—All drawings, diagrams, illustrations, schedules, and other data or information that are specifically prepared or assembled by or for Contractor and submitted by Contractor to illustrate some portion of the Work. Shop Drawings, whether approved or not, are not Drawings and are not Construction Contract Documents.

30. *Site*—Lands or areas to be indicated in the Construction Contract Documents as being furnished by Owner upon which the Work is to be performed, including rights-of-way and easements, and such other lands furnished by Owner which are designated for the use of Contractor.

31. *Specifications*—The part of the Construction Contract Documents that consists of written requirements for materials, equipment, systems, standards, and workmanship as applied to the Work, and certain administrative requirements and procedural matters applicable to the Work.

32. *Subcontractor*—An individual or entity having a direct contract with Contractor or with any other Subcontractor for the performance of a part of the Work.

33. *Substantial Completion*—The time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of Engineer, the Work (or a specified part thereof) is sufficiently complete, in accordance with the Construction Contract Documents, so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended. The terms "substantially complete" and "substantially completed" as applied to all or part of the Work refer to Substantial Completion thereof.

34. *Supplier*—A manufacturer, fabricator, supplier, distributor, materialman, or vendor having a direct contract with Contractor or with any Subcontractor to furnish materials or equipment to be incorporated in the Work by Contractor or a Subcontractor.


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35. *Total Project Costs*—The total cost of planning, studying, designing, constructing, testing, commissioning, and start-up of the Project, including Construction Cost and all other Project labor, services, materials, equipment, insurance, and bonding costs, allowances for contingencies, and the total costs of services of Engineer or other design professionals and consultants, together with such other Project-related costs that Owner furnishes for inclusion, including but not limited to cost of land, rights-of-way, compensation for damages to properties, Owner's costs for legal, accounting, insurance counseling, and auditing services, interest and financing charges incurred in connection with the Project, and the cost of other services to be provided by others to Owner.

36. *Work*—The entire construction or the various separately identifiable parts thereof required to be provided under the Construction Contract Documents. Work includes and is the result of performing or providing all labor, services, and documentation necessary to produce such construction; furnishing, installing, and incorporating all materials and equipment into such construction; and may include related services such as testing, start-up, and commissioning, all as required by the Construction Contract Documents.

37. *Work Change Directive*—A written directive to Contractor issued on or after the effective date of the Construction Contract, signed by Owner and recommended by Engineer, ordering an addition, deletion, or revision in the Work.

B. *Day*:

1. The word "day" means a calendar day of 24 hours measured from midnight to the next midnight unless stated as "working day" measured from Monday through Friday.

## ARTICLE 8 – EXHIBITS AND SPECIAL PROVISIONS

8.01 *Exhibits Included:*

A. Exhibit A, Engineer's Services.

B. Exhibit B, Owner's Responsibilities.

C. Exhibit C, Payments to Engineer for Services and Reimbursable Expenses.

D. Exhibit D, Duties, Responsibilities and Limitations of Authority of Resident Project Representative. **NOT USED**

8.02 *Total Agreement*

A. This Agreement, (together with the exhibits included above) constitutes the entire agreement between Owner and Engineer and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a written instrument duly executed by both parties.


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8.03 *Designated Representatives*

A. With the execution of this Agreement, Engineer and Owner shall designate specific individuals to act as Engineer's and Owner's representatives with respect to the services to be performed or furnished by Engineer and responsibilities of Owner under this Agreement. Such an individual shall have authority to transmit instructions, receive information, and render decisions relative to this Agreement on behalf of the respective party whom the individual represents.

8.04 *Engineer's Certifications*

A. Engineer certifies that it has not engaged in corrupt, fraudulent, or coercive practices in competing for or in executing the Agreement. For the purposes of this Paragraph 8.04:

1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the selection process or in the Agreement execution;

2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the selection process or the execution of the Agreement to the detriment of Owner, or (b) to deprive Owner of the benefits of free and open competition;

3. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the selection process or affect the execution of the Agreement.

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**IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.**

Owner: MOORESBURG UTILITY DISTRICT

By: Lance J. McAnally

Print name:

Title: BOARD CHAIRMAN

Date Signed: JANUARY 17, 2025

Address for Owner's receipt of notices:
MOORESBURG UTILITY DISTRICT
P.O. Box 8
Mooresburg, Tn. 37811

Designated Representative (Paragraph 8.03.A):
JOYCE CARPENTER
Title: GENERAL MANAGER
Phone Number: 423-312-6627
E-Mail Address: Joycecarpenter1964@gmail.com

Engineer: HATFIELD & ALLEN, ASSOCIATES

By: Matt Hatfield, PE (electronic)

Print name: MATT HATFIELD, PE

Title: PROJECT ENGINEER

Date Signed: JANUARY 17, 2025

Address for Engineer's receipt of notices:
POST OFFICE BOX 12
MORRISTOWN, TENNESSEE 37815-0012

Designated Representative (Paragraph 8.03.A):
MATT HATFIELD
Title: PROJECT ENGINEER
Phone Number: 865-388-5031
E-Mail Address: matthatfield2@gmail.com

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This is **EXHIBIT A**, consisting of **16** pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated **JANUARY 17, 2025.**

## Engineer's Services

Article 1 of the Agreement is supplemented to include the following agreement of the parties.

Engineer shall provide Basic and Additional Services as set forth below.

### PART 1 – BASIC SERVICES

A1.01 *Study and Report Phase – This section waived by owner based upon reports previously submitted.*

A. Engineer shall:

1. Consult with Owner to define and clarify Owner's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations, and identify available data, information, reports, facilities plans, and site evaluations.

    a. If Owner has already identified one or more potential solutions to meet its Project requirements, then proceed with the study and evaluation of such potential solutions.

    b. If Owner has not identified specific potential solutions for study and evaluation, then assist Owner in determining whether Owner's requirements, and available data, reports, plans, and evaluations, point to a single potential solution for Engineer's study and evaluation, or are such that it will be necessary for Engineer to identify, study, and evaluate multiple potential solutions.

    c. If it is necessary for Engineer to identify, study, and evaluate multiple potential solutions, then identify THREE alternative solutions potentially available to Owner (In PER Only), unless Owner and Engineer mutually agree that some other specific number of alternatives should be identified, studied, and evaluated.

2. Identify potential solution(s) to meet Owner's Project requirements, as needed.

3. Study and evaluate the potential solution(s) to meet Owner's Project requirements.

4. Visit the Site, or potential Project sites, to review existing conditions and facilities, unless such visits are not necessary or applicable to meeting the objectives of the Study and Report Phase.

5. Advise Owner of any need for Owner to obtain, furnish, or otherwise make available to Engineer additional Project-related data and information, for Engineer's use in the study and evaluation of potential solution(s) to Owner's Project requirements, and preparation of a related report.


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6. After consultation with Owner, recommend to Owner the solution(s) which in Engineer's judgment meet Owner's requirements for the Project.

7. Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project to be designed or specified by Engineer, including but not limited to mitigating measures identified in an environmental assessment for the Project.

8. Prepare a report (the "Report") which will, as appropriate, contain schematic layouts, sketches, and conceptual design criteria with appropriate exhibits to indicate the agreed-to requirements, considerations involved, and Engineer's recommended solution(s). For each recommended solution Engineer will provide the following, which will be separately itemized: opinion of probable Construction Cost; proposed allowances for contingencies; the estimated total costs of design, professional, and related services to be provided by Engineer and its Consultants; and, on the basis of information furnished by Owner, a tabulation of other items and services included within the definition of Total Project Costs.

9. Advise Owner of any need for Owner to provide data or services of the types described in Exhibit B, for use in Project design, or in preparation for Contractor selection and construction.

10. When mutually agreed, assist Owner in evaluating the possible use of building information modeling; civil integrated management; geotechnical baselining of subsurface site conditions; innovative design, contracting, or procurement strategies; or other strategies, technologies, or techniques for assisting in the design, construction, and operation of Owner's facilities. The subject matter of this paragraph shall be referred to in Exhibit A and B as "Project Strategies, Technologies, and Techniques."

11. If requested to do so by Owner, assist Owner in identifying opportunities for enhancing the sustainability of the Project, and pursuant to Owner's instructions plan for the inclusion of sustainable features in the design.

12. Use ASCE 38, "Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data" as a means to advise the Owner on a recommended scope of work and procedure for the identification and mapping of existing utilities.

13. Develop a scope of work and survey limits for any topographic and other surveys necessary for design.

14. Perform the following other Study and Report Phase tasks or deliverables: None

15. Furnish three review copies of the Report and any other Study and Report Phase deliverables to Owner within 30 working days of the Effective Date and review it with Owner. Within 10 working days of receipt, Owner shall submit to Engineer any comments regarding the furnished items.

16. Revise the Report and any other Study and Report Phase deliverables in response to Owner's comments, as appropriate, and furnish 3 copies of the revised Report and any


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other Study and Report Phase deliverables to the Owner within 15 working days of receipt of Owner's comments.

B. Engineer's services under the Study and Report Phase will be considered complete on the date when Engineer has delivered to Owner the revised Report and any other Study and Report Phase deliverables.

A1.02 *Preliminary Design Phase*

A. After acceptance by Owner of the Report and any other Study and Report Phase deliverables; selection by Owner of a recommended solution; issuance by Owner of any instructions of for use of Project Strategies, Technologies, and Techniques, or for inclusion of sustainable features in the design; and indication by Owner of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by Owner, (1) Engineer and Owner shall discuss and resolve any necessary revisions to Engineer's compensation (through application of the provisions regarding Additional Services, or otherwise), or the time for completion of Engineer's services, resulting from the selected solution, related Project Strategies, Technologies, or Techniques, sustainable design instructions, or specific modifications to the Project, and (2) upon written authorization from Owner, Engineer shall:

1. Prepare Preliminary Design Phase documents consisting of final design criteria, preliminary drawings, outline specifications, and written descriptions of the Project.

2. In preparing the Preliminary Design Phase documents, use any specific applicable Project Strategies, Technologies, and Techniques authorized by Owner during or following the Study and Report Phase, and include sustainable features, as appropriate, pursuant to Owner's instructions.

3. Provide necessary field surveys and topographic and utility mapping for Engineer's design purposes. Comply with the scope of work and procedure for the identification and mapping of existing utilities selected and authorized by Owner pursuant to advice from Engineer based on ASCE 38, "Standard Guideline for the Collection and Depiction of Existing Subsurface Utility Data," as set forth in Paragraph A1.01.A.12 above. If no such scope of work and procedure for utility mapping has been selected and authorized, then at a minimum the utility mapping will include Engineer contacting utility owners and obtaining available information.

4. Visit the Site as needed to prepare the Preliminary Design Phase documents.

5. Advise Owner if additional reports, data, information, or services of the types described in Exhibit B are necessary and assist Owner in obtaining such reports, data, information, or services.

6. Continue to assist Owner with Project Strategies, Technologies, and Techniques that Owner has chosen to implement.

7. Based on the information contained in the Preliminary Design Phase documents, prepare a revised opinion of probable Construction Cost, and assist Owner in tabulating the various cost categories which comprise Total Project Costs.


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8. Obtain and review Owner's instructions regarding Owner's procurement of construction services (including instructions regarding advertisements for bids, instructions to bidders, and requests for proposals, as applicable), Owner's construction contract practices and requirements, insurance and bonding requirements, electronic transmittals during construction, and other information necessary for the finalization of Owner's bidding-related documents (or requests for proposals or other construction procurement documents), and Construction Contract Documents. Also obtain and review copies of Owner's design and construction standards, Owner's standard forms, general conditions (if other than EJCDC® C-700, Standard General Conditions of the Construction Contract, 2013 Edition), supplementary conditions, text, and related documents or content for Engineer to include in the draft bidding-related documents (or requests for proposals or other construction procurement documents), and in the draft Construction Contract Documents, when applicable.

9. Perform or provide the following other Preliminary Design Phase tasks or deliverables: NONE

10. Furnish a review copy of the Preliminary Design Phase documents, opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables to Owner within 60 working days of authorization to proceed with this phase, and review them with Owner. Within 15 working days of receipt, Owner shall submit to Engineer any comments regarding the furnished items.

11. Revise the Preliminary Design Phase documents, opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables in response to Owner's comments, as appropriate, and furnish to Owner a copy of the revised Preliminary Design Phase documents, revised opinion of probable Construction Cost, and any other deliverables after receipt of Owner's comments.

B. Engineer's services under the Preliminary Design Phase will be considered complete on the date when Engineer has delivered to Owner the revised Preliminary Design Phase documents, revised opinion of probable Construction Cost, and any other Preliminary Design Phase deliverables.

A1.03 *Final Design Phase*

A. After acceptance by Owner of the Preliminary Design Phase documents, revised opinion of probable Construction Cost as determined in the Preliminary Design Phase, and any other Preliminary Design Phase deliverables, subject to any Owner-directed modifications or changes in the scope, extent, character, or design requirements of or for the Project, and upon written authorization from Owner, Engineer shall:

1. Prepare final Drawings and Specifications indicating the scope, extent, and character of the Work to be performed and furnished by Contractor.

2. Visit the Site as needed to assist in preparing the final Drawings and Specifications.

3. Provide technical criteria, written descriptions, and design data for Owner's use in filing applications for permits from or approvals of governmental authorities having jurisdiction to review or approve the final design; assist Owner in consultations with such


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authorities; and revise the Drawings and Specifications in response to directives from such authorities, as appropriate.

4. Advise Owner of any recommended adjustments to the opinion of probable Construction Cost.

5. After consultation with Owner, include in the Construction Contract Documents any specific protocols for the transmittal of Project-related correspondence, documents, text, data, drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website. Any such protocols shall be applicable to transmittals between and among Owner, Engineer, and Contractor during the Construction Phase and Post-Construction Phase, and unless agreed otherwise shall supersede any conflicting protocols previously established for transmittals between Owner and Engineer.

6. Assist Owner in assembling known reports and drawings of Site conditions, and in identifying the technical data contained in such reports and drawings upon which bidders or other prospective contractors may rely.

7. In addition to preparing the final Drawings and Specifications, assemble drafts of other Construction Contract Documents based on specific instructions and contract forms, text, or content received from Owner.

8. Prepare or assemble draft bidding-related documents (or requests for proposals or other construction procurement documents), based on the specific bidding or procurement-related instructions and forms, text, or content received from Owner.

9. Perform or provide the following other Final Design Phase tasks or deliverables: NONE

10. Furnish for review by Owner, its legal counsel, and other advisors, copies of the final Drawings and Specifications, assembled drafts of other Construction Contract Documents, the draft bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables, and review them with Owner. Owner shall submit to Engineer any comments regarding the furnished items, and any instructions for revisions.

11. Revise the final Drawings and Specifications, assembled drafts of other Construction Contract Documents, the draft bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables in accordance with comments and instructions from the Owner, as appropriate, and submit 3 final copies of such documents to Owner within 15 working days after receipt of Owner's comments and instructions.

B. Engineer's services under the Final Design Phase will be considered complete on the date when Engineer has delivered to Owner the final Drawings and Specifications, other assembled Construction Contract Documents, bidding-related documents (or requests for proposals or other construction procurement documents), and any other Final Design Phase deliverables.


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C. In the event that the Work designed or specified by Engineer is to be performed or furnished under more than one prime contract, or if Engineer's services are to be separately sequenced with the work of one or more prime Contractors (such as in the case of fast-tracking), Owner and Engineer shall, prior to commencement of the Final Design Phase, develop a schedule for performance of Engineer's services during the Final Design, Bidding or Negotiating, Construction, and Post-Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts. This schedule is to be prepared and included in or become an amendment to Exhibit A whether or not the work under such contracts is to proceed concurrently.

D. The number of prime contracts for Work designed or specified by Engineer upon which the Engineer's compensation has been established under this Agreement is ONE PHASE. If more prime contracts are awarded, Engineer shall be entitled to an equitable increase in its compensation under this Agreement.

A1.04 *Bidding or Negotiating Phase*

A. After acceptance by Owner of the final Drawings and Specifications, other Construction Contract Documents, bidding-related documents (or requests for proposals or other construction procurement documents), and the most recent opinion of probable Construction Cost as determined in the Final Design Phase, and upon written authorization by Owner to proceed, Engineer shall:

1. Assist Owner in advertising for and obtaining bids or proposals for the Work, assist Owner in issuing assembled design, contract, and bidding-related documents (or requests for proposals or other construction procurement documents) to prospective contractors, and, where applicable, maintain a record of prospective contractors to which documents have been issued, attend pre-bid conferences, if any, and receive and process contractor deposits or charges for the issued documents.

2. Prepare and issue Addenda as appropriate to clarify, correct, or change the issued documents.

3. Provide information or assistance needed by Owner in the course of any review of proposals or negotiations with prospective contractors.

4. Consult with Owner as to the qualifications of prospective contractors.

5. Consult with Owner as to the qualifications of subcontractors, suppliers, and other individuals and entities proposed by prospective contractors, for those portions of the Work as to which review of qualifications is required by the issued documents.

6. If the issued documents require, the Engineer shall evaluate and determine the acceptability of "or equals" and substitute materials and equipment proposed by prospective contractors, provided that such proposals are allowed by the bidding-related documents (or requests for proposals or other construction procurement documents) prior to award of contracts for the Work. Services under this paragraph are subject to the provisions of Paragraph A2.02.A.2 of this Exhibit A.


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7. Attend the bid opening, prepare bid tabulation sheets to meet Owner's schedule, and assist Owner in evaluating bids or proposals, assembling final contracts for the Work for execution by Owner and Contractor, and in issuing notices of award of such contracts.

8. If Owner engages in negotiations with bidders or proposers, assist Owner with respect to technical and engineering issues that arise during the negotiations.

9. Perform or provide the following other Bidding or Negotiating Phase tasks or deliverables: NONE

B. The Bidding or Negotiating Phase will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective contractors (except as may be required if Exhibit F is a part of this Agreement).

A1.05 *Construction Phase*

A. Upon successful completion of the Bidding and Negotiating Phase, and upon written authorization from Owner, Engineer shall:

1. *General Administration of Construction Contract:* Consult with Owner and act as Owner's representative as provided in the Construction Contract. The extent and limitations of the duties, responsibilities, and authority of Engineer shall be as assigned in EJCDC® C-700, Standard General Conditions of the Construction Contract (2013 Edition), prepared by the Engineers Joint Contract Documents Committee, or other construction general conditions specified in this Agreement. If Owner, or Owner and Contractor, modify the duties, responsibilities, and authority of Engineer in the Construction Contract, or modify other terms of the Construction Contract having a direct bearing on Engineer, then Owner shall compensate Engineer for any related increases in the cost to provide Construction Phase services. Engineer shall not be required to furnish or perform services contrary to Engineer's responsibilities as a licensed professional. All of Owner's instructions to Contractor will be issued through Engineer, which shall have authority to act on behalf of Owner in dealings with Contractor to the extent provided in this Agreement and the Construction Contract except as otherwise provided in writing.

2. *Resident Project Representative (RPR):* Provide the services of an RPR at the Site to assist the Engineer and to provide more extensive observation of Contractor's work. Duties, responsibilities, and authority of the RPR are as set forth in Exhibit D. The furnishing of such RPR's services will not limit, extend, or modify Engineer's responsibilities or authority except as expressly set forth in Exhibit D.

3. *Selection of Independent Testing Laboratory:* Assist Owner in the selection of an independent testing laboratory to perform the services identified in Exhibit B, Paragraph B2.01.

4. *Pre-Construction Conference:* Participate in a pre-construction conference prior to commencement of Work at the Site.

5. *Electronic Transmittal Protocols:* If the Construction Contract Documents do not specify protocols for the transmittal of Project-related correspondence, documents, text, data,


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drawings, information, and graphics, in electronic media or digital format, either directly, or through access to a secure Project website, then together with Owner and Contractor jointly develop such protocols for transmittals between and among Owner, Contractor, and Engineer during the Construction Phase and Post-Construction Phase.

6. *Original Documents:* If requested by Owner to do so, maintain and safeguard during the Construction Phase at least one original printed record version of the Construction Contract Documents, including Drawings and Specifications signed and sealed by Engineer and other design professionals in accordance with applicable Laws and Regulations. Throughout the Construction Phase, make such original printed record version of the Construction Contract Documents available to Contractor and Owner for review.

7. *Schedules:* Receive, review, and determine the acceptability of any and all schedules that Contractor is required to submit to Engineer, including the Progress Schedule, Schedule of Submittals, and Schedule of Values.

8. *Baselines and Benchmarks:* As appropriate, establish baselines and benchmarks for locating the Work which in Engineer's judgment are necessary to enable Contractor to proceed.

9. *Visits to Site and Observation of Construction:* In connection with observations of Contractor's Work while it is in progress:

    a. Make visits to the Site at intervals appropriate to the various stages of construction, as Engineer deems necessary, to observe as an experienced and qualified design professional the progress of Contractor's executed Work. Such visits and observations by Engineer, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of the Work or to involve detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in this Agreement and the Construction Contract Documents, but rather are to be limited to spot checking, selective sampling, and similar methods of general observation of the Work based on Engineer's exercise of professional judgment, as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and observations, Engineer will determine in general if the Work is proceeding in accordance with the Construction Contract Documents, and Engineer shall keep Owner informed of the progress of the Work.

    b. The purpose of Engineer's visits to the Site, and representation by the Resident Project Representative, if any, at the Site, will be to enable Engineer to better carry out the duties and responsibilities assigned to and undertaken by Engineer during the Construction Phase, and, in addition, by the exercise of Engineer's efforts as an experienced and qualified design professional, to provide for Owner a greater degree of confidence that the completed Work will conform in general to the Construction Contract Documents and that Contractor has implemented and maintained the integrity of the design concept of the completed Project as a functioning whole as indicated in the Construction Contract Documents. Engineer shall not, during such visits or as a result of such observations of the Work, supervise, direct, or have control over the Work, nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or


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procedures of construction selected or used by any Constructor, for security or safety at the Site, for safety precautions and programs incident to any Constructor's work in progress, for the coordination of the Constructors' work or schedules, nor for any failure of any Constructor to comply with Laws and Regulations applicable to furnishing and performing of its work. Accordingly, Engineer neither guarantees the performance of any Constructor nor assumes responsibility for any Constructor's failure to furnish or perform the Work, or any portion of the Work, in accordance with the Construction Contract Documents.

10. *Defective Work:* Reject Work if, on the basis of Engineer's observations, Engineer believes that such Work is defective under the terms and standards set forth in the Construction Contract Documents. Provide recommendations to Owner regarding whether Contractor should correct such Work or remove and replace such Work, or whether Owner should consider accepting such Work as provided in the Construction Contract Documents.

11. *Compatibility with Design Concept:* If Engineer has express knowledge that a specific part of the Work that is not defective under the terms and standards set forth in the Construction Contract Documents is nonetheless not compatible with the design concept of the completed Project as a functioning whole, then inform Owner of such incompatibility, and provide recommendations for addressing such Work.

12. *Clarifications and Interpretations:* Accept from Contractor and Owner submittal of all matters in question concerning the requirements of the Construction Contract Documents (sometimes referred to as requests for information or interpretation—RFIs), or relating to the acceptability of the Work under the Construction Contract Documents. With reasonable promptness, render a written clarification, interpretation, or decision on the issue submitted, or initiate an amendment or supplement to the Construction Contract Documents.

13. *Non-reviewable Matters:* If a submitted matter in question concerns the Engineer's performance of its duties and obligations, or terms and conditions of the Construction Contract Documents that do not involve (1) the performance or acceptability of the Work under the Construction Contract Documents, (2) the design (as set forth in the Drawings, Specifications, or otherwise), or (3) other engineering or technical matters, then Engineer will promptly give written notice to Owner and Contractor that Engineer will not provide a decision or interpretation.

14. *Field Orders:* Subject to any limitations in the Construction Contract Documents, Engineer may prepare and issue Field Orders requiring minor changes in the Work.

15. *Change Orders and Work Change Directives:* Recommend Change Orders and Work Change Directives to Owner, as appropriate, and prepare Change Orders and Work Change Directives as required.

16. *Differing Site Conditions:* Respond to any notice from Contractor of differing site conditions, including conditions relating to underground facilities such as utilities, and hazardous environmental conditions. Promptly conduct reviews and prepare findings, conclusions, and recommendations for Owner's use.


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17. *Shop Drawings, Samples, and Other Submittals:* Review and approve or take other appropriate action with respect to Shop Drawings, Samples, and other required Contractor submittals, but only for conformance with the information given in the Construction Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated by the Construction Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences, or procedures of construction or to safety precautions and programs incident thereto. Engineer shall meet any Contractor's submittal schedule that Engineer has accepted.

18. *Substitutes and "Or-equal":* Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor, but subject to the provisions of Paragraph A2.02.A.2 of this Exhibit A.

19. *Inspections and Tests:*

    a. Receive and review all certificates of inspections, tests, and approvals required by Laws and Regulations or the Construction Contract Documents. Engineer's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Construction Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Construction Contract Documents. Engineer shall be entitled to rely on the results of such inspections and tests.

    b. As deemed reasonably necessary, request that Contractor uncover Work that is to be inspected, tested, or approved.

    c. Pursuant to the terms of the Construction Contract, require special inspections or testing of the Work, whether or not the Work is fabricated, installed, or completed.

20. *Change Proposals and Claims:* (a) Review and respond to Change Proposals. Review each duly submitted Change Proposal from Contractor and, within 30 days after receipt of the Contractor's supporting data, either deny the Change Proposal in whole, approve it in whole, or deny it in part and approve it in part. Such actions shall be in writing, with a copy provided to Owner and Contractor. If the Change Proposal does not involve the design (as set forth in the Drawings, Specifications, or otherwise), the acceptability of the Work, or other engineering or technical matters, then Engineer will notify the parties that the Engineer will not resolve the Change Proposal. (b) Provide information or data to Owner regarding engineering or technical matters pertaining to Claims.

21. *Applications for Payment:* Based on Engineer's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:

    a. Determine the amounts that Engineer recommends Contractor be paid. Recommend reductions in payment (set-offs) based on the provisions for set-offs stated in the Construction Contract. Such recommendations of payment will be in writing and will constitute Engineer's representation to Owner, based on such observations and review, that, to the best of Engineer's knowledge, information


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and belief, Contractor's Work has progressed to the point indicated, the Work is generally in accordance with the Construction Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Construction Contract Documents, and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is Engineer's responsibility to observe the Work. In the case of unit price Work, Engineer's recommendations of payment will include final determinations of quantities and classifications of the Work (subject to any subsequent adjustments allowed by the Construction Contract Documents).

b. By recommending payment, Engineer shall not thereby be deemed to have represented that observations made by Engineer to check the quality or quantity of Contractor's Work as it is performed and furnished have been exhaustive, extended to every aspect of Contractor's Work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in this Agreement. Neither Engineer's review of Contractor's Work for the purposes of recommending payments nor Engineer's recommendation of any payment including final payment will impose on Engineer responsibility to supervise, direct, or control the Work, or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with Laws and Regulations applicable to Contractor's furnishing and performing the Work. It will also not impose responsibility on Engineer to make any examination to ascertain how or for what purposes Contractor has used the money paid to Contractor by Owner; to determine that title to any portion of the Work, including materials or equipment, has passed to Owner free and clear of any liens, claims, security interests, or encumbrances; or that there may not be other matters at issue between Owner and Contractor that might affect the amount that should be paid.

22. *Contractor's Completion Documents:* Receive from Contractor, review, and transmit to Owner maintenance and operating instructions, schedules, guarantees, bonds, certificates or other evidence of insurance required by the Construction Contract Documents, certificates of inspection, tests and approvals, and Shop Drawings, Samples, and other data approved as provided under Paragraph A1.05.A.17. Receive from Contractor, review, and transmit to Owner the annotated record documents which are to be assembled by Contractor in accordance with the Construction Contract Documents to obtain final payment. The extent of Engineer's review of record documents shall be to check that Contractor has submitted all pages.

23. *Substantial Completion:* Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with Owner and Contractor, visit the Site to review the Work and determine the status of completion. Follow the procedures in the Construction Contract regarding the preliminary certificate of Substantial Completion, punch list of items to be completed, Owner's objections, notice to Contractor, and issuance of a final certificate of Substantial Completion. Assist Owner regarding any remaining engineering or technical matters affecting Owner's use or occupancy of the Work following Substantial Completion.


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24. *Other Tasks:* Perform or provide the following other Construction Phase tasks or deliverables: NONE

25. *Final Notice of Acceptability of the Work:* Conduct a final visit to the Project to determine if the Work is complete and acceptable so that Engineer may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, Engineer shall also provide a notice to Owner and Contractor in the form attached hereto as Exhibit E ("Notice of Acceptability of Work") that the Work is acceptable (subject to the provisions of the Notice and Paragraph A1.05.A.21.b) to the best of Engineer's knowledge, information, and belief, and based on the extent of the services provided by Engineer under this Agreement.

26. *Standards for Certain Construction-Phase Decisions:* Engineer will render decisions regarding the requirements of the Construction Contract Documents, and judge the acceptability of the Work, pursuant to the specific procedures set forth in the Construction Contract for initial interpretations, Change Proposals, and acceptance of the Work. In rendering such decisions and judgments, Engineer will not show partiality to Owner or Contractor, and will not be liable to Owner, Contractor, or others in connection with any proceedings, interpretations, decisions, or judgments conducted or rendered in good faith.

B. *Duration of Construction Phase:* The Construction Phase will commence with the execution of the first Construction Contract for the Project or any part thereof and will terminate upon written recommendation by Engineer for final payment to Contractors. If the Project involves more than one prime contract as indicated in Paragraph A1.03.D, then Construction Phase services may be rendered at different times in respect to the separate contracts. Subject to the provisions of Article 3, Engineer shall be entitled to an equitable increase in compensation if Construction Phase services (including Resident Project Representative services, if any) are required after the original date for completion and readiness for final payment of Contractor as set forth in the Construction Contract.

A1.06 *Post-Construction Phase*

A. Upon written authorization from Owner during the Post-Construction Phase, Engineer shall:

1. Together with Owner, visit the Project to observe any apparent defects in the Work, make recommendations as to replacement or correction of defective Work, if any, or the need to repair of any damage to the Site or adjacent areas, and assist Owner in consultations and discussions with Contractor concerning correction of any such defective Work and any needed repairs.

2. Together with Owner, visit the Project within one month before the end of the Construction Contract's correction period to ascertain whether any portion of the Work or the repair of any damage to the Site or adjacent areas is defective and therefore subject to correction by Contractor.

3. Perform or provide the following other Post-Construction Phase tasks or deliverables: NONE OTHER THAN AS-BUILT DRAWINGS.


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B. The Post-Construction Phase services may commence during the Construction Phase and, if not otherwise modified in this Exhibit A, will terminate twelve months after the commencement of the Construction Contract's correction period.

## PART 2 – ADDITIONAL SERVICES

A2.01 *Additional Services Requiring Owner's Written Authorization*

A. If authorized in writing by Owner, Engineer shall provide Additional Services of the types listed below. These services are not included as part of Basic Services and will be paid for by Owner as indicated in Exhibit C.

1. Preparation of applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans, or advances in connection with the Project; preparation or review of environmental assessments and impact statements; review and evaluation of the effects on the design requirements for the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.

2. Services to make measured drawings of existing conditions or facilities, to conduct tests or investigations of existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by Owner or others.

3. Services resulting from significant changes in the scope, extent, or character of the portions of the Project designed or specified by Engineer, or the Project's design requirements, including, but not limited to, changes in size, complexity, Owner's schedule, character of construction, or method of financing; and revising previously accepted studies, reports, Drawings, Specifications, or Construction Contract Documents when such revisions are required by changes in Laws and Regulations enacted subsequent to the Effective Date or are due to any other causes beyond Engineer's control.

4. Services resulting from Owner's request to evaluate additional Study and Report Phase alternative solutions beyond those agreed to in Paragraph A1.01.A.1 and 2.

5. Services required as a result of Owner's providing incomplete or incorrect Project information to Engineer.

6. Providing renderings or models for Owner's use, including services in support of building information modeling or civil integrated management.

7. Undertaking investigations and studies including, but not limited to:

   a. detailed consideration of operations, maintenance, and overhead expenses;

   b. the preparation of feasibility studies (such as those that include projections of output capacity, utility project rates, project market demand, or project revenues) and cash flow analyses, provided that such services are based on the engineering


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and technical aspects of the Project, and do not include rendering advice regarding municipal financial products or the issuance of municipal securities;

c. preparation of appraisals;

d. evaluating processes available for licensing, and assisting Owner in obtaining process licensing;

e. detailed quantity surveys of materials, equipment, and labor; and

f. audits or inventories required in connection with construction performed or furnished by Owner.

8. Furnishing services of Consultants for other than Basic Services.

9. Providing data or services of the types described in Exhibit B, when Owner retains Engineer to provide such data or services instead of Owner furnishing the same.

10. Providing the following services:

a. Services attributable to more prime construction contracts than specified in Paragraph A1.03.D.

b. Services to arrange for performance of construction services for Owner by contractors other than the principal prime Contractor, and administering Owner's contract for such services.

11. Services during out-of-town travel required of Engineer, other than for visits to the Site or Owner's office as required in Basic Services (Part 1 of Exhibit A).

12. Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructibility review requested by Owner; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other documents as a result of such review processes.

13. Preparing additional bidding-related documents (or requests for proposals or other construction procurement documents) or Construction Contract Documents for alternate bids or cost estimates requested by Owner for the Work or a portion thereof.

14. Assistance in connection with bid protests, rebidding, or renegotiating contracts for construction, materials, equipment, or services, except when such assistance is required to complete services required by Paragraph 5.02.A and Exhibit F.

15. Preparing conformed Construction Contract Documents that incorporate and integrate the content of all Addenda and any amendments negotiated by Owner and Contractor.

16. Providing Construction Phase services beyond the original date for completion and readiness for final payment of Contractor, but only if such services increase the total


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quantity of services to be performed in the Construction Phase, rather than merely shifting performance of such services to a later date.

17. Preparing Record Drawings, and furnishing such Record Drawings to Owner.

18. Supplementing Record Drawings with information regarding the completed Project, Site, and immediately adjacent areas obtained from field observations, Owner, utility companies, and other reliable sources.

19. Conducting surveys, investigations, and field measurements to verify the accuracy of Record Drawing content obtained from Contractor, Owner, utility companies, and other sources; revise and supplement Record Drawings as needed.

20. Preparation of operation, maintenance, and staffing manuals.

21. Protracted or extensive assistance in refining and adjusting of Project equipment and systems (such as initial startup, testing, and balancing).

22. Assistance to Owner in training Owner's staff to operate and maintain Project equipment and systems.

23. Assistance to Owner in developing systems and procedures for (a) control of the operation and maintenance of Project equipment and systems, and (b) related recordkeeping.

24. Preparing to serve or serving as a consultant or witness for Owner in any litigation, arbitration, lien or bond claim, or other legal or administrative proceeding involving the Project.

25. Overtime work requiring higher than regular rates.

26. Providing construction surveys and staking to enable Contractor to perform its work other than as required under Paragraph A1.05.A.8; any type of property surveys or related engineering services needed for the transfer of interests in real property; and providing other special field surveys.

27. Providing more extensive services required to enable Engineer to issue notices or certifications requested by Owner.

28. Extensive services required during any correction period, or with respect to monitoring Contractor's compliance with warranties and guarantees called for in the Construction Contract (except as agreed to under Basic Services).

29. Other additional services performed or furnished by Engineer not otherwise provided for in this Agreement.

A2.02 *Additional Services Not Requiring Owner's Written Authorization*

A. Engineer shall advise Owner that Engineer is commencing to perform or furnish the Additional Services of the types listed below. For such Additional Services, Engineer need not request or obtain specific advance written authorization from Owner. Engineer shall cease


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performing or furnishing such Additional Services upon receipt of written notice to cease from Owner.

1. Services in connection with Work Change Directives and Change Orders to reflect changes requested by Owner.

2. Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or equal" items; services after the award of the Construction Contract in evaluating and determining the acceptability of a proposed "or equal" or substitution which is found to be inappropriate for the Project; evaluation and determination of an excessive number of proposed "or equals" or substitutions, whether proposed before or after award of the Construction Contract.

3. Services resulting from significant delays, changes, or price increases occurring as a direct or indirect result of materials, equipment, or energy shortages.

4. Additional or extended services arising from (a) the presence at the Site of any Constituent of Concern or items of historical or cultural significance, (b) emergencies or acts of God endangering the Work, (c) damage to the Work by fire or other causes during construction, (d) a significant amount of defective, neglected, or delayed Work, (e) acceleration of the progress schedule involving services beyond normal working hours, or (f) default by Contractor.

5. Services (other than Basic Services during the Post-Construction Phase) in connection with any partial utilization of the Work by Owner prior to Substantial Completion.

6. Evaluating unreasonable or frivolous requests for interpretation or information (RFIs), Change Proposals, or other demands from Contractor or others in connection with the Work, or an excessive number of RFIs, Change Proposals, or demands.

7. Reviewing a Shop Drawing or other Contractor submittal more than three times, as a result of repeated inadequate submissions by Contractor.

8. While at the Site, compliance by Engineer and its staff with those terms of Owner's or Contractor's safety program provided to Engineer subsequent to the Effective Date that exceed those normally required of engineering personnel by federal, State, or local safety authorities for similar construction sites.


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This is **EXHIBIT B**, consisting of **3** pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services** dated **JANUARY 17, 2025.**

## Owner's Responsibilities

Article 2 of the Agreement is supplemented to include the following agreement of the parties.

B2.01 In addition to other responsibilities of Owner as set forth in this Agreement, Owner shall at its expense:

A. Provide Engineer with all criteria and full information as to Owner's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations.

B. Give instructions to Engineer regarding Owner's procurement of construction services (including instructions regarding advertisements for bids, instructions to bidders, and requests for proposals, as applicable), Owner's construction contract practices and requirements, insurance and bonding requirements, electronic transmittals during construction, and other information necessary for the finalization of Owner's bidding-related documents (or requests for proposals or other construction procurement documents), and Construction Contract Documents. Furnish copies (or give specific directions requesting Engineer to use copies already in Engineer's possession) of all design and construction standards, Owner's standard forms, general conditions (if other than EJCDC® C-700, Standard General Conditions of the Construction Contract, 2013 Edition), supplementary conditions, text, and related documents and content for Engineer to include in the draft bidding-related documents (or requests for proposals or other construction procurement documents), and draft Construction Contract Documents, when applicable. Owner shall have responsibility for the final content of (1) such bidding-related documents (or requests for proposals or other construction procurement documents), and (2) those portions of any Construction Contract other than the design (as set forth in the Drawings, Specifications, or otherwise), and other engineering or technical matters; and Owner shall seek the advice of Owner's legal counsel, risk managers, and insurance advisors with respect to the drafting and content of such documents.

C. Furnish to Engineer any other available information pertinent to the Project including reports and data relative to previous designs, construction, or investigation at or adjacent to the Site.

D. Following Engineer's assessment of initially-available Project information and data and upon Engineer's request, obtain, furnish, or otherwise make available (if necessary through title searches, or retention of specialists or consultants) such additional Project-related information and data as is reasonably required to enable Engineer to complete its Basic and Additional Services. Such additional information or data would generally include the following:

1. Property descriptions.

2. Zoning, deed, and other land use restrictions.

3. Utility and topographic mapping and surveys.


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4. Property, boundary, easement, right-of-way, and other special surveys or data, including establishing relevant reference points.

5. Explorations and tests of subsurface conditions at or adjacent to the Site; geotechnical reports and investigations; drawings of physical conditions relating to existing surface or subsurface structures at the Site; hydrographic surveys, laboratory tests and inspections of samples, materials, and equipment; with appropriate professional interpretation of such information or data.

6. Environmental assessments, audits, investigations, and impact statements, and other relevant environmental, historical, or cultural studies relevant to the Project, the Site, and adjacent areas.

7. Data or consultations as required for the Project but not otherwise identified in this Agreement.

E. Arrange for safe access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services under the Agreement.

F. Recognizing and acknowledging that Engineer's services and expertise do not include the following services, provide, as required for the Project:

1. Accounting, bond and financial advisory (including, if applicable, "municipal advisor" services as described in Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) and the municipal advisor registration rules issued by the Securities and Exchange Commission), independent cost estimating, and insurance counseling services.

2. Legal services with regard to issues pertaining to the Project as Owner requires, Contractor raises, or Engineer reasonably requests.

3. Such auditing services as Owner requires to ascertain how or for what purpose Contractor has used the money paid.

G. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of samples, materials, and equipment required by the Construction Contract Documents (other than those required to be furnished or arranged by Contractor), or to evaluate the performance of materials, equipment, and facilities of Owner, prior to their incorporation into the Work with appropriate professional interpretation thereof. Provide Engineer with the findings and reports generated by testing laboratories, including findings and reports obtained from or through Contractor.

H. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Project designed or specified by Engineer and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Project.

I. Advise Engineer of the identity and scope of services of any independent consultants employed by Owner to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructibility review.


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J. If Owner designates a construction manager or an individual or entity other than, or in addition to, Engineer to represent Owner at the Site, define and set forth as an attachment to this Exhibit B the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities, and authority of Engineer.

K. If more than one prime contract is to be awarded for the Work designed or specified by Engineer, then designate a person or entity to have authority and responsibility for coordinating the activities among the various prime Contractors, and define and set forth the duties, responsibilities, and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities, and authority of Engineer as an attachment to this Exhibit B that is to be mutually agreed upon and made a part of this Agreement before such services begin.

L. Inform Engineer in writing of any specific requirements of safety or security programs that are applicable to Engineer, as a visitor to the Site.

M. Examine all alternative solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by Engineer (including obtaining advice of an attorney, risk manager, insurance counselor, financial/municipal advisor, and other advisors or consultants as Owner deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.

N. Inform Engineer regarding any need for assistance in evaluating the possible use of Project Strategies, Technologies, and Techniques, as defined in Exhibit A.

O. Advise Engineer as to whether Engineer's assistance is requested in identifying opportunities for enhancing the sustainability of the Project.

P. Place and pay for advertisement for Bids in appropriate publications.

Q. Furnish to Engineer data as to Owner's anticipated costs for services to be provided by others (including, but not limited to, accounting, bond and financial, independent cost estimating, insurance counseling, and legal advice) for Owner so that Engineer may assist Owner in collating the various cost categories which comprise Total Project Costs.

R. Attend and participate in the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job-related meetings, and Site visits to determine Substantial Completion and readiness of the completed Work for final payment.

S. Authorize Engineer to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement, as required.

T. Perform or provide the following: None


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This is **EXHIBIT C**, consisting of **3** pages, referred to in and part of the Agreement between Owner and Engineer for Professional Services dated **JANUARY 17, 2025.**

**Payments to Engineer for Services and Reimbursable Expenses**
**COMPENSATION PACKET BC-1: Basic Services – Lump Sum**

Article 2 of the Agreement is supplemented to include the following agreement of the parties:

**ARTICLE 2 – OWNER'S RESPONSIBILITIES**

C2.01 *Compensation for Basic Services , including Engineering Design and Asset Management Plan only) – Lump Sum Method of Payment*

A. Owner shall pay Engineer for Basic Services that include design for the replacement and installation of approximately 775 3/4" and/or 5/8" AMI type water meters for customers, except for services of Engineer's Resident Project Representative, if any, as follows:

1. The Lump Sum amount of **$10,000.00** for Engineering Design is based upon theHawkins County total project funding cost estimate of **$212,583.88.**

2. Engineer may alter the distribution of compensation between individual phases noted herein to be consistent with services actually rendered, but shall not exceed the total Lump Sum amount unless approved in writing by the Owner.

3. The Lump Sum includes compensation for Engineer's services and services of Engineer's Consultants, if any. Appropriate amounts have been incorporated in the Lump Sum to account for labor costs, overhead, profit, expenses (other than any expressly allowed Reimbursable Expenses), and Consultant charges.

4. In addition to the Lump Sum, Engineer is also entitled to reimbursement from Owner for the following Reimbursable Expenses: State Mileage Rate, reprographics and state fees.

5. The portion of the Lump Sum amount billed for Engineer's services will be based upon Engineer's estimate of the percentage of the total services actually completed during the billing period. If any Reimbursable Expenses are expressly allowed, Engineer may also bill for any such Reimbursable Expenses incurred during the billing period.

B. For Asset Management Plan services of Engineer, the Lump Sum amount of **$25,000.00, including Asset Management, CIP, and rate assessment and study**. Appropriate amounts have been incorporated in the Lump Sum to account for labor costs, overhead, profit, and expenses (other than any expressly allowed Reimbursable Expenses including State Mileage Rate, reprographics and state fees).


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**COMPENSATION PACKET BC-1 (Continued):**

C. Owner shall NOT pay Engineer for Resident Project Representative Basic Services, as this will NOT be required for this project.

D. *Period of Service:* The compensation amount stipulated in Compensation Packet BC-1 is conditioned on a period of service not exceeding 12 months (including design during construction). If such period of service is extended, the compensation amount for Engineer's services shall be appropriately adjusted.


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# END OF CONTRACT EXHIBITS




**Jason E. Mumpower**
*Comptroller*

Entity Referred: Referral **Town of Oakdale**

Reason: Utility Type **Decrease In Net Position**

Referred: **Sewer**

County: **Morgan**

**Staff Summary:**
The Town of Oakdale ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2018. The Utility has continued to display a negative change in statutory net position for fiscal years 2024 and 2025. Board staff believes that an updated rate study is necessary.

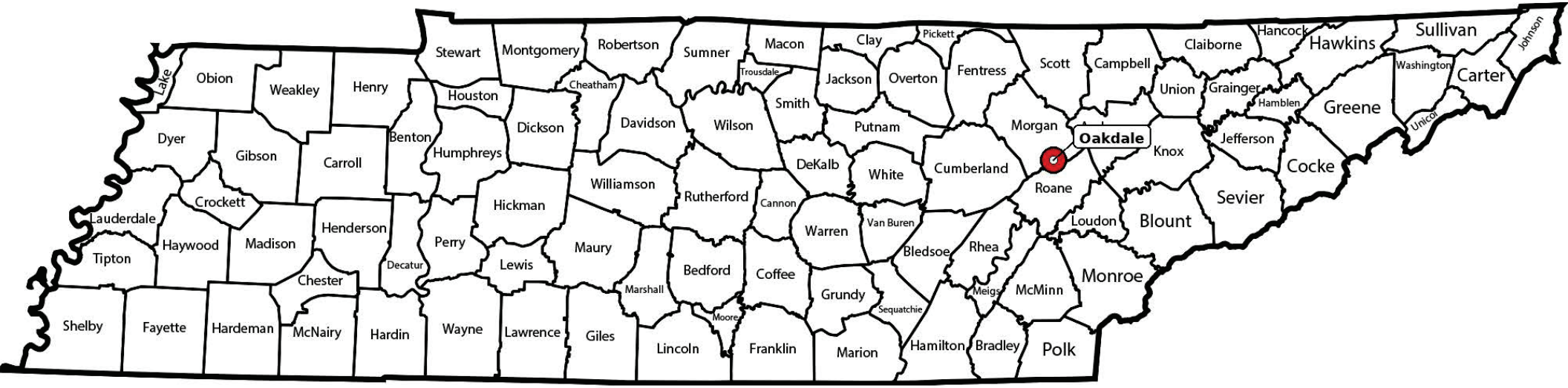
**Staff Recommendation:**

The Board should order the following:

1. The Utility shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
    a. a review of the capitalization policy, including any recommended modifications;
    b. a review of the debt management policy, including any recommended modifications;
    c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
    d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
    e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
2. By August 30, 2026 the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
3. By April 30, 2026 the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

# Oakdale

| | Category: **Sewer** | | County: **Morgan** | |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** |
| **Net Assets** | $514,579.00 | $520,578.00 | $492,877.00 | $458,878.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $206.00 | $2,045.00 | $663.00 | $700.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $514,373.00 | $518,533.00 | $492,214.00 | $458,178.00 |
| **Operating Revenues** | $51,844.00 | $41,080.00 | $37,752.00 | $34,164.00 |
| **Net Sales** | $51,844.00 | $41,080.00 | $37,752.00 | $34,164.00 |
| **Operating Expenses** | $41,653.00 | $36,920.00 | $64,071.00 | $68,200.00 |
| **Depreciation Expenses** | $12,625.00 | $12,625.00 | $12,625.00 | $12,625.00 |
| **Non Operating Revenues** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Capital Contributions** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | $10,191.00 | $4,160.00 | -$26,319.00 | -$34,036.00 |
| **Statutory Change In Net Position** | $10,191.00 | $4,160.00 | -$26,319.00 | -$34,036.00 |




**Oakdale**

Total customers: 11

Jason E. Mumpower
*Comptroller*

| | |
|---|---|
| Entity Referred: | **Town of Oliver Springs Decrease** |
| Referral Reason: | **In Net Position** |
| Utility Type | **Water And Sewer** |
| Referred: County: | **Anderson, Morgan, Roane** |

**Staff Summary:**

The Town of Oliver Springs ("the Utility") has been referred to the Tennessee Board of Utility Regulation (the "Board") for financial distress since its fiscal year 2021 audit pursuant to Tenn. Code Ann. § 7-82-703. At the March 2025 Board meeting, the Board ordered the Utility to contract with a qualified third party to conduct a feasibility study of a merger between the town of Oliver Springs and the City of Oak Ridge, and to have a copy of the study submitted to Board staff by October 31, 2025. The Utility was able to complete their 2024 audit necessary for the study but they did not meet the deadline for completion of the feasibility study. In October of 2025, The Utility engaged with a new 3rd party to complete the feasibility study and it has been completed.

The feasibility study recommended that the utility engage with the city of Oak Ridge to evaluate the feasibility of consolidating wastewater service, which would include construction of hydraulic interconnection between the systems. The report also noted that it is unclear whether the City of Oak Ridge is willing to consider regionalization strategies with the Utility based on lack of response through email and phone communication.

The study also recommends that the utility meet with the Cumberland Utility District of Roane and Morgan counties to begin discussions of consolidating drinking water services, including the construction of hydraulic interconnections between the systems. The Cumberland Utility District of Roane and Morgan Counties is currently under the board's supervision for an Administrative Review and has been ordered to complete a feasibility analysis as well.

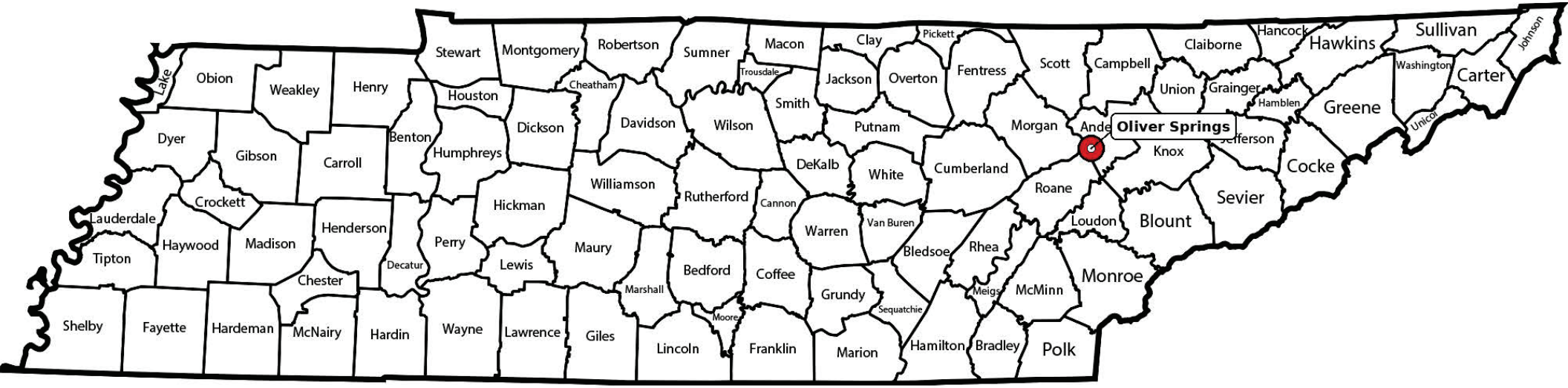
In addition to the feasibility analysis, the utility was ordered to complete a rate study. The utility has completed one rate study since coming under the board and is in the process of completing an additional rate study. The entity is delinquent on audits and cannot provide a completion date for the next rate study.

**Staff Recommendation:**

1. At this time, board staff does not have a recommendation and would like to discuss this matter with the board.

# Oliver Springs

| | Category: **Water And Sewer** | | County: **Anderson; Morgan; Roane** | |
|---|---|---|---|---|
| | **2021** | **2022** | **2023** | **2024** |
| **Net Assets** | $18,266,874.00 | $18,005,807.00 | $17,707,504.00 | $19,198,639.00 |
| **Deferred Outflow Resources** | $78,114.00 | $233,414.00 | $204,183.00 | $179,600.00 |
| **Net Liabilities** | $7,413,216.00 | $7,647,862.00 | $7,045,081.00 | $6,711,784.00 |
| **Deferred Inflow Resources** | $20,769.00 | $190,669.00 | $3,720.00 | $26,182.00 |
| **Total Net Position** | $10,911,003.00 | $10,400,690.00 | $10,862,886.00 | $12,640,273.00 |
| **Operating Revenues** | $1,940,079.00 | $1,974,686.00 | $2,301,394.00 | $2,604,119.00 |
| **Net Sales** | $1,831,735.00 | $1,858,566.00 | $2,135,287.00 | $2,401,878.00 |
| **Operating Expenses** | $2,409,627.00 | $2,442,937.00 | $2,710,765.00 | $2,844,143.00 |
| **Depreciation Expenses** | $522,819.00 | $549,925.00 | $551,614.00 | $568,367.00 |
| **Non Operating Revenues** | -$74,865.00 | -$79,059.00 | -$77,185.00 | -$72,756.00 |
| **Capital Contributions** | $1,150,374.00 | $36,997.00 | $642,994.00 | $2,090,167.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | $605,961.00 | -$204,555.00 | $156,438.00 | $1,777,387.00 |
| **Statutory Change In Net Position** | -$544,413.00 | -$241,552.00 | -$486,556.00 | -$312,780.00 |




**Oliver Springs**

Total customers: 3,696

# Town of Oliver Springs

# Regionalization Opportunities Assessment

Feb. 10th, 2026

Prepared by

Jackson Parr, Programs and Community Support Manager, WFX

Tommy Ricks, Community Support Director, WFX

Marcia Rueben, Senior Advisor, WFX

WFX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

Jan. 30th, 2026

Jason Stiltner
Mayor
Town of Oliver Springs
717 Main Street
Oliver Springs, TN 37841

**Re: Regionalization Opportunities Assessment for the Town of Oliver Springs Executive Summary**

Dear Mayor Stiltner:

The Water Finance Exchange ("WFX") is pleased to present the opportunities and challenges related to Town of Oliver Springs to implement regionalization strategies with nearby public utilities in surrounding area. This report should be submitted by Town of Oliver Springs to the Tennessee Board of Utility Regulation ("TBOUR") for consideration at the March 12th, 2026 meeting of TBOUR.

In summarizing this report, WFX acquired information from other utilities in the area by means of researching available public information and through discussion with staff and/or officials from **3** public utilities including: **City of Oak Ridge, Anderson County Water Authority, and Cumberland Utility District**. Information researched and presented in this report includes these utilities' user rates, compliance information including Safe Drinking Water Act and National Pollutant Discharge Elimination System regulatory compliance information and the detection of any water contaminants, the source of water and receiving water bodies for these other utilities, and the current design capacity of these other utilities when available. Additionally, common regionalization strategies including these utilities' ability and willingness to: consolidate governance and ownership; shared services including cooperative purchasing agreements, contracted operations and/or maintenance agreements, and contracted administrative operations; a review and summary of any available professional engineering hydraulic surveys related to physical interconnections by these other utilities to the Town of Oliver Springs system.

**Findings for Regionalization Opportunities:**

The following regionalization opportunities for Town of Oliver Springs to consider include the following:

- Governance / Ownership Consolidation Opportunities: Cumberland Utility District (water only)
- Shared Services Opportunities:
    - Cooperative Purchasing Agreements: Cumberland Utility District, Anderson County Water Authority
    - Contract Operations and Maintenance: Cumberland Utility District (water only)
    - Contract Administrative Services: Cumberland Utility District (water only)
- Presentation of Hydraulic Interconnections: The Town of Oliver Springs maintains a hydraulic interconnection with Anderson County Water Authority that it both purchases and provides water

on a continuous basis. There is also a hydraulic interconnection with the City of Oak Ridge, but staff at the City of Oak Ridge stated the connection is non-functional and would need to be replaced if used. The Cumberland Utility District indicated an interest in developing a hydraulic connection with the Town of Oliver Springs at two locations in the distribution system.

**Recommendations:**

WFX recommends that the Town of Oliver Springs Mayor and Board of Aldermen pursue the following regionalization strategies:

1. Coordinate with the Cumberland Utility District and Anderson County Water Authority to identify shared materials and equipment that could be obtained at a lower per unit cost through a cooperative purchasing agreement.
2. Engage with the City of Oak Ridge to evaluate the feasibility of consolidating wastewater service, including construction of a hydraulic interconnection to send untreated wastewater effluent to the City of Oak Ridge Turtle Park STP for treatment and discharge.
3. Meet with the Cumberland Utility District to begin discussion of consolidating drinking water services, including the construction of hydraulic interconnections between systems. Consolidation may include a reconfiguration of the governance structure of the combined entities to ensure adequate representation of constituents from both the Cumberland Utility District and Town of Oliver Springs service areas.

We appreciate the opportunity to work with Town of Oliver Springs and the trust in which you have demonstrated in WFX to conduct this regionalization opportunities assessment and the possibility of providing additional technical assistance to Town of Oliver Springs in the future. If you have any follow-up concerns including additional information sought by TBOUR related to this report, please let us know.

Sincerely,

Jackson Parr

Jackson Parr
Programs and Community Support Manager, WFX

**CC:** Tommy Ricks, Community Support Director, WFX

Marcia Rueben, Senior Advisor, WFX

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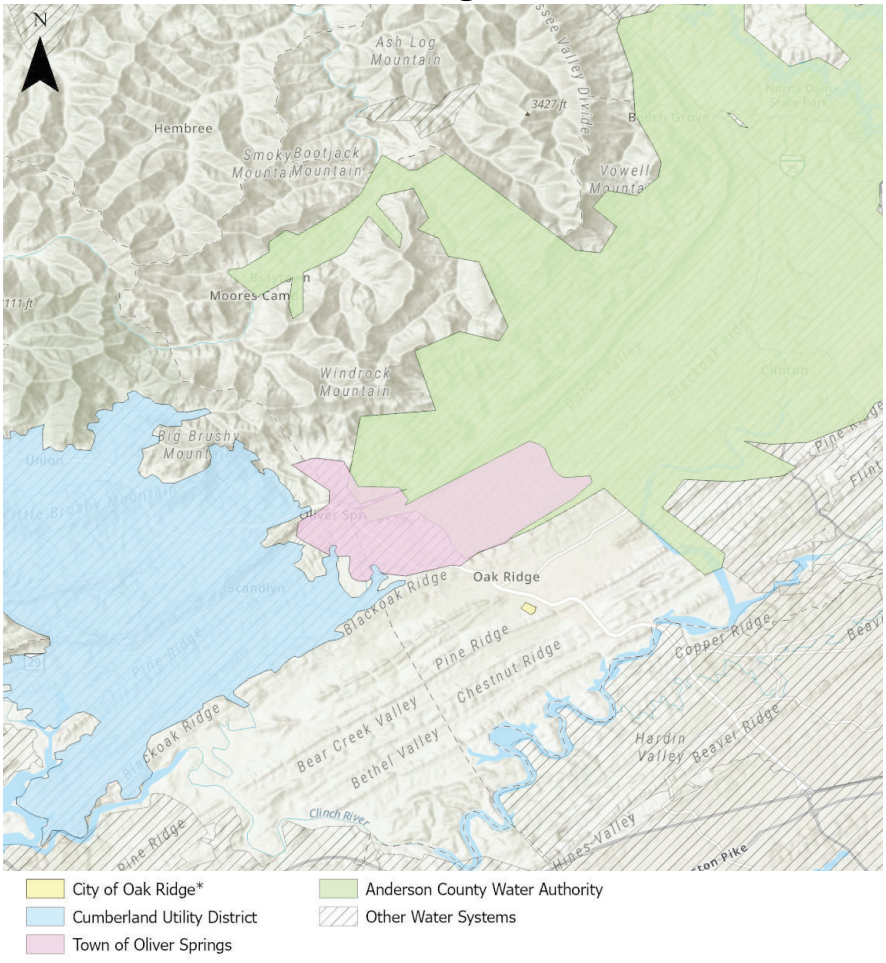
# Regional Overview

The Town of Oliver Springs serves portions of Anderson, Roane, and Morgan Counties in the eastern region of Tennessee. The Town of Oliver Springs encompasses an area of approximately 5.8 square miles square miles with a population of approximately 3,384[i] pursuant to the 2023 U.S. Census. Across the three counties that comprise the Town of Oliver Springs: Anderson County is served by 5 Community Water Systems (CWSs) and 2 Non-Community Water Systems (NCWS) including Transient NCWSs and Non-Transient NCWSs; Roane County is served by 7 CWSs and 2 NCWSs; and Morgan County is served by 5 CWSs and 2 NCWSs[ii]. This Regionalization Opportunities Assessment is limited to focusing only on Community Water Systems. For wastewater, across the three counties that comprise the Town of Oliver Springs: Anderson County is served by is served by 4 Publicly Owned Treatment Works (POTWs); Roane County is served by 6 POTWs; and Morgan County is served by 3 POTWs. Figures 1 and 2 show the approximate location of the service boundaries of these systems.

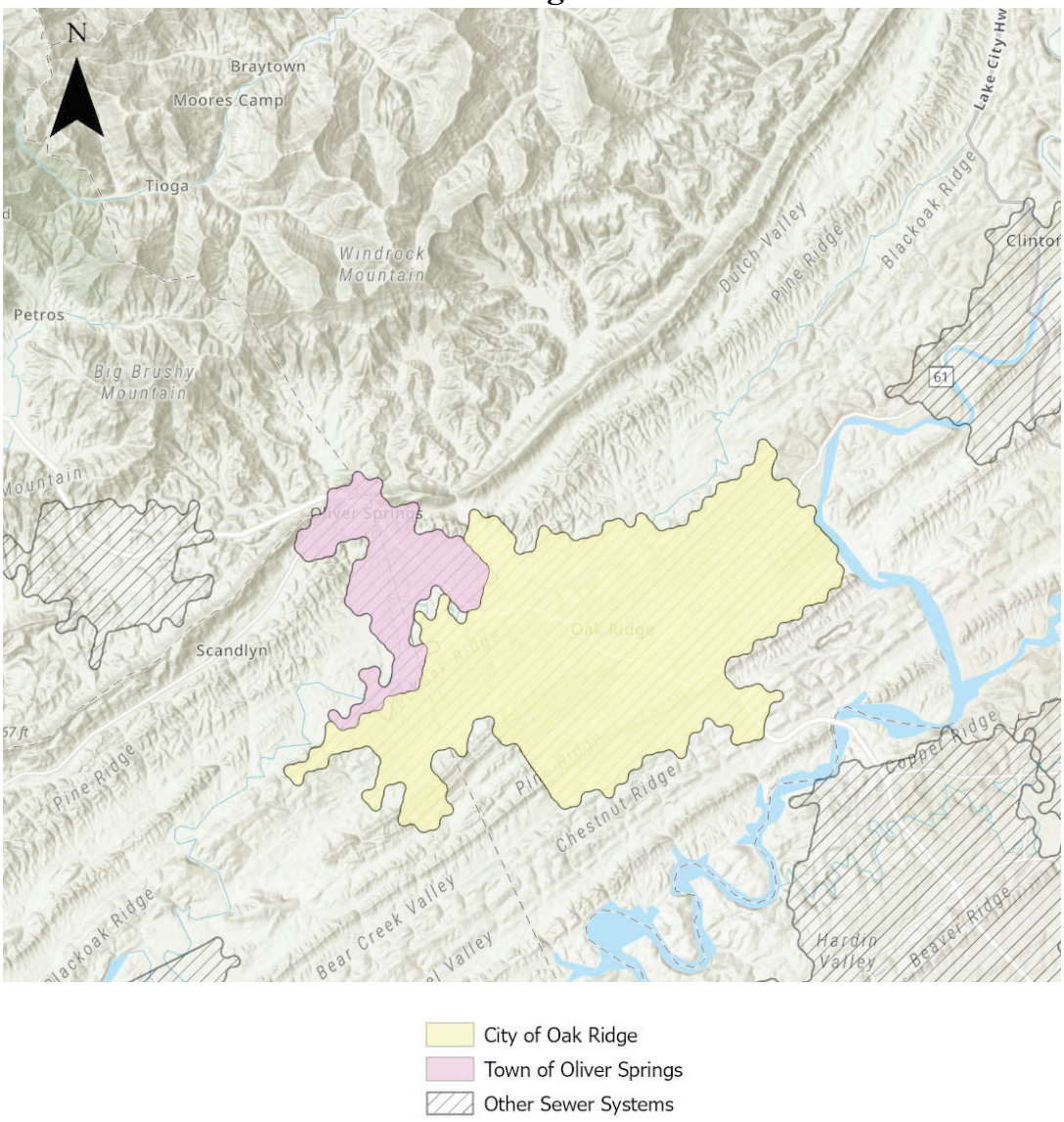
**Figure 1**




## Map of Selected Water Systems[iii]

*Note: This map represents the public water system boundaries based on modeled EPA data. These areas may not accurately reflect the water service boundaries and are meant to represent the approximately location of utility services. Note that the modeled area for the City of Oak Ridge likely does not represent the actual service area. Referring to the sewershed of Oak Ridge in Figure 2 may more accurately reflect the service area for the City.*

**Figure 2**




## Map of Selected Wastewater Systems[iv]

*Note: This map represents the public water system boundaries based on modeled EPA data. These areas may not accurately reflect the water service boundaries and are meant to represent the approximately location of utility services. The sewershed seen immediately west of the Town of Oliver Springs serves the Morgan County Schools – Coalfield School, and does not have the treatment capacity for the effluent volume produced by the Town of Oliver Springs. Therefore, it is not considered a feasible option in this report.*

# Town of Oliver Springs Utility Characteristics

## Drinking Water

The drinking water system for the Town of Oliver Springs was first constructed in 1978. The Town of Oliver Springs currently produces, treats, and distributes potable drinking water to 2,169 consumer connections in the tri-county area of Anderson, Morgan, and Roane Counties. These connections include 1,983 residential connections and 186 commercial connections[v].

## Wastewater

The wastewater system for the Town of Oliver Springs was first constructed in 1971. The Town of Oliver Springs currently collects, treats, and discharges effluent for 1,463 consumer connections in the tri-county area of Anderson, Morgan, and Roane Counties. These connections include 1,315 residential connections and 148 commercial connections[vi]. There are currently no industrial connections.

The Town of Oliver Springs is currently staffed by employees 18 full-time employees[vii]. Staffing includes of 4 certified water treatment operators, 5 certified water distribution operators, 1 certified wastewater treatment operator, and 2 certified sewer collection system operators. Additionally, the Town of Oliver Springs has 1 certified wastewater treatment operator under contract. Two additional staff at the Town of Oliver Springs are in the process of completing training to become certified wastewater operators.

# Current Infrastructure Needs and Capacity Challenges

As a component of this assessment, WFX conducted an Infrastructure, Financial, Managerial, and Technical (IFMT) Capacity Needs Survey for the Town of Oliver Springs. This IFMT Capacity Needs Survey is included in the Appendix section of this report. A Scope of Technical Assistance to be provided by WFX to the Town of Oliver Springs which addresses technical assistance tasks which remedies the needs and challenges detailed in the IFMT Capacity Needs Survey is also included in the Appendix section of this report. Outlined below is a summary of the needs and challenges identified through the IFMT Capacity Needs Survey:

## Infrastructure Needs

The Town of Oliver Springs has contracted with GRW Inc., to provide engineering services across both the drinking water and wastewater system. For drinking water, the Town of Oliver Springs has needs for development of a new water source, and water treatment and distribution system upgrades. For wastewater, the Town of Oliver Springs has needs for wastewater collection and treatment system upgrades. The necessary improvements and status of ongoing projects are described in further detail in this report.

## Financial Capacity Challenges

The Town of Oliver Springs has the following Financial Capacity Challenges:

- The Town of Oliver Springs has historically struggled to complete annual financial audits in a timely manner.
- The most recent audit, completed for the fiscal year ending June 30, 2024, identified problems in recording and reconciling accounts receivable.

## Managerial Capacity Challenges

The Town of Oliver Springs has no identified Managerial Capacity Challenges at this time.

### Technical Capacity Challenges

The Town of Oliver Springs has the following Managerial Capacity Challenges:

- The Town of Oliver Springs does not regularly calibrate master meters in the distribution system.
- The Town of Oliver Springs has not developed a customer meter testing and replacement program.
- In the 12 months prior to October 2025, the Town of Oliver Springs has averaged a water loss percentage of 57.1%.
- The drinking water system and the wastewater treatment plant do not have an alternate (off-grid) power source to maintain service in the event of a power outage.
- The Town of Olliver Springs has not conducted an energy audit in the last 10 years.

## Efficiency and Rate Information

### Operating Ratio

The Town of Oliver Springs audit for the fiscal year ending June 30th, 2024 (the most recent available) states total operating revenues for the Water and Sewer Fund of $2,604,119 and total operating expenses (excluding depreciation) of $2,275,776, resulting in an operating ratio of 1.14. Including depreciation of $568,367 and nonoperating expenses, including interest expense of $72,792, the net change in position prior to capital contributions was -$312,780[viii]. The Town of Oliver Springs will need to increase revenue to achieve a positive net change in position. A new rate schedule was adopted on July 1st, 2025, described below.

The Town of Oliver Springs consolidates its revenue and expense statements for water and sewer, making it difficult to determine the allocation of operating expenses to water and sewer service independently. For utilities lacking a comprehensive cost of service study, a common allocation of operating expenses is 60% for sewer and 40% for water, accounting for more energy-intensive treatment, solids handling, and the complexity of treatment processes and monitoring requirements[ix]. This assumption will be used in determining the cost of sales and service for drinking water and wastewater sections that follow.

### Drinking Water

#### *Cost of Sales*

In the 12 months preceding October 2025, the Town of Oliver Springs produced an average of 27.5 million gallons at the Oliver Springs Water Treatment Plant, representing approximately 85% of its total water distribution. Town staff calculated a production cost of $0.31 per 1,000 gallons produced[x]. The remaining 15% of distributed water is comprised of 4.8 million gallons purchased from the Anderson County Water Authority at a cost of $1.50 per 1,000 gallons. The Town of Oliver Springs also sells water to Anderson County Water Authority at rate of $1.60 per 1,000 gallons.

#### *Unaccounted Water Loss*

The Town of Oliver Springs produced and purchased 32,345,567 gallons over the 12 months preceding October 2025. Of that amount, 8,297,339 gallons were sold to customers, including 7,662,633 sold to Oliver Springs customers, and 634,706 sold to Anderson County Water Authority. Approximately 4,898,791 gallons were used at the water treatment plant and wastewater treatment plant, representing non-revenue water. Leakage and unaccounted for loss amounted to 18,669,020 gallons, representing an average water loss percentage of 57.7%[xi].

### *Town of Oliver Springs Current Water User Rates*

The Town of Oliver Springs Mayor and Board of Aldermen adopted the following rate schedule that was implemented on July 1st, 2025.

**Table 1**
**Class 1 – Inside City Water Consumers**

| Minimum Rate | Minimum Volume Allowance | Volumetric Rate Step 1 |
|---|---|---|
| $15.25 | 1,000 Gals | $10.27 per 1,000 Gals |

**Table 2**
**Class 2 – Outside City Water Consumers**

| Minimum Rate | Minimum Volume Allowance | Volumetric Rate Step 1 |
|---|---|---|
| $24.69 | 1,000 Gals | $15.30 per 1,000 Gals |

## Wastewater

### *Cost of Service*

Assuming a 60% allocation of total operating expenses toward the sewer system, and based on the audit for the year ending June 30th, 2024, the annual operating expenses, including depreciation, for the sewer system are approximately $1,706,485. Across 1,463 customer connections, this results in an average monthly operating cost per customer of $97.20.

### *Inflow and Infiltration*

The Town of Oliver Springs has identified several issues related to inflow and infiltration. Between December 2024 and March 2025, the wastewater system experienced overflows in each month, but has not experienced any overflows since April 2025. In 2025, the Town of Olivers Springs completed a collection system rehabilitation project and replaced 15 manholes, which contributed to the reduction in sewer overflows throughout 2025.

### *Town of Oliver Springs Current Wastewater User Rates*

The Town of Oliver Springs Mayor and Board of Aldermen adopted the following rate schedule that was implemented on July 1st, 2025.

**Table 3**
**Class 1 – Inside City Sewer Consumers**

| Minimum Rate | Minimum Volume Allowance | Volumetric Rate Step 1 |
|---|---|---|
| $27.32 | 1,000 Gals | $16.53 per 1,000 Gals |

**Table 4**
**Class 2 – Outside City Sewer Consumers**

| Minimum Rate | Minimum Volume Allowance | Volumetric Rate Step 1 |
|---|---|---|
| $47.91 | 1,000 Gals | $28.28 per 1,000 Gals |

**Table 5**
**Sewer Only Consumers**

| Flat Rate |
|---|
| $67.40 |

## Water Source, Treatment, Storage, and Distribution Information

### Drinking Water

#### *Town of Oliver Springs Water Source*

The Town of Oliver Springs sources its water from 1 spring source, Bacon Spring, and maintains a hydraulic interconnection with Anderson County Water Authority, which is sources water from on a continuous basis. The Town of Oliver Springs also maintains a hydraulic interconnection with the City of Oak Ridge as an emergency source, but the connection in not functional.

#### *Town of Oliver Springs Water Treatment*

The Town of Oliver Springs is designated as water treatment Class 3 by the Tennessee Department of Environment and Conservation with capacity to treat approximately 1MGD. The Town of Oliver Springs water system distributes water from 1 water treatment plant employing the following water treatment processes, summarized from the Water System Asset Management Program prepared in September 2025 and revised in November 2025:

- Pre-Filtration – The Oliver Springs WTP utilizes a small flocculation basin installed in 1978, which provides approximately 15 minutes of detention time at the plant's 600 GPM operating rate. A polymer is added prior to the flocculation basin to aid in turbidity and bacteria removal. The plant does not have a settling basin, and operators must shut down the plant when raw water turbidity exceeds 0.5 NTU. High turbidity events following rainfall (up to 5 NTU for several days) further highlight the absence of sedimentation capacity at the facility.
- Filtration – Filtration is provided by two 150-square-foot dual-media gravity filters (300 sq ft total). At the plant's design flow of 600 GPM (0.864 MGD), the filters operate at approximately 2 GPM/sq ft. The filters were refurbished around 2012, including new bottoms and media replacement. Post-filtration water flows into a 67,500-gallon clearwell, and high-service pumps provide up to approximately 1.0 MGD when operating a single pump.
- Fluoridation – Fluoridation is not utilized in the Oliver Springs water treatment process.
- Disinfection – The Oliver Springs WTP uses chlorine gas disinfection, with dosing equipment housed in the plant's $CL_2$ room as shown in the treatment schematic. Disinfection occurs following filtration before water enters the clearwell. Instrumentation—including chlorine analyzers and turbidity meters—ties into the SCADA system for continuous monitoring. The AMP does not

specify the average post-treatment free chlorine residual but confirms routine compliance sampling through certified laboratories.
- Corrosion Control – Corrosion control treatment is not included in the current Oliver Springs water treatment process.

### *Town of Oliver Springs Water Storage*

Finished water storage for the Town of Oliver Springs water system consists of 1 elevated water storage tanks with 0.075MG storage capacity, 1 ground storage tank with 1.0MG storage capacity, resulting in a total storage capacity of 1.075 million gallons.

### *Town of Oliver Springs Water Distribution System*

The water distribution system for the Town of Oliver Springs consists of approximately 69.7 miles of water mains, including:

- 2” Water mains – 85,550 LF
- 4” Water mains – 22,400 LF
- 6” Water mains – 147,614 LF
- 8” Water mains – 68,915 LF
- 10” Water mains – 18,770 LF
- 12” Water mains – 24,950 LF

These mains consist of PVC pipe, Ductile Iron pipe, Cast Iron pipe, and Asbestos Cement pipe. There are approximately 345 gate valves to isolate sections of the distribution system, although many valve installation dates and exact locations are unknown. There are approximately 2,200 service connections on the Town of Oliver Springs’s water distribution system. These service connections consist of Galvanized pipe, PVC pipe, and various plastic service line materials. Water consumption is metered by AMI meters, all installed in 2024. These meters can be read on demand, but are read at least monthly.

## Wastewater

### *Town of Oliver Springs Collection System*

The Town of Oliver Springs collects untreated wastewater from 1,463 service connections. The collection system consists of approximately 38.7 miles of collection lines, including 8.2 miles of forced main and 30.5 miles of gravity main. Pipe material includes Ductile Iron Pipe, Asbestos Cement Pipe, PVC pipe, and High-Density Polyethylene (HDPE) pipe. The collection system has 8 pump stations owned and operated by the Town of Oliver Springs, with 1 additional pump station serving Grand Oaks Elementary School that is owned and maintained by the Anderson County School District.

### *Town of Oliver Springs Wastewater Treatment*

The Town of Oliver Springs operates 1 wastewater treatment plant. The Oliver Springs STP is designated as Grade 3 wastewater treatment plant and Grade 1 collection system. The Town of Oliver Springs wastewater treatment facility operates under National Pollutant Discharge Elimination System (NPDES) Permit No. TN0020885. The wastewater treatment plant has a design flow of 0.74 MGD[xii] and an average daily flow of 0.053MGD[xiii] employing the following wastewater treatment processes:

- Preliminary – The headworks structure is equipped with mechanical screening and vortex-type grit removal, originally installed in 1994. The headworks includes the influent screen, grit chamber, and an influent Parshall flume flow meter. The screening unit and grit removal system were fully replaced in 2016, and a fiberglass enclosure was added in 1997 to protect the equipment from cold weather and improve flow-splitting operations.

- Primary – Primary treatment is provided by the equalization basin, which evens out fluctuations in influent flows and conditions the wastewater before biological treatment. The original tankage was converted to an EQ basin during the 1994 plant upgrade, with additional improvements made in 2016 when a new, larger EQ basin was constructed to handle excessive flows.
- Secondary – Secondary treatment is provided by an oxidation ditch biological treatment system, constructed in 1994. The ditch provides aeration and mixing to support the activated-sludge process. Three aerators — mixers with integrated blowers — were replaced in 2018 to improve oxygen transfer and process stability. The oxidation ditch discharges to two final clarifiers, also constructed in 1994, which settle out mixed liquor solids prior to disinfection. Return activated sludge is pumped back to the ditch via a dedicated RAS pump station.
- Tertiary – Tertiary treatment is accomplished using effluent sand filters, added in 2017, which provide an additional solids removal step to help the plant meet more stringent effluent standards. Backwash pumps and blowers were installed alongside the filters as part of this upgrade. A cascade aerator, originally constructed in 1994 and later enlarged, provides final aeration and polishing of the treated effluent prior to discharge.
- Disinfection – Final disinfection takes place in a concrete chlorine contact chamber, which was modified in 1994 to include two independent channels, allowing one side to be cleaned while the other remains in service. Chlorine disinfection is used prior to final discharge, with submersible effluent pumps located within the contact chamber to supply non-potable water for plant operations.

#### *Town of Oliver Springs Wastewater Discharge*

Treated wastewater from the Town of Oliver Springs wastewater treatment facility is discharged into Poplar Creek at mile 15.4 in accordance with the utility's National Pollutant Discharge Elimination System (NPDES) Permit No. TN0020885. The permit is issued and regulated by TDEC and is scheduled to expire on June 30th, 2028.

Effluent quality is monitored on a routine basis through both in-house testing and certified laboratory analysis to ensure compliance with permitted effluent limits. The onsite laboratory collects composite samples three days a week and grab samples five times a week. The laboratory sends samples for BOD, quarterly, and Biomonitoring samples to Mineral Labs in Kentucky. The onsite laboratory processes all grab samples, including pH, DO, E.Coli, TRC, ammonia, settleable solids, and suspended solids. On Oct. 3rd, 2024, the Town of Oliver Springs received a Notice of Violation due to a failure to conduct a Quality Assurance/Quality Control program for compliance sampling.

## Regulatory Compliance

### Drinking Water

The Town of Oliver Springs has a 5-year compliance history of four Safe Drinking Water Act (SDWA) violations including three monitoring and/or reporting violations and one Treatment Technique violations. There were no regulated contaminant occurrence violations.[xiv] There is currently one active SDWA enforcement by TDEC for the Town of Oliver Springs water system. Director's Order DWS24-0082 was issued on January 27, 2025, citing failure to monitor for TTHM and HAA5 during the fourth quarter of 2022, failure to submit notification and certification for the 2021 CCR, a turbidity exceedance that occurred on May 25, 2024, along with failure to notify the Division and issue a Tier 1 Public Notice within 24 hours. The most recent Sanitary Survey conducted in July 2025 reported the system was "Provisionally Approved" and addressed the compliance status for the required actions under the Directors Order, noting the following:

- The required Public Notification for the May 25, 2024 turbidity event had not been submitted but was referenced in the 2024 CCR
- The turbidity alarm system had been installed and there were plans to add an automatic shut-off
- A recommendation was made to recalculate the CT formula following repair of the baffling curtains
- Average daily pumping capacity was noted to be approximately 91% of overall design capacity. Water loss had decreased from 77% to 47%, reducing the need for purchased water. Planning was underway to address design capacity
- The LRAA/DBP sampling plan was developed, as required in the Director's Order
- The Division requested that bacteriological sampling be completed after tank inspections
- Sampling of new line projects was typically completed with only one sample collected versus the minimum required sample set
- An updated map overview of the distribution system was required to be submitted by 12/13/25
- For the cross-connection program, third-party testing and reporting of inspection records were not available for review. A master list of devices and any available records were requested to be submitted within 30 days (by 9/28/25)

The Oliver Springs Water Treatment Plant has a NPDES permit for the discharge of filter backwash water (TN0061620). The EPA ECHO database indicates there were violations in three of the last twelve quarters, including monitoring violations for TSS and Settleable Solids in the third and fourth quarters of 2022. There were no enforcement actions. The most recent Compliance Evaluation Inspection (CEI) occurred on September 12, 2025. No compliance issues were noted.

Based on the most recent 2024 Consumer Confidence Report contaminant data of the Town of Oliver Springs water system, the following table lists the detected contaminants, the measurement of these contaminants, and the Maximum Contaminant Level (MCL) or Action Level (AL) of these contaminants. Contaminants exceeding the MCL or AL are listed in Bold typeface.

**Table 6**
**2024 Town of Oliver Springs Contaminant Data**

| Contaminant Name | Unit of Measurement | Maximum Contaminant Level (or AL) | Reported Occurrence in 2024 CCR | Range of Detections | Violation Yes / No) |
|---|---|---|---|---|---|
| Total Coliform Bacteria (RTCR) [3] | Present/Absent | TT Trigger | 1 | | No |
| **Turbidity[1]** | **NTU** | **TT** | **1.80** | **0.3-1.80** | **Yes** |
| Copper[2] | ppm | AL=1.3 | 90th%= 0.136 | 0.0115-0.176 | No |
| Lead[2] | ppb | AL=15 | 90th%= 2.0 | 2.0 | No |
| Nitrate (as Nitrogen) | ppm | 10 | 1.04 | | No |
| Sodium | ppm | N/A | 3.54 | | No |

| | | | | | |
|---|---|---|---|---|---|
| TTHM (Total trihalomethanes) | ppb | 80 | 5.81 | 3.91-5.81 | No |
| HAA5 Haloacetic Acids | ppb | 60 | 1.43 | 0-1.43 | No |
| Chlorine | ppm | MRDL=4 | 1.79 Avg. | 0.9-2.10 | No |

[1] 99.9% of our samples were below the turbidity limit. Turbidity is a measurement of the cloudiness of water. Turbidity has no health effects. However, turbidity can interfere with disinfection and provide a medium for microbial growth. Turbidity may indicate the presence of disease-causing organisms These organisms include bacteria, viruses, and parasites that can cause symptoms, such as nausea, cramps, diarrhea, and associated headaches.

In May 2024, we incurred a Tier II-Surface Water Treatment Rule – Turbidity Exceedance Violation. A violation notice was mailed out to each customer.

[2] During the most recent round of Lead and Copper testing, in 2023, 0 out of 20 households sampled contained concentrations exceeding the action level.

[3] During 2024 we incurred one positive Total Coliform Bacteria Sample. The following actions have been taken to correct the occurrence listed in the above table:

1. Resampled following the State guidelines. All repeat samples were negative for Total Coliform Bacteria

## Wastewater

The Town of Oliver Springs has a 3-year compliance history of Clean Water Act (CWA) violations in ten of the last twelve quarters. The most recent Effluent Limit violation occurred in Q3 of 2025 for Nitrogen Ammonia, as N. There were two quarters (Q4 of 2024 and Q1 of 2025) when the facility was in Significant Violation due to Effluent Limit violations for Total Residual Chlorine. Wet weather SSOs were reported in nine of the last twelve quarters (July 2022-June 2025). During the last three years there were five informal enforcement actions (NOVs) and one formal enforcement action.

There is currently one active TDEC order for the Town of Oliver Springs wastewater system. Director's Order WPC25-0071 was issued August 15, 2025. The Order referenced the results of a routine sampling compliance inspection that was conducted by the Division in August 2024 that noted there was no lab QA/QC program, the inspector found excessive vegetation and algae growth in the aeration ditch and clarifier, and solids were overflowing the weirs. The Order cited fifteen effluent limit violations between December 2023 and June 2025 for Residual Chlorine, TSS, E. coli, and Total Nitrogen Ammonia, as N. Additionally, the Order cited sixteen self-reported SSOs with a total volume of 1,680,000 gallons. A NOV had been issued in January 2025 for the failure to submit DMRs for the September 2024 monitoring period. In response to the NOV, Oliver Springs attributed this failure to a change in operator and the late DMRs were submitted.

To comply with the Order, the Oliver Springs STP was required to submit a CAP/ER within 90 days (by 8/5/25) with a plan to eliminate effluent limit exceedances and SSOs, complete the actions by the dates in the Division-Approved schedule, submit quarterly progress reports, and maintain substantial compliance for six months following the Division's receipt of the final report.

## Current Professional Engineering Assessment

### *Drinking Water*

The Town of Oliver Springs has needs for development of a new water source, and water treatment and distribution system upgrades. The Town of Oliver Springs has contracted with GRW Inc., to complete a Preliminary Engineering Report (PER) to evaluate these system improvements. Nine water distribution line replacement projects have been identified to mitigate water loss in the system, including 3 projects funded through Appalachian Regional Commission funds, 5 projects to be completed using internal staff and resources, and 1 project that the Town is seeking Community Development Block Grants to complete. Additionally, the Town of Oliver Springs is evaluating options for development of a new water source by drilling a new well.

### *Wastewater*

The Town of Oliver Springs has needs for construction of wastewater collection and/or wastewater treatment system upgrades. GRW Inc. is expected to complete a Preliminary Engineering Report (PER) in spring 2026, which addresses necessary infrastructure improvements. These improvements include a larger clarifier at the wastewater treatment plant completing sewer line rehabilitation to address inflow and infiltration in the sewer collection system. The Town of Oliver Springs purchased a sewer line camera in 2025 to begin inspection of the collection system prior to the sewer line rehabilitation project.

# Summary of Other Regional Utility Systems

## City of Oak Ridge

### Drinking Water

#### *General Information*

The City of Oak Ridge currently produces, treats, and distributes potable drinking water to 13,498 consumer connections in the southern area of Anderson County. Additionally, the City of Oak Ridge has a hydraulic interconnection with Anderson County Water Authority, the Town of Oliver Springs, and the Cumberland Utility District that it can provide or purchase water on an emergency basis. City staff stated that the water meter for the hydraulic interconnection with the Town of Oliver Springs has not been functional in years and would need to be replaced to functionally serve Oliver Springs with water. City staff believe the hydraulic interconnect was initially installed to provide a limited amount of water on an emergency basis.[xv] Staff also stated the City is downsizing its water production capacity and therefore would not be able to provide water to the Town of Oliver Springs on a regular basis.

#### *Water Quality and Violations*

The City of Oak Ridge (Oak Ridge Department of Public Works) has a 5-year compliance history of two Safe Drinking Water Act (SDWA) violations, both reporting violations. There was one Lead Action Level exceedance during the last tri-annual monitoring period. There have been no regulated contaminant occurrence violations.[xvi] There were three informal enforcement actions, and no formal enforcement actions. There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the City of Oak Ridge water system. The most recent Sanitary Survey conducted in November 2024 noted the following:

- A new membrane WTP was under construction and was expected to be completed by the end of 2025.

- At the time of the Sanitary Survey the WTP recycled filter backwash, but at the new WTP filter backwash would be discharged. NPDES permit TN0082309 was issued in October 2020 and was set to expire August 31, 2025. A waiver of reporting requirements had been issued, as the new WTP was not yet constructed and able to discharge. The Sanitary Survey noted that the waiver is non-transferrable to the new permit. If the facility was not complete at the time of the new permit issuance, a waiver needed to be applied for within 90 days.
- A NOV was issued for failure to monitor and report for turbidity during a one-week period in March 2023 following a malware attack which resulted in data from the individual filter turbidimeters unable to be saved in the computer system despite the turbidimeters being operational. Data for that time period was unable to be recovered. Public Notice was required to be included in the 2024 CCR and was completed as required.

## Wastewater

### *General Information*

The City of Oak Ridge currently collects, conveys, and treats wastewater from 13,375 customer connections in the southern area of Anderson County. City staff stated the City of Oak Ridge does not treat wastewater from outside the City[xvii]. Requests for additional information related to the City electing not to treat wastewater from outside the City were not responded to[xviii].

The City of Oak Ridge operates 2 wastewater treatment plants. The Oak Ridge Turtle Park STP is designated as Grade 4 wastewater treatment plant and Grade 2 collection system. The Turtle Park STP operates under National Pollutant Discharge Elimination System (NPDES) Permit No. TN0024155 which authorizes discharge of treated effluent into East Fork Poplar Creek at mile 8.3. The Turtle Park STP has a design flow of 10 MGD with a peak design flow rate of 30 MGD. The City did not respond to a request for the average daily flow at the Turtle Park STP.

The Oak Ridge Rarity Ridge WWTP is designated as a Grade 3 wastewater treatment plant and Grade 1 collection system. The Rarity Ridge WWTP wastewater treatment facility operates under National Pollutant Discharge Elimination System (NPDES) Permit No. TN0078051which authorizes the discharge of treated effluent into Clinch River at mile 12.85. The wastewater treatment plant has a design flow of 0.6 MGD. The City did not respond to a request for the average daily flow at the Oak Ridge Rarity Ridge WWTP.

The City of Oak Ridge did not respond to requests for information on the staffing, including the number of certified water and wastewater system operators.

### *Regulatory Compliance and Violations*

The City of Oak Ridge Rarity Ridge WWTP has a 3-year compliance history of two NPDES permit violations, including two effluent limit violations for E. coli. There were no other violations, and no informal or formal enforcement actions. There is currently no active or pending enforcement action by the U.S. EPA or TDEC for the City of Oak Ridge wastewater system. The City of Oak Ridge Turtle Creek WWTP had NPDES permit violations in seven of the last twelve quarters, including effluent limit violations for CBOD, CBOD percent removal, Chronic Toxicity failure, and E. coli. The Turtle Creek WWTP reported SSOs in six of the last twelve quarters.

The Oak Ridge pretreatment program encompasses both treatment plant permits. There were two informal enforcement actions, both NOVs relating to the pre-treatment program. A NOV was issued in March 2022 for failure to sample for mercury at the Rarity Ridge facility during the reporting period April to September 2021. A NOV was issued in August 2024 for failure to submit required results of an updated Industrial Waste Survey and Technical Evaluation of Local Limits at the Turtle Creek WWTP.

## Willingness to Consider Regionalization Strategies with Town of Oliver Springs

It is unclear whether the City of Oak Ridge is willing to consider regionalization strategies with the Town of Oliver Springs. Email correspondence with staff at the City of Oak Ridge Public Works Department provided some of the information presented in this report. However, additional email requests for information, and attempts to contact staff by phone were not responded to[xix].

In particular, the origin of the City's stated policy of not providing wastewater service outside of city limits is unclear. While the Town of Oliver Springs collection system does not currently connect to the collection system for the City of Oak Ridge, the Town of Oliver Springs should evaluate the feasibility of sending wastewater effluent to the City of Oak Ridge for treatment, particularly given the findings later in this report showing interest and capacity on the part of Cumberland Utility District to consolidate drinking water service to the Town of Oliver Springs.

## Anderson County Water Authority

### Drinking Water

#### *General Information*

The Anderson County Water Authority currently produces, treats, and distributes potable drinking water to 10,374 consumer connections across Anderson County. Additionally, the Anderson County Water Authority has a hydraulic interconnection with the Clinton Utilities Board, City of Norris, City of Rocky Top, Town of Oliver Springs, and the Hallsdale Powell Utility District that it can provide or purchase wholesale water on an emergency basis at a contracted rate of $1.50 per thousand gallons. Across these entities, Anderson County Water Authority typically sells 18 million gallons per month, generating approximately $27,000 in wholesale water revenue. Anderson County Water Authority is currently evaluating options for expanded water production capacity.

The Anderson County Water Authority is currently staffed by 10 full-time employees, including 5 administrative staff, 2 certified water treatment operators, 2 certified distribution operators. Anderson County Water Authority also has 1 certified wastewater collection system operator.

#### *Water Quality and Violations*

The Anderson County Water Authority has a 5-year compliance history of seventeen Safe Drinking Water Act (SDWA) violations. All violations were categorized as monitoring, reporting, or public notice violations. There have been no regulated contaminant occurrence violations.[xx] The EPA ECHO database indicates that in three of the last twelve quarters, the system was in "Enforcement Priority" status. There were seventeen informal enforcement actions and one formal enforcement action. There is currently one active SDWA enforcement by TDEC for the Anderson County Water Authority water system. TDEC Director's Order DWS 23-0102 dated October 25, 2023, cited violations for (1) failure in 2019 to issue a Tier 2 public notice following the failure to submit the bin classification under the LT2SWTR within one month of having been notified of the failure, and (2) failure to perform continuous turbidity monitoring on the combined filter effluent (CFE) at the Elza WTP for 10 monthly compliance periods between December 2021 and February 2023. The Director's Order requires the installation of inline continuous turbidity monitoring for the CFE. The most recent Sanitary Survey conducted in May 2023 resulted in a NOV related to the failure to conduct turbidity monitoring that was later cited in the Director's Order. Among the other deficiencies, the Sanitary Survey noted that the Clear Branch plant was at 90% capacity, and the Elza plant was at 67% capacity. While the combined capacity of 77% was under the threshold of 80%, Anderson County Water Authority was advised to consider expansion possibilities at Cedar Branch. Additionally, in-

plant clearwell inspections had not been completed, several tank maintenance items needed to be addressed, and improvements were needed to the Cross Connection program recordkeeping.

### Wastewater

#### *General Information*

The Anderson County Water Authority currently collects and conveys wastewater from 1,336 customer connections across approximately 30 square miles of Anderson County. Anderson County Water Authority conveys collected wastewater to the Clinton STP owned by the Clinton Utilities Board for treatment. In the first quarter of 2025, the collection system pumped an average of 286,000 gallons per day to the Clinton STP. Anderson County Water Authority is required to secure approval from Clinton Utilities Board to increase the volume of wastewater pumped to the Clinton STP.

The Anderson County Water Authority sewer is a Grade 2 collection system, consisting of 21 miles of gravity mains and 46 miles of force mains. The collection line material consists of PVC and ductile iron. The system includes 27 pump stations. The system has experienced inflow and infiltration issues in the Andersonville service area.

#### *Regulatory Compliance and Violations*

The Anderson County Water Authority operates a domestic wastewater collection system under a state operating permit (SOP-92015). While there is no regulatory compliance history, the most recent Sanitary Sewer Survey inspection occurred in September 2024. The inspection report noted that most of the flow goes to the Clinton Utilities Board STP. The domestic wastewater of about ten houses discharges to the City of Oak Ridge wastewater treatment plant. The report noted that the Andersonville area of the collection system is problematic for inflow and infiltration. There were nine overflows reported in the last three years. There is a GIS map of the collection system for gravity lines, however, there is no GIS map for the force lines. The GIS map was updated in 2018. It does not include pipe size, material, and lengths. It also does not include manhole depth or material. There is no Capacity, Management, Operation and Maintenance (CMOM) program. The report did not include any required actions.

## Willingness to Consider Regionalization Strategies with Town of Oliver Springs

Information related to responses from interviews with the Anderson County Water Authority staff, the following Regionalization Strategies with the Town of Oliver Springs may be considered after additional consultation and negotiations:[xxi]

**Table 7**
**Potential Regionalization Strategies for Consideration between Anderson County Water Authority and Town of Oliver Springs**

| | **Regionalization Strategy Description** | **Potential Consideration (Yes / No)** | **Notes** |
|---|---|---|---|
| 1 | Governance / Ownership Merger-Consolidation | No | Limited treatment and source water capacity. Operating the Oliver Springs Treatment Plant would not achieve economies of scale. |
| 2 | Hydraulic Interconnection for Emergency Needs | N/A | Already exists |
| 3 | Hydraulic Interconnection for Continuous Water Supply | N/A | Already exists |
| 4 | Contracted Management | No | Limited administrative staff capacity |

| | | | |
|---|---|---|---|
| 5 | Contracted Operator Services | No | Difficulty in maintaining enough of their own certified operators, so unable to serve another system. |
| 6 | Contracted Maintenance and Repairs | No | Limited administrative staff capacity |
| 7 | Contracted Billing and Customer Service | No | Limited administrative staff capacity |
| 8 | Contracted Bookkeeping | No | Limited administrative staff capacity |
| 9 | Contracted Meter Reading | No | Have transitioned from manual read meters so no longer have staff dedicated for meter reading. |
| 10 | Mutual Aid Agreement for Emergencies | N/A | Already occurs on an informal basis; Previous mutual aid agreement may already be in place. |
| 11 | Cooperative Purchasing Agreement | Yes | To the extent that cooperation would generate lower per unit costs. |

## Summary and Additional Information

### Drinking Water

Anderson County Water Authority has limited source water and treatment capacity to serve the current customers of the Town of Oliver Springs. When asked about continuing to operate the Oliver Springs Water Treatment Plant to maintain adequate source water and treatment capacity, staff raised concerns that approach would not generate the reduced operational savings through economies of scale sought through regionalization, citing the limitations of existing Anderson County Water Authority staff to operate and maintain an additional treatment plant and distribution system.

Anderson County Water Authority is currently evaluating plans for developing additional source water and treatment capacity. The resulting infrastructure projects may generate the source water and treatment capacity to serve all customers in the Town of Oliver Springs, but it is unlikely that project would be complete within the next five years at least.

Anderson County Water Authority stated greater openness to regionalization with the Town of Oliver Springs if there was infrastructure funding available to address water loss and other infrastructure needs in the Town of Oliver Springs.

### Wastewater

Anderson County Water Authority maintains only a wastewater collection system and does not currently have the operational expertise on staff to manage a wastewater treatment facility. It is unlikely that developing a hydraulic interconnection between the collection systems of the Town of Oliver Springs and Anderson County Water Authority would be cost effective, and that solution would be further limited by the authority that the Clinton Utilities Board has over the volume of wastewater pumped from Anderson County Water Authority to the Clinton STP.

# Cumberland Utility District

## Drinking Water

### *General Information*

The Cumberland Utility District currently produces, treats, and distributes potable drinking water to 4,672 consumer connections in the northern area of Roane County and southeast area of Morgan County. Additionally, the Cumberland Utility District has a hydraulic interconnection with the City of Oak Ridge and maintains a mutual aid agreement for two connections to the Plateau Utility District. In both cases, Cumberland Utility District can provide or purchase water on an emergency or supplemental basis as needed. The Cumberland Utility District is currently staffed by 14 people across water treatment and distribution[xxii].

### *Water Quality and Violations*

The Cumberland Utility District has a 5-year compliance history of twenty-six Safe Drinking Water Act (SDWA) violations including twenty-four monitoring and/or reporting violations and two regulated contaminant occurrence violations, both of which were MCL violations for TTHM.[xxiii] There were thirty-four informal enforcement actions and one formal enforcement action in the last five years. There were four quarters from July 2022 to June 2023 in which the ECHO database shows the Cumberland County U.D. as in "Enforcement Priority" status. This status was removed after a TDEC Director's Order was issued in July 2023. The ECHO database indicates that an EPA Desk Audit was initiated in August 2025.

The most recent Sanitary Survey was completed in February 2023. The Survey rating was "Unsatisfactory" and included NOVs for several deficiencies, many of which had not been addressed from the previous Sanitary Survey. TDEC issued a Director's Order DWS22-1029 dated July 20, 2023, addressing the SDWA violations, as well as the NOVs resulting from the Sanitary Survey. The violations cited in the Director's Order included failures to monitor for lead and copper, failures to continuously monitor for chlorine, failures to properly calibrate turbidimeters and chlorine analyzer, failure to have duplicate disinfection, failure to monitor for nitrates, failure to have an active cross connection program or update the plan, Disinfection Byproduct MCL exceedances for TTHM, and failure to obtain Division approval for two water system projects. The Director's Order required actions with a final compliance end date for the Order of September 1, 2026.

The Cumberland U.D. has an NPDES permit for the discharge of filter backwash (TN0004863). The most recent Compliance Evaluation Inspection (CEI) was conducted in March 2023. The CEI status was "In Compliance", however, the inspection report noted that DMR data for the months of December 2022 through February 2023 had not been submitted due to a change in management. The inspection report also noted a concern about sludge levels, as well as the manner in which the WTP by-product had been disposed of in prior years. The report referred to a Memorandum of Agreement with the Division of Solid Waste that if the WTP by-product could be used for beneficial reuse such as agriculture, the DWR could view the selected site and establish buffers for land application. Otherwise, the WTP by-product must be taken to a landfill for disposal if removed from the WTP property.

## Wastewater

The Cumberland Utility District does not provide wastewater services.

## Willingness to Consider Regionalization Strategies with Town of Oliver Springs

Information related to responses from interviews with the Cumberland Utility District staff, the following Regionalization Strategies with the Town of Oliver Springs may be considered after additional consultation and negotiations:[xxiv]

**Table 8**
**Potential Regionalization Strategies for Consideration between Cumberland Utility District and Town of Oliver Springs**

| | Regionalization Strategy Description | Potential Consideration (Yes / No) | Notes |
|---|---|---|---|
| 1 | Governance / Ownership Merger-Consolidation | Yes | Could provide water, but not wastewater |
| 2 | Hydraulic Interconnection for Emergency Needs | Yes | |
| 3 | Hydraulic Interconnection for Continuous Water Supply | Yes | |
| 4 | Contracted Management | Yes | Could provide water, but not wastewater |
| 5 | Contracted Operator Services | Yes | Could provide water, but not wastewater |
| 6 | Contracted Maintenance and Repairs | Yes | Could provide water, but not wastewater |
| 7 | Contracted Billing and Customer Service | Yes | |
| 8 | Contracted Bookkeeping | Yes | |
| 9 | Contracted Meter Reading | Yes | |
| 10 | Mutual Aid Agreement for Emergencies | Yes | Already happens informally |
| 11 | Cooperative Purchasing Agreement | Yes | To the extent that cooperation would generate lower per unit costs. |

## Summary and Additional Information

Cumberland Utility District was put under administrative review by the Tennessee Board of Utility Regulation in 2023 based on complaints related to the Tennessee Public Records Act. Additional operational, regulatory, financial, and managerial concerns resulted in an order for Cumberland Utility District to perform a feasibility study that reviews the potential of a merger with a surrounding utility[xxv].

Cumberland Utility District does not provide wastewater service, and therefore is not equipped with appropriate staff or equipment to consolidate or provide service for the Town of Oliver Springs sewer system. Ownership and management of the sewer system could either be maintained by the Town of Oliver Springs, or contracted/consolidated with another provider, such as the City of Oak Ridge.

Utility District staff stated an interest in consolidating the Town of Oliver Springs drinking water system, either through maintaining the existing Town of Oliver Springs water treatment plant, or constructing hydraulic interconnections between the systems. Cumberland Utility District likely has water supply and treatment capacity to serve all customers in the Town of Oliver Springs.

It is generally favorable to have a single entity providing both water and wastewater services to a household, due to administrative complexity, clarity for the customer, and enforcement of policies related to non-payment. Should the Town of Oliver Springs engage in additional discussion with the Cumberland Utility District to evaluate consolidation of only drinking water service, consideration should be given to the benefits of maintaining a single utility provider for both drinking water and wastewater services

## Summary of Regionalization Opportunities

Based on information obtained from the 3 utilities surveyed in this report to determine interest in exploring regionalization opportunities with the Town of Oliver Springs, there is interest in the following regionalization strategies. Note that the City of Oak Ridge did not respond to all requests for comment and information, and therefore is not represented in this table. The Town of Oliver Springs should engage with the City of Oak Ridge to evaluate additional regionalization opportunities, particularly related to wastewater services.

**Table 9**
**Interest in Exploring Potential Regionalization Strategies**

| | Regionalization Strategy Description | Systems Interested in Exploring Regionalization Strategy |
|---|---|---|
| 1 | Governance / Ownership Merger-Consolidation | Cumberland Utility District (water only) |
| 2 | Hydraulic Interconnection for Emergency Needs | Cumberland Utility District (water only) |
| 3 | Hydraulic Interconnection for Continuous Water Supply | Cumberland Utility District (water only) |
| 4 | Contracted Management | Cumberland Utility District (water only) |
| 5 | Contracted Operator Services | Cumberland Utility District (water only) |
| 6 | Contracted Maintenance and Repairs | Cumberland Utility District (water only) |
| 7 | Contracted Billing and Customer Service | Cumberland Utility District |
| 8 | Contracted Bookkeeping | Cumberland Utility District |
| 9 | Contracted Meter Reading | Cumberland Utility District |
| 10 | Mutual Aid Agreement for Emergencies | Cumberland Utility District |
| 11 | Cooperative Purchasing Agreement | Anderson County Water Authority |

# References

[i] *Census Reporter – Oliver Springs, Tennessee, accessed Jan. 27th, 2026*
[ii] *Tennessee Drinking Water Watch*
[iii] *EPA Community Water System Service Area Boundaries*
[iv] *EPA Sewersheds Boundaries*
[v] *Email correspondence with Town staff on Tuesday, Jan. 20th*
[vi] *Email correspondence with Town staff on Tuesday, Jan. 20th*
[vii] *Email correspondence with Town staff on Tuesday, Jan. 20th*
[viii] *Town of Oliver Springs audit, year ending June 30th, 2024*
[ix] *Industry benchmarking, as seen in municipal rate studies (Bluefield Research, 2024) and based on the EPA affordability metric, which places more weight on sewer, supports this assumed allocation of approximately 60% of combined utility costs for the wastewater system.*
[x] *Town of Oliver Springs Water System Asset Management Program, September 2025*
[xi] *Water Loss Report produced by Town staff, obtained November 2025*
[xii] *Oliver Springs STP NPDES Permit TN0020885*
[xiii] *Email correspondence with Town staff on Jan. 27th, 2026*
[xiv] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the Town of Oliver Springs*
[xv] *Email correspondence with Roger Flynn, City of Oak Ridge Public Works Department, on Thursday, Dec. 18th.*
[xvi] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the City of Oak Ridge*
[xvii] *Email correspondence with Roger Flynn, P.E. City of Oak Ridge on Dec. 18th, 2025*
[xviii] *Emails requesting availability for a call and/or a list of information requested were sent on Nov. 4th, 2025, Dec. 17th, 2025, and Jan. 23rd, 2026. Phone calls and voicemails to the City of Oak Ridge Public Works Department were made on Jan. 12th, Jan. 23rd, and Feb. 3rd 2026.*
[xix] *Emails requesting availability for a call and/or a list of information requested were sent on Nov. 4th, 2025, Dec. 17th, 2025, and Jan. 23rd, 2026. Phone calls and voicemails to the City of Oak Ridge Public Works Department were made on Jan. 12th, Jan. 23rd, and Feb. 3rd 2026.*
[xx] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the Anderson County Water Authority*
[xxi] *In-person interview with Jeff Elrod, General Manager, and Jeremiah Sweat, Compliance Officer, Anderson County Water Authority, on November 18th, 2025*
[xxii] *Phone Interview with Dax Mitchell, General Manager, Cumberland Utility District, conducted on Jan. 22nd, 2027*
[xxiii] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the Cumberland Utility District*
[xxiv] *Phone Interview with Dax Mitchell, General Manager, Cumberland Utility District, conducted on Jan. 22nd, 2027*
[xxv] *TBOUR order entered August 18th, 2025*

WFX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

January 15, 2025

Town of Oliver Springs
Jason Stiltner
717 Main Street
Oliver Springs, TN 37841

**RE: Summary of Technical Assistance Needs for the Town of Oliver Springs**

Dear Mr. Stiltner

I have completed a Technical Assistance Needs Assessment for your water and sewer systems with assistance by the following people:

| | |
|---|---|
| Cory Jenkins | Jim Hilborn |
| City Manager | Sr. Vice President, GRW Engineering |

This Technical Assistance Needs Assessment is comprised of two priority scores: 1) Infrastructure Development Needs; 2) Capacity Building Needs. Both of these scores range from 0 - 100 (0 being no needs / 100 being greatest needs). Your Infrastructure Needs rates 48.1 and your Capacity Building Needs rates 33.3 for an average Technical Assistance Needs rating of 40.7. Congratulations, your community qualifies for our technical assistance services at no cost to your community!

I have attached a copy of the completed Technical Assistance Needs Assessment as well as a copy of WFX's proposed Scope of Technical Assistance Services for your review. Please note that the proposed Scope of Technical Assistance Services is not a binding contract but rather an acknowledgement of the work that WFX proposes to deliver to your community at no cost. If you have any questions, please contact me or otherwise please sign the Proposed Scope of Services acknowledging our mutual intent to cooperate as we work together to solve some water and/or wastewater issues for the Town of Oliver Springs.

Sincerely,

Jackson Parr
Programs and Community Support Manager
Water Finance Exchange

630-450-4414
jparr@waterfx.org
www.WaterFX.org



**Proposed Scope of Technical Assistance Services to be provided by Water Finance Exchange to the**

| Task # | Identified Need | Technical Assistance Task Description | Anticipated Start Date |
|---|---|---|---|
| 1 | GI 5 | Identify potential sources of funding including internal reserves and external financing. | 04/1/2026 |
| 2 | GI 5 | Assist community in determining their preferred strategy in funding the water infrastructure project. | 04/1/2026 |
| 3 | TC 9 | If nearby neighboring utility is within a reasonable distance, assist in coordinating a regionalization strategey that includes a hydraulic interconnection. | 07/1/2026 |
| 4 | GI 8 | Assist the community in preparing and submitting required preapplication documents. | 10/1/2026 |

*This proposed scope of technical assistance tasks to be provided by WFX to the Town of Oliver Springs is based on needs identified through interviews with community leaders and/or utility staff identified in the accompanying cover letter. These interview questions assisted in completing the attached IFMT (Infrastructure, Financial, Managerial, and Technical Needs) Assessment. The prescribed technical assistance to be performed by WFX is dependant and contingent upon continued cooperation by the Town of Oliver Springs and the specified tasks may be modified, cancelled, or postponed by either the Town of Oliver Springs or by WFX at any time and for any reason including but not limited to a mutual agreement that the specified task(s) are no longer relevant or necessary or that more critical technical assistance needs have been identified.*

WFX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

1455 Pennsylvania Ave NW, Suite 400, Washington, DC 20004



**Infrastructure Development** **Infrastructure Needs Score: 48.1 / 100**

| General Development Needs: | | Question | Answer | TA Need |
|---|---|---|---|---|
| GI | 1 | Is the community Served by a Community Water System? | Yes | |
| GI | 2 | Is the community Served by a Sanitary Sewer Collection System? | Yes | |
| GI | 3 | Is an Eligible Public Entity Already Formed to own & operate the system(s)? | Yes | |
| GI | 4 | Does the utility have a Long-Range Facilities Development Plan? | No | X |
| GI | 5 | Does the utility have a Facilities Development Financing Plan? | No | X |
| GI | 6 | Has the utility Engaged a Consulting Engineer for project planning & design? | Yes | |
| GI | 7 | Does the utility have the Funds to engage a consulting engineer? | N/A | |
| GI | 8 | Does the community require assistance in submitting a Funding Application? | Yes | X |
| GI | 9 | Has the community has explored Regionalization Strategies? | Yes | |
| GI | 10 | Does the community current meet the income threshold forfavorable financing? | Yes | |
| **Drinking Water System Development Needs:** | | | | |
| DW | 1 | Is the water system at or Above Design Capacity and requires another source? | Yes | X |
| DW | 2 | Does the Water Intake Structure need upgrades or repairs? | No | |
| DW | 3 | Does the Water Well(s) need upgrades or repairs? | Yes | X |
| DW | 4 | Are Water Treatment Plant upgrades necessary? | Yes | X |
| DW | 5 | Does the water system need new Water Meters? | No | |
| DW | 6 | Does the water system need additional Storage Capacity? | No | |
| DW | 7 | Does the water system need to replace existing / install water main Valves? | Yes | X |
| DW | 8 | Does the water system need to install Altitude Valves or PRVs? | No | |
| DW | 9 | Does the water system need new Water Mains or Distribution Lines? | Yes | X |
| DW | 10 | Does the water system need to install Hydrants, Flush Plugs, etc? | Yes | X |
| **Wastewater System Development Needs:** | | | | |
| WW | 1 | Is the WWTP adequately treating wastewater to meet the NPDES requirements? | Yes | |
| WW | 2 | Does the Outfall Structure need upgrades or repairs? | No | |
| WW | 3 | Are there any necessary repairs or upgrades at the WWTP? | Yes | X |
| WW | 4 | Does the lagoon cells need Sludge Removed or repairs to Lining or Levee? | N/A | |
| WW | 5 | Is there a need to repair / replace or install new sewer Lift Stations? | No | |
| WW | 6 | Is there a need replace / rehab Grinder, Vaccum, or Pressure Pumps? | N/A | |
| WW | 7 | Has the sanitary sewer collection system been Smoke-Tested? | Yes | |
| WW | 8 | Have Force Mains or Vaccum Lines been Pressure Tested? | No | X |
| WW | 9 | Is there a need to install / rehab Lateral, Trunk, Branch, or Intercept Lines? | Yes | X |
| WW | 10 | Is there a need replace / rehab Manholes? | Yes | X |



## Capacity Building Needs

**FMT Capacity Needs Score: 33.3 / 100**

| Financial Capacity Needs | Question | Answer | TA Need |
|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| FC | 1 | Are bank statements reconciled and other Financial Internal Controls in place? | Yes | |
| FC | 2 | Does the utility have appropriate Segregation of Duties for financial operations? | No | X |
| FC | 3 | Is the utility compliant with completing required financial Audits? | No | X |
| FC | 4 | Is the balance of aged Accounts Receivable less than 10% of annual revenues? | No | X |
| FC | 5 | Is the Quick Ratio equal to or greater than 1.1? | Yes | |
| FC | 6 | Is the Current Ratio equal to or greater than 1.2? | Yes | |
| FC | 7 | Is the Operating Ratio equal to or greater than 1.1? | Yes | |
| FC | 8 | Does the utility board complete (or review and approve) an Annual Budget? | Yes | |
| FC | 9 | Does the utility board compare Financial Statements with Annual Budget each Month? | Yes | |
| FC | 10 | Has the utility had a rate analysis performed within 5 Years or Less? | Yes | |

**Managerial Capacity Needs**

| | | | | |
|---|---|---|---|---|
| MC | 1 | Does the utility board adhere to required / recommended meeting standards? | Yes | |
| MC | 2 | Are all Organizing Documents Available and up to date? | Yes | |
| MC | 3 | Does the utility have a well-written Customer Service Policy? | Yes | |
| MC | 4 | Does the utility have written Job Descriptions for all employees? | Yes | |
| MC | 5 | Does the utility have a written Personnel Policy? | Yes | |
| MC | 6 | Does the utility have 100% compliance with all Certification and Training? | Yes | |
| MC | 7 | Does the utility have a written Asset Management Plan? | No | X |
| MC | 8 | Does the utility have required and/or recommended Insurance Coverage? | Yes | |
| MC | 9 | Does the utility have a written Emergency Response Plan? | Yes | |
| MC | 10 | Is the utility a member of the state-wide WARN network or WaterISAC? | No | X |

**Technical Capacity Needs**

| | | | | |
|---|---|---|---|---|
| TC | 1 | Is the utility currently under a regulatory Administrative Order? | No | |
| TC | 2 | Has the utilty been Out of Compliance within the last 12 months? | No | |
| TC | 3 | Have all regulatory recommendations been addressed since the last inspection? | Yes | |
| TC | 4 | Are all Treatment Processes and Treatment Equipment functioning as designed? | Yes | |
| TC | 5 | Is treated water and/or wastewater adequately metered? | Yes | |
| TC | 6 | Does the water utility have an acceptable Meter Testing & Replacement Program? | No | X |
| TC | 7 | Does water loss exceed 25% and/or wastewater exceeds NPDES permit limits? | Yes | X |
| TC | 8 | Are Water Storage Tanks routinely Inspected? | Yes | |
| TC | 9 | Does the system have auxilary power to operate during a sustained power outage? | No | X |
| TC | 10 | Has the utility had an Energy Audit conducted in the past 10 years? | No | X |

# Professional and Administrative Services Agreement

## Part I – Agreement

THIS AGREEMENT BY is made on 6 day of Oct, 2025, by and between GRW INC., headquartered in Lexington, Kentucky (CLIENT), and the WATER FINANCE EXCHANGE, headquartered in Washington, D.C. (CONSULTANT).

### I. Scope of Services

Consultant agrees to complete a Regionalization Opportunities Assessment for the Client as set forth in "Appendix A, Scope of Services," and reference herein ("the Services").

### II. Time of Performance

This agreement enters into effect upon the date of execution of the agreement. In any event, Consultant shall use commercially reasonable efforts to perform all services required and performed hereunder within one hundred and twenty (120) calendar days from the date of execution.

### III. Compensation and Method of Payment

Client agrees to pay Consultant a fee not to exceed twelve thousand and five hundred dollars ($12,500) in accordance with the following schedule. All payments are conditioned upon acceptance of invoices, which are to be submitted to Client upon completion of the Services to be remitted by Client within 30 days of invoicing.

This fee is inclusive of all costs that are necessary to successfully complete these activities. The fee schedule shall be based upon the following hourly rate without inflation adjustment due to duration. The Agreement will not exceed total costs of $12,500 unless authorized and directed by the Client.

Consultant will notify the Client when total costs expensed approximate the total agreed amount and/or are estimated to exceed the total agreed amount. It is understood that Client may elect to limit additional work in any given month to contain costs as well as respond to project specific timelines.

| Title or Role | Hourly Rate | No. of Hours | Total Fee |
|---|---|---|---|
| WFX Executive | $235 | 10 | $2,350 |
| WFX Director | $125 | 30 | $3,750 |
| WFX Program Staff | $75 | 52 | $3,900 |
| WFX Senior Advisor | $250 | 10 | $2,500 |
| **Total** | | **102** | **$12,500** |

## IV. Changes and Amendments

The Client may, from time to time, request changes in the scope of services of the Consultant to be performed hereunder. Such changes, including any increase or decrease in the amount of the Consultant's compensation, must be mutually agreed upon by and between the Client and the Consultant and shall be incorporated in written amendments to this Agreement. If a change is requested but the parties cannot agree on the specific terms of such change, the parties may mutually agree to terminate this Agreement. Absent such agreement to terminate, the Agreement will continue without the change.

## V. Assignability

Neither party shall assign any interest in this Agreement or transfer any interest in the same, without the prior written consent of the other party, not to be unreasonably withheld, provided, however, that claims for money by the Consultant from the Client under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished reasonably promptly to the Client.

## VI. Miscellaneous Provisions

A. Governing Law. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Val Verde County, Texas, the county in which Client's primary office is located.

B. Binding Effect; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representative, successors and permitted assigns. This Agreement does not and is not intended to confer any rights or remedies to any person other than the parties to this Agreement.

C. Severability. In any case one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

D. Cooperation/Provision of Information. It is agreed that all information, data, reports and records and maps as are existing, available and necessary for the carrying out of the work outlined in this Agreement shall be furnished to the Consultant by the Client and its agencies. No charge will be made to Consultant for such information and the Client, and its agencies will cooperate with Consultant in every way possible to facilitate the performance of the work described in this Agreement.

E. Local Program Liaison. For purposes of this Contract, the City Administrator or equivalent authorized person will serve as the Local Program Liaison and primary point of contact for the Consultant. All required progress reports and communication

regarding the project shall be directed to this liaison and other local personnel as appropriate.

F. Waiver of Consequential Damages. Neither party will be liable to the other party or any other person or entity for any special, incidental, indirect, consequential, punitive or exemplary damages arising out of or relating to this Agreement, regardless of the form of action and whether such party has been informed of or otherwise might have anticipated the possibility of such damages.

G. Limitation of Liability. Each party agrees that, regardless of the type, nature or number of causes of action or claims by the Client (including without limitation claims for indemnity under this Agreement) or any third party claiming by, through or under the Client, the maximum amount of damages, individually or in the aggregate, that either party will be liable for or can be required to pay to the other or any other claimant is the amount of fees to be paid to the Consultant by the Client under this Agreement. The parties agree that this limitation of damages is reasonable and acknowledge that but for this limitation, neither party would enter into this Agreement.

H. Entire Agreement. This Agreement constitutes the sole and entire agreement of the parties with regard to contemporaneous understandings or written or oral agreements between the parties respecting the subject matter of this Agreement.

I. Modification. This Agreement may be modified by prior mutual written consent of the parties.

J. Ownership of Work and Copyright. The parties agree that the Consultant retains all ownership rights to forms, reports, and other documents produced in whole or in part under this Agreement until such documents are completed as contemplated under this Agreement and placed in the official Contract record or submitted as final documents to the Client or the TWDB. Consultant shall retain all ownership rights to templates, internal tracking systems, and other documents produced by Consultant that have a common use applicable to multiple clients and are not produced specifically for the Client under this Agreement. No report, maps, or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of the Consultant.

K. Remedies, Alternative Dispute Resolution, and Program Non-Compliance. The parties hereto agree to resolve all disputes arising hereunder in accordance with this section. If a dispute arises out of or relates to this Agreement or any alleged breach hereof, including determination of responsibility for any costs disallowed as a result of non-compliance with federal, state or TWDB program requirements, the party desiring to resolve such dispute shall deliver a written notice of the dispute, including the specific claim in the dispute to the other party. Following the delivery of such notice, the parties involved in the dispute shall meet at least twice within the thirty (30) day period commencing with the date of the notice and in good faith shall attempt to resolve such dispute through negotiation. If any dispute is not resolved or settled by the parties as a result of such negotiation, the parties in good faith shall submit the dispute to non-binding mediation before a retired judge of a federal district court or Texas district court or a similarly qualified, mutually agreeable individual in Austin, Texas. The parties shall

bear the costs of such mediation equally. If the dispute is not resolved through such mediation, either party may proceed to file suit.

L. Force Majeure. A "Force Majeure Event" means any event or cause beyond a party's reasonable control (including without limitation, construction delays, fire, flood, rain, weather, casualty, explosions, damage by third parties whether negligently or intentionally caused, strikes, work stoppages, picketing, acts of God or other casualties, or the laws or actions of any governmental authority), as a result of which at any time a party is unable to perform any of its obligations under this Agreement. If a Force Majeure Event occurs during the term of this Agreement that prevents the Consultant from performing its obligations hereunder, the Consultant and the Client will in good faith mutually agree on one of the following alternatives: 1) extend the time for performance, or 2) terminate this Agreement and, as mutually agreed, cause the payment to Consultant of fees not yet paid for services performed prior to the occurrence of the Force Majeure Event or cause the refund to Client of fees previously paid for services that were not performed prior to the occurrence of the Force Majeure Event.

M. Termination. Either party may terminate this Agreement at any time with or without cause, by written notice to the other, such termination to become effective 30 days after receipt of such notice. In the case this agreement is terminated, compensation will be provided by the Client to the Consultant for services rendered up to the termination date. on an hourly basis at a rate of $125/hour with an 10% administrative overhead fee on incurred costs. Payment will be due within 30 days of termination.

N. Authority. Each signer to this Agreement hereby certifies that each is legally authorized to bind the respective parties pursuant to the terms of the Agreement.

O. Notice. All notices required in this Agreement shall be sent by mail by on party to the other party at the address listed below.

**IN WITNESSETH HEREOF, the Client and the Consultant have executed this agreement in multiple originals as of the date indicated above.**

Water Finance Exchange
1455 Pennsylvania Ave. NW, Suite 400
Washington, D.C. 20004

BY:

Tommy Ricks
Community Support Director

GRW Inc.
404 BNA Drive, Suite 201
Nashville, TN 37217

BY:

Jim Hilborn
Senior Vice President

# APPENDIX A. Scope of Services

The scope of services for this Administrative and Professional Services Agreement between Water Finance Exchange (Consultant) and GRW Inc. (Client) includes the following:

1. Regionalization Opportunities Assessment
    a. Consultant will complete a Regionalization Opportunities Assessment for Client that, at a minimum, meets the requirements and standards for a merger feasibility study set forth by the Tennessee Board of Utility Regulation (TBOUR) as per the terms of TBOUR's Order dated April 11th, 2025. Consultant's Regionalization Opportunites Assessment comprises a financial, managerial, and technical assessment of the Client system and an evaluation of opportunities and barriers to regionalization strategies for up to six additional systems in the region.

[The remainder of this page was intentionally left blank.]

Jason E. Mumpower
*Comptroller*

| | |
|---|---|
| Entity Referred: | **Siam Utility District** |
| Referral Reason: | **Administrative Review** |
| Utility Type | **Water** |
| Referred: County: | **Carter** |

**Staff Summary:**

The Siam Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for Administrative Review since 2025 Pursuant to Tenn. Code Ann. §7-82-703. At the July 2025 Board meeting, the Utility was ordered to complete a rate study and feasibility analysis. The Utility's Board formally adopted Rate Proposal 1 from the Water Finance Exchange (WFX) Rate Study during its regular board meeting on March 2, 2026. The proposal was approved unanimously by the Board and was scheduled to become effective May 1, 2026, with the updated rates appearing on customer bills beginning June 20, 2026. The adopted rate structure increased the monthly minimum water service charge from $31.89 to $33.50, reduced the minimum usage allowance from 2,500 gallons to 1,500 gallons, and increased the volumetric usage charge above the minimum allowance from $6.50 to $8.50 per 1,000 gallons. The Board also directed that public notice of the rate increase be provided through office postings, billing notices, and publication on the utility's website.

The Feasibility Study prepared by WFX evaluated potential partnerships and operational collaborations between the Utility and nearby utilities in Carter County. The study identified several challenges facing Siam Utility District, including significant infrastructure needs, aging water lines, elevated water loss, limited operational capacity, and financial sustainability concerns. The assessment estimated that the District was experiencing approximately 42% unaccounted-for water loss, resulting in substantial financial impact.

The feasibility study recommended that the Utility continue pursuing infrastructure improvements and complete an asset management and capital financing plan to support long-term sustainability efforts. WFX further recommended that the Utility begin discussions with the Watauga River Regional Water Authority, the City of Elizabethton Water Department, and the First Utility District of Carter County regarding possible regionalization opportunities, including governance consolidation, contracted operational services, maintenance support, billing assistance, and other shared-service arrangements. The study also recommended that the Utility evaluate how its existing agreements with the Watauga River Regional Water Authority could affect future consolidation opportunities.

Board staff agrees with this assessment and believes that merger discussions should begin.

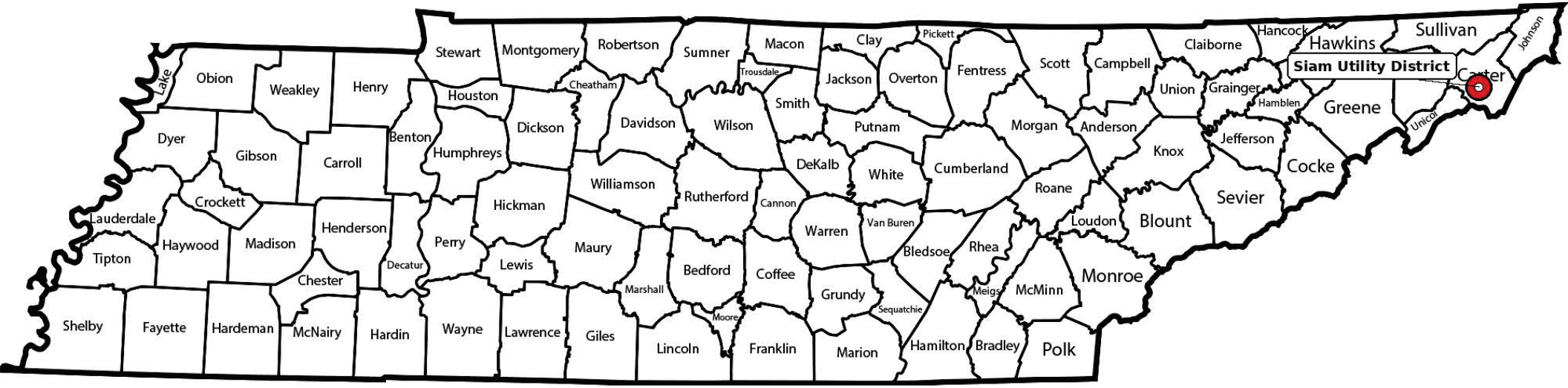
**Staff Recommendation:**

The Board should order the following:

1. Board Staff shall work with the Utility to determine the best consolidation option available. Board staff will report back to the Board their findings with a recommendation for starting merger proceedings.

# Siam Utility District

| | Category: **Water** | | County: **Carter** | |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** |
| **Net Assets** | $2,041,199.00 | $1,992,099.00 | $1,996,286.00 | $1,740,159.00 |
| **Deferred Outflow Resources** | $11,545.00 | $47,778.00 | $48,096.00 | $44,043.00 |
| **Net Liabilities** | $463,783.00 | $418,133.00 | $359,610.00 | $316,862.00 |
| **Deferred Inflow Resources** | $96,441.00 | $30,622.00 | $32,189.00 | $32,370.00 |
| **Total Net Position** | $1,492,520.00 | $1,591,122.00 | $1,652,583.00 | $1,434,970.00 |
| **Operating Revenues** | $747,613.00 | $834,608.00 | $841,321.00 | $851,186.00 |
| **Net Sales** | $0.00 | $834,608.00 | $841,321.00 | $0.00 |
| **Operating Expenses** | $689,078.00 | $724,524.00 | $778,679.00 | $1,072,252.00 |
| **Depreciation Expenses** | $53,313.00 | $53,165.00 | $53,459.00 | $53,579.00 |
| **Non Operating Revenues** | -$11,450.00 | -$11,482.00 | -$1,181.00 | -$8,346.00 |
| **Capital Contributions** | $0.00 | $0.00 | $0.00 | $11,799.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | $47,085.00 | $98,602.00 | $61,461.00 | -$217,613.00 |
| **Statutory Change In Net Position** | $47,085.00 | $98,602.00 | $61,461.00 | -$229,412.00 |




**Siam Utility District**

Total customers: 1,120

# Siam Utility District

# Regionalization Opportunities Assessment

March 2nd, 2026

Prepared by

Tommy Ricks, Community Support Director, WFX

Jackson Parr, Programs and Community Support Manager, WFX

Marcia Rueben, Senior Advisor, WFX

WFX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

March 2nd, 2026

Siam Utility District
Mike McKinney
2483 Siam Rd.
Elizabethton, TN 37643

**Re: Regionalization Opportunities Assessment Executive Summary**

Dear Mr. McKinney:

The Water Finance Exchange ("WFX") is pleased to present the opportunities and challenges related to Siam Utility District to implement regionalization strategies with nearby public water utilities in Carter County. This report should be submitted by Siam Utility District to the Tennessee Board of Utility Regulators ("TBOUR") in advance of the March 12th, 2026 meeting of TBOUR.

In summarizing this report, WFX acquired information from other public water utilities in the area by means of researching available public information and through interviews with staff and/or officials from **4** public water utilities including: **City of Elizabethton/Elizabethton Water Department, South Elizabethton Utility District, Watauga River Regional Water Authority, and First Utility District of Carter County**. Information researched and presented in this report includes these utilities' water user rates, the quality of water provided by these utilities including Safe Drinking Water Act regulatory compliance information and the detection of any water contaminants, the source of water for these other utilities, and the supply capacity. Additionally, common regionalization strategies including these utilities' ability to: consolidate governance and ownership; shared services including cooperative purchasing agreements, contracted operations and / or maintenance agreements, and contracted administrative operations; a review and summary of any available professional engineering hydraulic surveys related to physical interconnections by these other utilities to the Siam Utility District water distribution system for either emergency use in the event of a water outage or a continuous source of potable drinking water for Siam Utility District.

**Findings for Regionalization Opportunities:**

The following regionalization opportunities for Siam Utility District to consider include the following:

- Governance / Ownership Consolidation Opportunities: First Utility District of Carter County, Elizabethton Water Department, Watauga River Regional Water Authority

- Shared Services Opportunities:
    - Contract Operations and Maintenance: First Utility District of Carter County, Elizabethton Water Department, Watauga River Regional Water Authority
    - Contract Administrative Services: First Utility District of Carter County, Watauga River Regional Water Authority

- Presentation of Hydraulic Interconnections: The Siam Utility District is a consecutive community water system with the Watauga River Regional Water Authority, from which it is contractually obligated to purchase 100% of its water supply. The Siam Utility District also maintains a hydraulic interconnection with the City of Elizabethton.

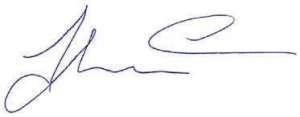
**Recommendations:**

WFX recommends that the Siam Utility District Commission pursue the following regionalization strategies:

1. Complete an asset management and capital financing plan to serve as base documentation for potential regionalization discussions.
2. Engage in preliminary independent discussions with the Watauga River Regional Water Authority, Elizabethton Water Department, and First Utility of Carter County to better understand the potential terms of a governance/ownership consolidation.
3. Discuss potential costs of contracted services with the First Utility District of Carter County, Elizabethton Water Department, Watauga River Regional Water Authority.
4. Complete an asset management and capital financing plan to serve as base documentation for potential regionalization discussions.
5. Evaluate how consolidation affects the water purchase and debt service agreement with the Watauga River Regional Water Authority, particularly in considering regionalization with South Elizabethton Utility District and the Watauga River Regional Water Authority.
6. Contact the South Elizabethton Utility District to evaluate the entity's willingness to engage in the regionalization strategies discussed in this assessment.

We appreciate the opportunity to work with Siam Utility District and the trust in which you have demonstrated in WFX to conduct this regionalization opportunities assessment and other technical assistance for which we are engaged with Siam Utility District. If you have any follow-up concerns including additional information sought by TBOUR related to this report, please let us know.

Sincerely,



Tommy Ricks
Community Support Director, Water Finance Exchange

**CC:** Jackson Parr, Programs and Community Support Manager, WFX

Marcia Rueben, Senior Advisor, WFX

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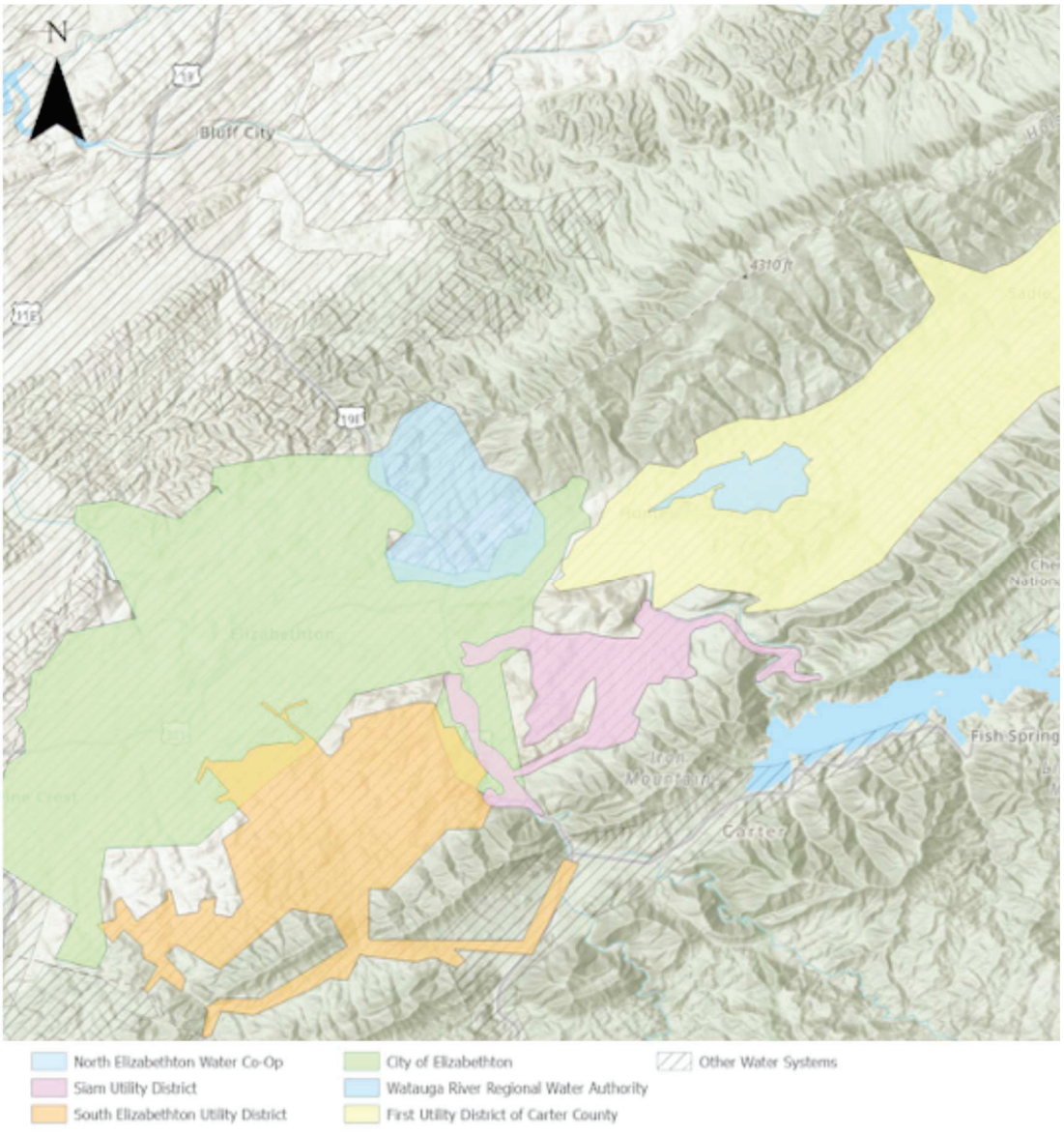
## Carter County Overview

Carter County is located in the East region of Tennessee. Carter County encompasses an area of 341 square miles[i] with a population of 57,434[ii] pursuant to the 2024 U.S. Census. Carter County is served by 9 active Community Water Systems and 12 active Non-Community Water Systems (NCWS)[iii]. This Regionalization Opportunities Assessment is limited to focusing only on Community Water Systems. Figure 1 shows the approximate location of the service boundaries the water systems reviewed in this assessment.

**Figure 1**




Map of Select Regional Community Water Systems[iv]

*Note: This map represents the public water system boundaries based on modeled EPA data. These areas may not accurately reflect the water service boundaries and are meant to represent the approximately location of utility services.*

# Siam Utility District Characteristics

## General

The "Siam Utility District of Carter County, Tennessee" dba "Siam Utility District", "Siam UD", or "Siam" was formed in 1981. Siam currently distributes potable drinking water purchased from the Watauga River Regional Water Authority to 1,175 consumer connections in the central area of Carter County. These connections include 1,166 residential connections and 9 other connections including industrial (TVA substation) and agricultural connections.

The Siam Utility District is currently staffed by employees 4 full-time employees including 1 Manager (Administrative) and 3 Maintenance Technicians; 4 part-time employees that includes 2 administrative support staff, 1 certified water operator, and 1 PRT maintenance technician. Additionally, monthly financial statement preparation and other financial operations that require compliance with segregation of duties is performed by a contract bookkeeper.

## Current Infrastructure Needs and Capacity Challenges

As a component of this assessment, WFX conducted an Infrastructure, Financial, Managerial, and Technical (IFMT) Capacity Needs Survey for Siam. This IFMT Capacity Needs Survey is included in the Appendix section of this report. A Scope of Technical Assistance to be provided by WFX to the Siam Utility District which addresses technical assistance tasks which remedies the needs and challenges detailed in the IFMT Capacity Needs Survey is also included in the Appendix section of this report. Outlined below is a summary of the needs and challenges identified through the IFMT Capacity Needs Survey:

### Infrastructure Needs

Siam has needs for construction of water distribution system upgrades. The Siam Utility District has engaged with the W & W Engineering for professional engineering services to assess these infrastructure needs and develop a corresponding Preliminary Engineering Report which should provide viable solutions to address these needs.

### Financial Capacity Challenges

Siam has the following Financial Capacity Challenges:

- Conduct a utility rate analysis to determine if current rates provide for revenues to generate adequate cash on hand and operating ratios.

### Managerial Capacity Challenges

Siam has the following Managerial Capacity Challenges:

- The utility needs to development written job descriptions for all employees and a written Personnel Policy.
- The utility needs to develop a Customer Service Policy.*
- The utility needs to update all Organizing Documents.*
- The utility needs to develop an Asset Management Plan.*
- The utility needs to develop a written Emergency Response Plan.*
- The utility should become a member of the statewide WARN network and/or WaterISAC.*

### Technical Capacity Challenges

Siam has the following Managerial Capacity Challenges:

- The utility needs to address all outstanding compliance orders.*
- The utility experiences water loss exceeding 25%.*
- The utility does not routinely inspect water storage tanks.*

**Communities Unlimited is actively engaged with Siam Utility District to address these capacity challenges.*

## Efficiency and Water Rate Information

### Cost of Sales

Siam purchases 100% of its water supply from the Watauga River Regional Water Authority at a contracted rate of $3.00 per 1,000 Gallons.

### Unaccounted Water Loss

Siam purchased 83,517,420 gallons in Fiscal Year 2026 (ending January 31, 2026). During this same period, the Siam sold 48,154,603 gallons[v]. This represents an unaccounted water loss of 42% percent which translates into a gross cost of $114,929.

### Siam Utility District Current Water User Rates

The Siam Utility District Commission adopted the following rate schedule in 2018. The district has commissioned WFX to complete a compliance grade rate study which is expected to be completed in January 2026 with the recommendation to increase rates no later than April 1, 2026 (3rd month of FY2026 fiscal year).

**Table 1**
**Rates for All Water Consumers**

| Minimum Rate | Minimum Volume Allowance | WRRWA Treatment Capital Impact Fee | Volumetric Rate (Over 2,500 Gallons) |
|---|---|---|---|
| $31.89 per Customer per Month | 2,500 Gals | $15.00 per Customer per Month | $6.50 per 1,000 Gals |

### Rate Comparison

The following table shows the average billed amount for 5,000 gallons for Siam Utility District and the four utilities reviewed in this assessment[vi].

**Table 2**
**Rate Comparison Table**

| Entity Name | Averaged Billed Amount for 5,000 Gallons | Additional Charge |
|---|---|---|
| Siam Utility District | $48.14 | $15.00* |
| City of Elizabethton/Elizabethton Water Dept. | $46.74 | N/A |
| Watauga River Regional Water Authority | $64.25 | N/A |
| First Utility District of Carter County | $31.47 | N/A |
| South Elizabethton Utility District | $62.03 | N/A |

** Water Treatment Plant debt service charge. This was not included in the amount stated on the Utility Annual Information reports, but the report authors believe it should be included in a rate comparison.*

## Water Source, Treatment, Storage, and Distribution Information

### Siam Utility District Water Source

The Siam Utility District is a consecutive community water system which sources its water from the Watauga River Regional Water Authority. The Watauga River Regional Water Authority sources its water from a surface water intake at Wilbur Lake and one groundwater well at Little Pond Mountain[vii].

### Siam Utility District Water Treatment

The Siam Utility District purchases treated water from Watauga River Regional Water Authority and provides no additional treatment.

### Siam Utility District Water Storage

Finished water storage for the Siam Utility District water system consists of one 214,000 gallon ground storage tank.

### Siam Utility District Water Distribution System

The water distribution system for the Siam Utility District consists of approximately 44 miles of water mains. These mains consist of PVC, Galvanized, and Asbestos Cement pipe. There are currently 2 functioning gate valves to isolate sections of the distribution system (additional valves are planned for installation with current ARPA distribution system project). Additionally, there are 3 Altitude Valves, 2 Pressure Reducer Valves, 4 Hydrants, and 21 Blow-Off Valves on the distribution system. There are 1,175 service connections consisting of both Copper Tubing and PVC pipe. Water consumption is metered through positive displacement meters which are manually read each month. [viii]

## Regulatory Compliance and Water Quality Information

The Siam Utility District has a 5-year compliance history of ten Safe Drinking Water Act (SDWA) violations including four monitoring violations and six reporting violations. The reporting violations were related to CCRs. Additionally, the Siam Utility District received NOVs for failure to submit MORs for the period from January 2025 through June 2025. There were no regulated contaminant occurrence violations.[ix] There were ten information enforcement actions and no formal enforcement actions. Based on information available in both the EPA ECHO database and the Tennessee Drinking Water Watch database, it appears that both a Lead and Copper Rule violations and a CCR content violation dating back to 2021 and 2022 remain unresolved. There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Siam Utility District water system.

The most recent Sanitary Survey occurred on September 2, 2025. The Division's rating placed the Siam Utility District in the State's "Provisionally Approved" category. Numerous deficiencies were cited for incomplete records or failure to have available records in almost every category, as well as for the maintenance, condition, and inspection of the storage tank, and for lack of an updated Emergency Operations Plan and Drought Contingency Plan. Due to the numerous minor violations identified during the survey, the Sanitary Survey report constituted a Notice of Noncompliance, and a Compliance Review Meeting was scheduled with Division personnel on October 23, 2025. There is no available correspondence documenting the outcome of this meeting.

Based on the most recent 2024 Consumer Confidence Report contaminant data of the Siam Utility District water system, the following table lists the detected contaminants, the measurement of these contaminants, and the Maximum Contaminant Level (MCL) or Action Level (AL) of these contaminants.

**Table 3**
**2024 Siam Utility District Contaminant Data[x]**

| Contaminant Name | Unit of Measurement | Maximum Contaminant Level (or AL) | Reported Occurrence in 2024 CCR | Range of Detections | Violation Yes / No) |
|---|---|---|---|---|---|
| Total Coliform Bacteria (RTCR) | Present/Absent | N/A | 0 | | No |
| E. coli Bacteria | Present/Absent | N/A | 0 | | No |
| Turbidity[1] | NTU | TT | 0.08 | 0.01-0.08 | No |
| Copper | ppm | AL=1.3 | 90th%= 0.1514 | 0.0092-0.616 | No |
| Lead | ppb | AL=15 | 90th%= 1.22 | <0.0010-6.37 | No |
| Nitrate (as Nitrogen) | ppm | 10 | 0.273 | | No |
| Sodium | ppm | N/A | 8.50 | | No |
| TTHM (Total trihalomethanes) | ppb | 80 | 27.525 | 21.3-37.8 | No |
| HAA5 Haloacetic Acids | ppb | 60 | 22.4 | 19.4-30.4 | No |
| Chlorine | ppm | MRDL=4 | 1.59 | 1.02-2.19 | No |

## Current Professional Engineering Assessment (or Preliminary Engineering Report)

Carter County procured W&W Engineering on behalf of several utilities within the county using funds from the American Rescue Plan Act (ARPA) to engage in a variety of engineering services. W&W Engineering is actively working on developing a Preliminary Engineering Report (PER) for Siam Utility District. The PER will consider improvements to the distribution system in Siam Utility District, including the replacement of asbestos cement pipe and gate valves.

# Summary of Other County Water Systems

## Watauga River Regional Water Authority

### General Information

The Watauga River Regional Water Authority currently produces, treats, and distributes potable drinking water to 735 consumer connections in Carter County, consisting of residents of the Fish Springs area on the South Shore of Watauga Lake, and the residents served by the North Elizabethton Water Co-Op[xi]. The management and staff at the Watauga River Regional Water Authority also manage the North Elizabethton Water Co-Op. The Watauga River Regional Water Authority primarily serves as a water wholesaler, maintaining a hydraulic interconnection with four systems that it provides wholesale water to. It serves as the main water source for North Elizabethton Water Co-Op, South Elizabethton Utility District, and Siam Utility District.

The Authority was created in 2001 through state legislation in response to a drought affecting several utilities in the area. The Authority constructed a surface water treatment plant sourcing water from Watauga Lake, and maintains water purchase agreements with Siam Utility District and South Elizabethton Utility District, which are required to purchase 100% of the their water from the Authority. Following the 30-year debt service term for the construction of the water plant, Siam Utility District, South Elizabethton Utility District, and the Watauga River Regional Water Authority will maintain joint ownership of the water treatment plant. The Authority also provides approximately 300,000 gallons per day to the City of Elizabethton, which the City is required to purchase during the 30-year debt service term, after which the City will maintain a water right to supply from the treatment plant on an as-needed basis[xii],[xiii]. All water sales are executed at a contracted rate of $3.00 per thousand gallons. Additionally, the Watauga River Regional Water Authority charges $15 per customer to Siam Utility District and South Elizabethton Utility District to cover debt service of the water treatment plant.

The Watauga River Regional Water Authority is currently staffed by 2 full-time licensed water treatment plant operators, 3 additional water treatment plant operators, 2 distribution operators serving the North Elizabethton Water Co-Op, and a trainee. There are two full-time employees in administration and management.

### Water Quality and Violations

The Watauga River Regional Water Authority has no reported Safe Drinking Water Act (SDWA) violations over the past five years. There were no regulated contaminant occurrence violations.[xiv] There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Watauga River Regional Water Authority water system. The most recent Sanitary Survey occurred on September 26, 2024. The report noted that pH buffers were not being changed as required, and the distribution map needed to be updated. There were no significant deficiencies.

### Willingness to Consider Regionalization Strategies with Siam Utility District

Information related to responses from interviews with the Watauga River Regional Water Authority staff[xv] the following Regionalization Strategies with the Siam Utility District may be considered after additional consultation and negotiations:

**Table 4**
**Potential Regionalization Strategies for Consideration between**
**Watauga River Regional Water Authority and Siam Utility District**

| | Regionalization Strategy Description | Potential Consideration (Yes / No) | Notes |
|---|---|---|---|
| 1 | Governance / Ownership Merger-Consolidation | Yes | Would require infrastructure improvements and rate revenue to achieve profitability before consideration. |
| 2 | Hydraulic Interconnection for Emergency Needs | N/A | Already exists |
| 3 | Hydraulic Interconnection for Continuous Water Supply | N/A | Already Exists |
| 4 | Contracted Management | No | Current concerns about receiving delinquent payments for wholesale water and debt service charges. |
| 5 | Contracted Water Operator Services | Yes | Distribution operator has provided services to Siam independently. Concerns about receiving payments for services provided given history of delinquencies. |
| 6 | Contracted Maintenance and Repairs | Yes | Distribution operator has provided services to Siam independently. Concerns about receiving payments for services provided given history of delinquencies. |
| 7 | Contracted Billing and Customer Service | Yes | Would likely consolidate offices. Could be structured similar to North Elizabethton Water Co-Op administrative fee payments to Authority. |
| 8 | Contracted Bookkeeping | Yes | Would likely consolidate offices. Could be structured similar to North Elizabethton Water Co-Op administrative fee payments to Authority. |
| 11 | Contracted Meter Reading | No | Do not have staff capacity. Authority has AMI meters. |
| 12 | Mutual Aid Agreement for Emergencies | N/A | Existing dependency on the Authority; evaluate emergency supply capacity provided by City of Elizabethton |
| 13 | Cooperative Purchasing Agreement | No | Unlikely to generate unit cost savings due to size of both systems. |

## City of Elizabethton/Elizabethton Water Department

### General Information

The Elizabethton Water Department currently produces, treats, and distributes potable drinking water to 11,915 consumer connections in Carter County and portions of Washington County[xvi]. Additionally, the Elizabethton Water Department maintains two hydraulic interconnections with the Watauga River Regional Water Authority that it is under contract to purchase 300,000 gallons per day from at a contracted rate of $3.00 per thousand gallons. The Elizabethton Water Department also maintains hydraulic interconnections with North Elizabethton Water Utility, Siam Utility District, Johnson City Water, and South Elizabethton Water Utility that can be used in case of emergencies[xvii]. The Elizabethton Water Department has 56 people on staff and is the largest department in the City of Elizabethton. Staffing includes 5 certified water treatment plant operators overseen by 1 water treatment plant manager, and four construction/distribution crews totaling 16 people, with a supervisor and manager overseeing them. Each crew covers a region of the service area totaling approximately 3,000 connections. The remaining staff perform administrative roles and/or work in wastewater services.

### Water Quality and Violations

The Elizabethton Water Department has no reported Safe Drinking Water Act (SDWA) violations within the past five years. There were no regulated contaminant occurrence violations.[xviii] On November 10, 2022, the Elizabethton Water Department was notified by TDEC that the TTHM monitoring results for the third quarter of 2022 exceeded the locational running annual average (LRAA) required for reduced monitoring, and they were to resume routine monitoring at the identified sites. This was not a SDWA violation. There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the Elizabethton Water Department. The EPA ECHO database indicates that the EPA initiated a desk audit and offsite records review on August 8, 2025.

The most recent Sanitary Survey occurred on February 5, 2025. No deficiencies were noted. The report noted that on December 1, 2023, a construction project was approved by the Division following submission of plans in on October 13, 2023. According to utility records, the project was started on August 21, 2023, and was completed on August 30, 2023. The work was performed by a contractor for the TN DOT. The issue was reported to the Division by utility personnel upon discovery.

Two of the three WTPs operated by the Elizabethton Water Department (Valley Forge WTP and Big Springs WTP) have General Discharge Permits for filter backwash and sedimentation basin washout water. Both permits indicate that sludge is sent to the Elizabethton Wastewater Treatment Plant for dewatering and landfill disposal. Both permits expired on August 31, 2025, and there is no indication that the Elizabethton Water Department submitted a NOI to review the permits, and no draft or final permits are available.

The most recent Compliance Evaluation Inspection (CEI) for the Valley Forge WTP discharge permit occurred on October 21, 2022. No deficiencies were identified. The most recent CEI for the Big Springs WTP discharge permit occurred on April 13, 2022. The report identified the deficiencies related to signage and laboratory procedures/documentation.

## Willingness to Consider Regionalization Strategies with Siam Utility District

Information related to responses from interviews with the Elizabethton Water Department staff[xix], the following Regionalization Strategies with the Siam Utility District may be considered after additional consultation and negotiations:

**Table 5**
**Potential Regionalization Strategies for Consideration between Elizabethton Water Department and Siam Utility District**

| | Regionalization Strategy Description | Potential Consideration (Yes / No) | Notes |
|---|---|---|---|
| 1 | Governance / Ownership Merger-Consolidation | Yes | Would require prior capital improvements in Siam, particularly AMI meter installation. Additionally, would require significant contract negotiations with the Watauga River Regional Water Authority regarding future ownership portion of treatment plant. |
| 2 | Hydraulic Interconnection for Emergency Needs | N/A | Already exists |
| 3 | Hydraulic Interconnection for Continuous Water Supply | N/A | Already exists |
| 4 | Contracted Management | Yes | Would require prior capital improvements in Siam, particularly AMI meter installation. Likely to contract out administrative services to third party. |
| 5 | Contracted Water Operator Services | Yes | May need to hire additional construction/distribution crew to cover Siam service area |
| 6 | Contracted Maintenance and Repairs | Yes | Currently provide some maintenance and repair services informally, and would be interested in formalizing an agreement for contracted services. |
| 7 | Contracted Billing and Customer Service | No | The City is actively seeking other firms to contract for administrative services for their own utility. |
| 8 | Contracted Bookkeeping | No | The City is actively seeking other firms to contract for administrative services for their own utility. |
| 9 | Contracted Meter Reading | No | The City is currently replacing all meters to AMI, and therefore does not have staff for manually reading meters in Siam. |
| 10 | Mutual Aid Agreement for Emergencies | N/A | This already occurs on an informal basis in cases of emergencies. |
| 11 | Cooperative Purchasing Agreement | No | Unlikely to see benefit given that Siam purchases 100% of their water supply, and therefore does not engage in significant purchasing of materials. |

# First Utility District of Carter County

## General Information

The First Utility District of Carter County currently produces, treats, and distributes potable drinking water to 3,501 consumer connections in the Carter County. The First Utility District of Carter County sources water from two active groundwater wells. Additionally, the First Utility District of Carter County has a hydraulic interconnection with the City of Elizabethton that it can purchase wholesale water on an emergency basis. In the Utility Annual Information Report for the First Utility District of Carter County, submitted on June 2nd, 2025, the utility states an additional hydraulic interconnection with the Watauga River Regional Water Authority that, "will serve approximately 1,000 customers"[xx]. The First Utility District of Carter County is currently staffed by 1 certified water treatment, distribution, and cross-connection control licensed operator and 2 full-time leak detectors with additional maintenance support. Administrative staff includes 3 employees, including one office manager and two clerks.

## Water Quality and Violations

The First Utility District of Carter County has a 5-year compliance history of three Safe Drinking Water Act (SDWA) violations including two reporting violations related to CCR reporting, and one Treatment Technique violation for combined filter effluent. There were no regulated contaminant occurrence violations.[xxi] There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the First Utility District of Carter County water system.

The most recent Sanitary Survey occurred on January 30, 2025. The report noted a deficiency for turbidity monitoring, as the charts that were being used for continuous turbidity monitoring did not meet the scale requirements of 0-2.0 NTU and Department approval had not been granted for use of an alternative scale. The report also referred to the above-referenced Treatment Technique violation, noting that during a flooding event in September 2024, the system experienced elevated turbidity levels with a reported turbidity exceedance of greater than 1.0 NTU. This event occurred while the system was under a boil water advisory, and public notice was provided as required.

The First Utility District of Carter County has a State Operating Permit (SOP-94009) for the operation of a sedimentation basin for disposal of wastewater water from filter backwash. The permit allows operation of a holding pond with no discharge. A Compliance Evaluation Inspection (CEI) conducted in August 2021 reported that sludge was being stockpiled on site and the First Utility District needed to find a way to properly dispose of the sludge. TDEC's records include correspondence indicating that the sludge is being transported to a wastewater treatment plant but did not identify the treatment plant that is receiving and processing the sludge.

## Willingness to Consider Regionalization Strategies with Siam Utility District

Information related to responses from interviews with the First Utility District of Carter County staff[xxii], the following Regionalization Strategies with the Siam Utility District may be considered after additional consultation and negotiations. Additionally, the First Utility District of Carter County board discussed a potential merger with Siam Utility District at its regular meeting on Jan. 20th, 2026, and expressed an openness to engage in more formal discussions for full consolidation.

**Table 6**
**Potential Regionalization Strategies for Consideration between**
**First Utility District of Carter County and Siam Utility District**

| | Regionalization Strategy Description | Potential Consideration (Yes / No) | Notes |
|---|---|---|---|
| 1 | Governance / Ownership Merger-Consolidation | Maybe | Would require significant capital improvements in Siam to prevent consolidation from negatively impacting FUDCC customers. Would require additional staff capacity. |
| 2 | Hydraulic Interconnection for Emergency Needs | No | Not necessary due to Siam's existing interconnections with other system. |
| 3 | Hydraulic Interconnection for Continuous Water Supply | No | Not necessary due to Siam's existing interconnections with other system. |
| 4 | Contracted Management | No | Do not have staff capacity to |
| 5 | Contracted Water Operator Services | Yes | Would depend on staff capacity given high water loss and maintenance requirements in their own system. |
| 6 | Contracted Maintenance and Repairs | Yes | Would depend on staff capacity given high water loss and maintenance requirements in their own system. |
| 7 | Contracted Billing and Customer Service | Yes | Would likely bring on additional staff |
| 8 | Contracted Bookkeeping | Yes | Would likely bring on additional staff |
| 9 | Contracted Meter Reading | No | Do not have staff to conduct manual meter reading |
| 10 | Mutual Aid Agreement for Emergencies | Yes | |
| 11 | Cooperative Purchasing Agreement | No | Unlikely to generate unit cost savings due to size of both systems. |

## South Elizabethton Utility District

### General Information

The South Elizabethton Utility District currently produces, treats, and distributes potable drinking water to 2,214 consumer connections in the Carter County. The South Elizabethton Utility District has a hydraulic interconnection with the Watauga River Regional Water Authority, through which it purchases 100% of its water supply at a contracted rate of $3.00 per thousand gallons. A $15.00 surcharge is also charged by the Watauga River Regional Water Authority to customers of the South Elizabethton Utility District to cover debt service for the water treatment plant operated by the Authority. See the previous section, General Information, under the Watauga River Regional Water Authority for more information on the relationship between these entities. Additionally, the South Elizabethton Utility District has a hydraulic interconnection with the Unicoi Water Utility District that it can purchase wholesale water on an emergency basis.

## Water Quality and Violations

The South Elizabethton Utility District has a 5-year compliance history of one Safe Drinking Water Act (SDWA) violation related to late filing and certification of the 2020 CCR. There were no regulated contaminant occurrence violations.[xxiii] There is currently no active or pending SDWA enforcement by the U.S. EPA or TDEC for the South Elizabethton Utility District water system. In 2017, the South Elizabethton Water Department exceeded the Lead Action Level for the 90$^{th}$ percentile of samples. This triggered requirements for Consumer Notification and public education, source water monitoring, and WQP monitoring. The source water monitoring and WQP monitoring were not performed by the required dates, which constituted a Tier 3 Monitoring violation and required Public Notification in the next CCR. TDEC records include documentation that the required Public Notification was included in the 2017 CCR. The EPA ECHO database is showing continuing open violations for the Lead and Copper Rule, as well as for the Public Notification.

The most recent Sanitary Survey occurred on October 29, 2025. No deficiencies were noted.

## Willingness to Consider Regionalization Strategies with Siam Utility District

It is unclear whether the South Elizabethton Utility District is willing to consider regionalization strategies with Siam Utility District. Email correspondence and attempt to contact management at the South Elizabethton Utility District were not responded to[xxiv].

Given South Elizabethton Utility District's similar relationship and future ownership structure of the water treatment plant operated by the Watauga River Regional Water Authority, consolidation with Siam Utility District may generate operational and administrative efficiencies. Additionally, upon conclusion of the 30-year debt service payment for the water treatment plant, consolidating ownership to fewer independent entities may improve capital planning and debt service capacity for ongoing maintenance and capital improvements. However, it is unclear whether consolidation of South Elizabethton and Siam Utility Districts would be allowable under the existing agreement with the Watauga River Regional Water Authority.

## Summary of Regionalization Opportunities

Based on interviews with the three systems surveyed to determine interest in exploring regionalization opportunities with the Siam Utility District, there is some in the following regionalization strategies.

**Table 7**
**Interest in Exploring Potential Regionalization Strategies**

| | Regionalization Strategy Description | Water Systems Interested in Exploring Regionalization Strategy |
|---|---|---|
| 1 | Governance / Ownership Merger-Consolidation | First Utility District of Carter County, Elizabethton Water Department, Watauga River Regional Water Authority |
| 2 | Hydraulic Interconnection for Emergency Needs | None |
| 3 | Hydraulic Interconnection for Continuous Water Supply | None |
| 4 | Contracted Management | Elizabethton Water Department |
| 5 | Contracted Water Operator Services | First Utility District of Carter County, Elizabethton Water Department, Watauga River Regional Water Authority |
| 6 | Contracted Maintenance and Repairs | First Utility District of Carter County, Elizabethton Water Department, Watauga River Regional Water Authority |
| 7 | Contracted Billing and Customer Service | First Utility District of Carter County, Watauga River Regional Water Authority |
| 8 | Contracted Bookkeeping | First Utility District of Carter County, Watauga River Regional Water Authority |
| 9 | Contracted Customer Bill Collection | None |
| 10 | Contracted Service Disconnects | First Utility District of Carter County |
| 11 | Contracted Meter Reading | None |
| 12 | Mutual Aid Agreement for Emergencies | None |
| 13 | Cooperative Purchasing Agreement | None |
| 14 | Other (Describe) | None |

** The summary table does not include regionalization opportunities available with the South Elizabethton Utility District due to unsuccessful attempts to contact management from the utility.*

# References

[i] https://www.census.gov/quickfacts/fact/table/cartercountytennessee/PST045225
[ii] https://www.census.gov/quickfacts/fact/table/cartercountytennessee/POP715223
[iii] https://dataviewers.tdec.tn.gov/DWW/JSP/SearchDispatch?number=&name=&county=CARTER&WaterSystemType=All&SourceWaterType=All&PointOfContactType=None&SampleType=null&begin_date=12%2F18%2F2023&end_date=12%2F18%2F2025&action=Search+For+Water+Systems
[iv] EPA Community Water System Service Area Boundaries
[v] *Siam U.D. Water FY 2026 Loss Report*
[vi] *Tennessee Utility Annual Information Reports, accessed Dec. 8th, 2025*
[vii] *Tennessee Drinking Water Watch – Watauga River Regional Water Authority, accessed Jan. 2nd, 2026*
[viii] *Recurring communications with Jonathan Dickey, former Operator for Siam Utility District, and Johnny Henegar, District Manager for Siam Utility District.*
[ix] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for Siam Utility District*
[x] *Received from Siam UD staff on January 23rd, 2026*
[xi] *Tennessee Utility Annual Information Reports, accessed Dec. 8th, 2025*
[xii] *Phone interview with Bryon Trantham and Amber Arnett, Watauga River Regional Water Authority, on Jan. 13th, 2026*
[xiii] *Tennessee Utility Annual Information Reports, accessed Dec. 8th, 2025*
[xiv] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the Watauga River Regional Water Authority*
[xv] *Phone interview with Bryon Trantham and Amber Arnett, Watauga River Regional Water Authority, on Jan. 13th, 2026*
[xvi] *Tennessee Utility Annual Information Reports, accessed Dec. 8th, 2025*
[xvii] *Tennessee Utility Annual Information Reports, accessed Dec. 8th, 2025*
[xviii] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the City of Elizabethton*
[xix] *Phone interview with Jonathan Pleasant, Water Resources General Manager, City of Elizabethton, conducted on Jan. 16th, 2026.*
[xx] *Tennessee Utility Annual Information Reports, accessed Dec. 8th, 2025*
[xxi] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the First Utility District of Carter County*
[xxii] *Phone interview with Jon Nidiffer, General Manager, First Utility District of Carter County, conducted on Jan. 13th, 2026. Additional phone interview with Deborah Ledford, Office Manager, First Utility District of Carter County, conducted on Jan. 22nd, 2026.*
[xxiii] *Information sourced from Tennessee Drinking Water Watch, ECP ECHO database, TDEC Division of Water Resources Data Viewer, and TDEC Enforcement program for the South Elizabethton Utility District*
[xxiv] *Email requesting availability for a call was sent on Jan. 16th, 2026. Phone calls to the South Elizabethton Utility District were made Feb. 5th and Feb. 10th, 2026.*

# Siam Utility District Monthly Meeting

## Monday, March 2, 2026 at 2pm

## Siam Utility Conference Area

***Present:*** *President Joyce Treadway, Mike McKinney and Nathan Jenkins, Commissioners. Michele Henegar, Siam Utility Manager and Tommy Ricks, WFX*

**Minutes**

Call to order was made by President Joyce Treadway

President Joyce Treadway made motion to approve minutes from Siam Utility's Regular Board Meeting on 02/10/2026. Nathan Jenkins second motion, all board members approved motion with 3 "I's".

Board and Siam Manager heard the Rate Study done by Tommy Ricks, WFX as mandated by the TN Comptroller's office on 3 proposed rate increases.

Nathan Jenkins made motion to accept **Rate Proposal 1** and Rate Study and to start rate increase on May 1, 2026 (which will be due starting on June 20, 2026 bills) and Mike McKinney, second motion, all board members approved motion with 3 "I's" which is as follows:

**Change current rate for basic water service from $31.89 to $33.50.**

**Change current minimum charge from 2,500 gallons or less to 1,500 gallons or less.**

**Change current usage above base per 1,000 gallons from $6.50 to $8.50.**

Board Commissioners also want rate increase posted immediately on the Siam Office Window, on the next bills and on Siam Utility's website.

Tommy Ricks, WFX, gave a short board training session to Board Commissioners to discuss board responsibilities, etc.

Tommy Rick, WFX, will have the Regionalization Study done within a week and will get back to the Board.

With no further discussion President Joyce Treadway made motion to adjourn the meeting (Nathan Jenkins second the motion, motion carried)

Next Meeting, April 6, 2026 at 4:30pm

Signed:

Joyce Treadway, President

Mike McKinney, Commissioner

Nathan Jenkins, Commissioner

# Siam Utility District Special Called Board Meeting

## Friday, March 20, 2026 at 9:30am

## Siam Utility Conference Area

***Present:*** *President Joyce Treadway, Mike McKinney and Nathan Jenkins, Commissioners. Michele Henegar, Siam Utility Manager*

**Minutes**

Call to order was made by President Joyce Treadway

Special meeting was called for Board approval of several Siam Utility policies/plans:

**Customer Service Policy:** Mike McKinney, made motion to accept Nathan Jenkins, second motion. All Board members approved motion with 3 "I's".

**Customer Grievance Policy:** Nathan Jenkins, made motion to accept Mike McKinney, second motion. All Board members approved motion with 3 "I's".

**Emergency Plan:** Mike McKinney, made motion to accept Nathan Jenkins, second motion. All Board members approved motion with 3 "I's".

**Cyber Security Policy:** Mike McKinney, made motion to accept Nathan Jenkins, second motion. All Board members approved motion with 3 "I's".

**Leak Policy:** Nathan Jenkins, made motion to accept President Joyce Treadway, second motion. All Board members approved motion with 3 "I's".

**Drought Management Plan:** Nathan Jenkins, made motion to accept Mike McKinney, second motion. All Board members approved motion with 3 "I's".

**Asset Management Plan:** Nathan Jenkins, made motion to accept Nathan Jenkins, second motion. All Board members approved motion with 3 "I's".

**Internal Control Manual and Policy:** Nathan Jenkins, made motion to accept Mike McKinney, second motion. All Board members approved motion with 3 "I's".

The Siam Utility Board also received the Regionalization Opportunities Assessment Executive Summary Report from Tommy Rick, WFX.

Board voted to acknowledge it was received. President Joyce Treadway made motion to acknowledge report was received and Nathan Jenkins second motion. All Board members made acknowledgement by 3"I's".

President Joyce Treadway made motion to look at possible mutual aid agreement with The City of Elizabethton, TN for help in drastic situations. Mike McKinney second motion. 2 Board member passed motion with 2"I's" as Nathan Jenkins abstained from vote due to The City of Elizabethton being his employer.

With no further discussion President Joyce Treadway made motion to adjourn the meeting (Nathan Jenkins second the motion, motion carried)

Next Meeting, April 6, 2026 at 4:30pm

Joyce Treadway, President

Mike McKinney, Commissioner

Nathan Jenkins, Commissioner

WFX
WATER FINANCE EXCHANGE
NO COMMUNITY LEFT BEHIND

July 29, 2025

Siam Utility District
Mike McKinney, President
2483 Siam Rd., Elizabethton, TN 37643

**Re: Engagement with the Siam Utility District to Study Regionalization Opportunities**

Dear Mike McKinney:

The Water Finance Exchange ("WFX") is pleased to support the Siam Utility District ("the District") as it considers its addresses needs across water and/or wastewater system management and infrastructure. We believe WFX can provide support to the District as it considers the various financial options and strategic decisions.

This engagement letter sets forth our agreement for the provision of technical assistance services, which will involve working with the District to advise on the various financial, technical, managerial, and infrastructure development decisions related to water and/or wastewater services for the District (the Scope). WFX will provide technical assistance services to the District to support some or all of the following activities:

- Completion of a WFX IFMT Assessment, and develop a corresponding Task List of Technical Assistance Services;
- Completion of a Utility Rate Study of existing water and/or wastewater rates and corresponding recommendations for proposed adjustments to the rate structures to adequately financially sustain the utility;
- Completion of a Regionalization Opportunities Assessment in compliance with the Tennessee Board of Utility Regulation requirements for a merger feasibility study;
- Assist efforts in procuring additional professional service as needed, such as with engineering and/or financial services;
- Evaluate additional needs by coordinating with state and federal agencies, technical assistance providers, professional service providers, regional organizations and local governments, and other relevant partners.

WFX services are intended to be comprehensive and can be amended based upon the needs and of the District. We would be happy to discuss expanding the scope of services at any time should the District desire, at which point we would execute a subsequent agreement.

The WFX project team will be led by Tommy Ricks and supported by other WFX professionals on an as-needed basis. Attached are biographies of the core WFX team available to support the District. Tommy Ricks will serve as your primary contact. We understand that the District may be working in partnership with other organizations and, as such, the District authorizes WFX and its representatives to communicate and coordinate directly with each of them as needed.

WFX is funded, in part, through philanthropic partners, which allows WFX to provide the services presented in the Scope above at no cost to the District. WFX provides some specialized services on a fee-for-service basis, including, but not limited to, investment-grade rate analysis, Regionalization Opportunities Assessment, and Emergency Response Plans. In some cases, these services may be

provided at a subsidized rate of up to 100%, or at no cost to the District. If the District would like to secure these specialized services on a fee-for-service basis, WFX will work with the District to execute that contract separately from the terms set forth in this letter of engagement.

As a 501(c)(3), non-profit organization, WFX is also eligible for reimbursement of our costs related to funding application support under various state and federal funding programs upon a successful award of funds for capital projects. Should the District pursue funding for capital projects through state and federal programs, WFX would recommend the District procure technical assistance support for administrative services to complete and manage all federal funding application requirements.

The District or WFX may terminate this engagement upon 14 days written notice to the other.

WFX often includes success stories of its clients in its marketing materials and, as such, we would ask the District to authorize WFX to reference our work with the District, including identifying the District as its client, in WFX's marketing materials intended to be provided to WFX funders and the general public for the purpose of describing the WFX's role in supporting the District.

We are very excited to be working with you on this matter. If the terms of this engagement letter are acceptable to you, please sign below and return to me or signify your acceptance by sending Tommy Ricks an email to that effect at TRicks@WaterFX.org.

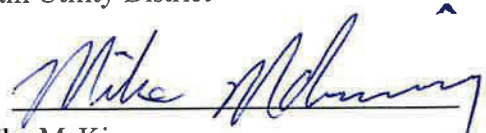
Sincerely,



Brent Fewell
Co-founder, Water Finance Exchange

Agreed:

Siam Utility District



Mike McKinney

Date: 7/30/25

Cc: Tommy Ricks, WFX
Jackson Parr, WFX

G-17 Notice: *The Water Finance Exchange is acting as a technical assistance provider and not as a municipal advisor, financial advisor or fiduciary to the Issuer or any other person or entity in connection with the issuance of municipal securities by the Issuer. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. The Issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer would like a municipal advisor that has legal fiduciary duties to the Issuer, then the Issuer is free to engage a municipal advisor to serve in that capacity.*

## WFX Staff Bios

**Brent Fewell**
As an environmental lawyer and former corporate executive and senior U.S. EPA official in EPA's Offices of Water and Congressional and Intergovernmental Relations, he brings a wealth of knowledge and unique perspective to his clients in navigating the regulatory and political arenas in Washington, D.C. He routinely works with water and wastewater utilities, advising on governance and compliance related matters. He also co-chairs the Water Ad Hoc Group, composed of all the national water and wastewater associations, aimed at advocating for additional funding and policy reform to increase the sustainability and resilience of water utilities across the nation.

As a highly regarded thought leader on environmental policy and governance matters, his counsel and opinions are sought out by corporate and government leaders around the globe. He brings unparalleled energy and passion to the issues in a way that few do to help his clients navigate in an increasingly complex and nuanced regulatory environment. He received his B.S. in Wildlife Management from the University of Maine (high distinction), a Masters in Environmental Management from Duke University, and J.D. from Duquesne University School of Law.

**Tommy Ricks**
Tommy Ricks has dedicated his 36-year professional career to helping small communities navigate critical water infrastructure project development, providing capacity building technical assistance and training, and local strategic asset-based community economic development.

Mr. Ricks is an honorably discharged veteran and has served communities as a certified water operator, regional utility manager, technical assistance provider, and program director overseeing other technical assistance providers. He has worked in states throughout the southeast as well as designed and delivered board governance training to local officials across the country including his capacity as a former adjunct faculty member of the National Environmental Training Center for Small Communities at West Virginia University. In 2024, he joined WFX as its Community Support Director and is directly responsible for engaging and providing water sector financial assistance to communities primarily in Alabama, Tennessee, and Mississippi. He holds a Master of Science in Nonprofit Administration from Louisiana State University in Shreveport, LA and a Bachelor of Fine Arts degree from Delta State University in Cleveland, MS.

**Jackson Parr**
Mr. Parr is an experienced water researcher and science communicator who has spent his career at the intersection of water resources and community development. He was a Fellow at Wisconsin Sea Grant within the University of Wisconsin-Madison where he worked with communities on flood resilience planning in coastal Great Lakes cities. He was also a research associate at the North Central Region Water Network and University of Wisconsin-Madison Division of Extension, where he helped create a framework for state-level policy interventions to address water quality and quantity challenges in Mississippi River Basin through collaborative watershed governance systems. He was formerly a newspaper editor covering Great Lakes communities in northeast Wisconsin. He holds a Masters in Public Affairs from the University of Wisconsin-Madison's La Follette School of Public Affairs and a Masters in Water Resources Management from the University of Wisconsin Madison's Nelson Institute for Environmental Studies.




**Jason E. Mumpower**
*Comptroller*

Entity Referred: **City of Sunbright**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Sewer**

County: **Morgan**

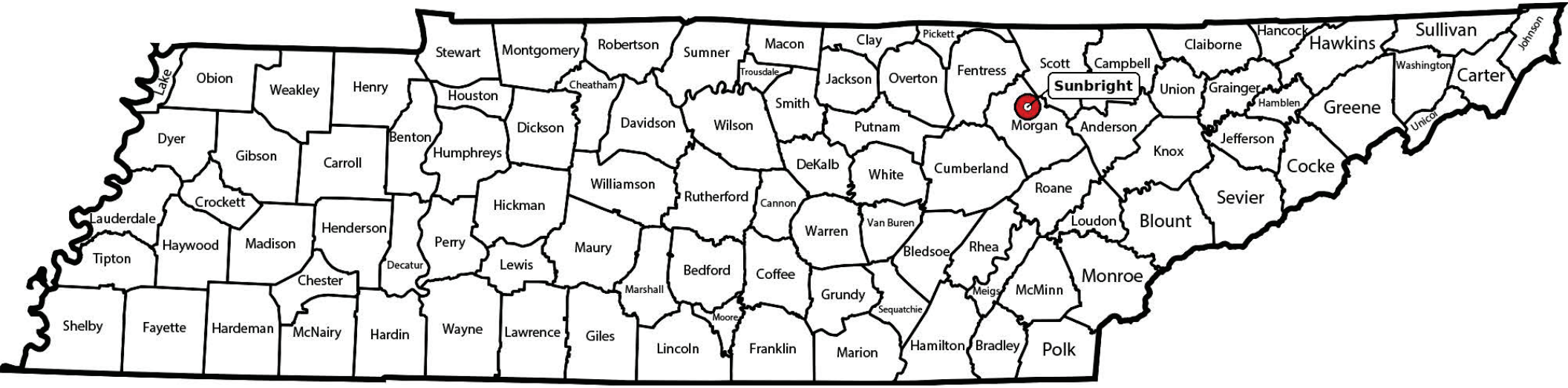
**Staff Summary:**
The City of Sunbright ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2018. The Utility has continued to display a negative change in statutory net position for fiscal years 2024 and 2025. Board staff believes that an updated rate study is necessary.

**Staff Recommendation:**

1. The Utility shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
    a. a review of the capitalization policy, including any recommended modifications;
    b. a review of the debt management policy, including any recommended modifications;
    c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
    d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
    e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
2. By August 30, 2026 the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.
3. By April 30, 2026 the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

# Sunbright

| | Category: **Sewer** | | County: **Morgan** | |
|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** |
| **Net Assets** | $726,965.00 | $720,470.00 | $715,551.00 | $712,534.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $2,465.00 | $2,465.00 | $2,465.00 | $2,465.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $724,500.00 | $718,005.00 | $713,086.00 | $710,069.00 |
| **Operating Revenues** | $38,325.00 | $39,067.00 | $37,716.00 | $43,267.00 |
| **Net Sales** | $38,325.00 | $39,067.00 | $37,716.00 | $43,267.00 |
| **Operating Expenses** | $56,029.00 | $45,562.00 | $42,635.00 | $46,284.00 |
| **Depreciation Expenses** | $29,764.00 | $30,709.00 | $32,836.00 | $32,082.00 |
| **Non Operating Revenues** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Capital Contributions** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | -$17,704.00 | -$6,495.00 | -$4,919.00 | -$3,017.00 |
| **Statutory Change In Net Position** | -$17,704.00 | -$6,495.00 | -$4,919.00 | -$3,017.00 |




**Sunbright**

Total customers: 54

**Jason E. Mumpower**
*Comptroller*

Entity Referred: **Town of Hollow Rock**

Referral Reason: **Administrative Review**

Utility Type Referred: **Water And Sewer**

County: **Carroll**

**Staff Summary:**

The Town of Hollow Rock ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since fiscal year 2021. Additionally, the Utility now has the following cases outstanding: Excessive Water Loss, Training Non-Compliance, and Late Audits (2 years). The Utility has contracted with the Municipal Technical Advisory Service ("MTAS") to complete the ordered rate study. However, due to delinquent audits and other delays, completing the rate study in a timely manner has not been feasible. According to the most recent audit available ("2023"), the utility is still producing a negative change in net position.

Board staff believes that in order to protect the customers of this Utility and rectify the current financial instability being experienced, consolidation proceedings should be pursued.

**Staff Recommendation:**

The Board should order the following:

1. An Administrative Review Case shall be opened to consolidate the ongoing issues that are currently being experienced by the Utility.

2. The Utility shall have a qualified expert, as approved by Board staff, perform a study of the feasibility of a merger between the Utility and surrounding utilities that includes the following:

3. a preliminary review and list of the five closest local government utilities that provide the same service(s), and are within 30 miles of the Utility's main office. If there are fewer than five utilities that meet the requirements, the preliminary review shall include all local government utilities that meet the requirements.

4. a detailed analysis of at least two of the utility systems identified in paragraph 1(a). If there is only one system identified, the study shall also consider what local improvements may be made to the Utility in order to correct all operational, financial, and managerial deficiencies. The detailed analysis shall include:

a. a breakdown of what capital improvements must be made in order for the Utility to be hydraulically connected to each system being considered, and the associated cost.

b. an analysis of whether or not a managerial and financial only consolidation is a viable option, and the associated cost for each system being considered.

c. A report that includes the current rates of the ailing utility system and the estimated rates for every option presented in the findings required by paragraphs 1(b)(i) and 1(b)(ii).

3. By August 31, 2026, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph.

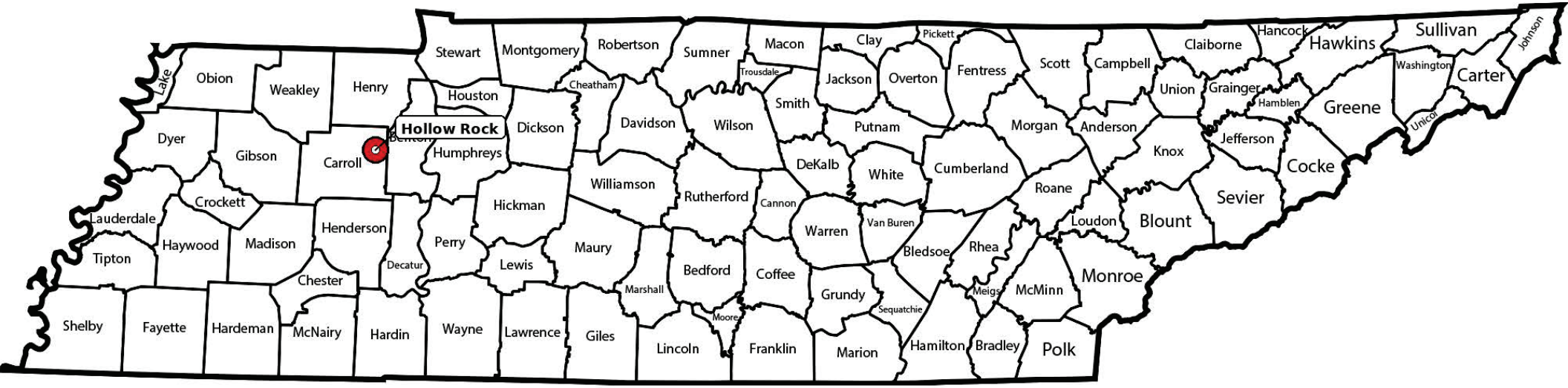
4. By April 30, 2027, the Utility shall provide Board staff with the completed feasibility study.

5. Should the Utility fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Utility's governing body and/or Manager to appear in person before the Board during its next meeting following non-compliance with this order.

6. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

# Hollow Rock

| | Category: **Water And Sewer** | | County: **Carroll** | |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| **Net Assets** | $1,951,487.00 | $1,914,072.00 | $1,896,590.00 | $1,863,822.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $415,036.00 | $406,457.00 | $379,755.00 | $372,433.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $1,536,451.00 | $1,507,615.00 | $1,516,835.00 | $1,491,389.00 |
| **Operating Revenues** | $178,462.00 | $188,220.00 | $249,021.00 | $249,622.00 |
| **Net Sales** | $178,462.00 | $188,220.00 | $247,032.00 | $247,829.00 |
| **Operating Expenses** | $165,295.00 | $202,902.00 | $225,983.00 | $262,440.00 |
| **Depreciation Expenses** | $67,078.00 | $67,078.00 | $65,643.00 | $65,643.00 |
| **Non Operating Revenues** | -$14,552.00 | -$14,154.00 | -$13,818.00 | -$12,628.00 |
| **Capital Contributions** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | -$1,385.00 | -$28,836.00 | $9,220.00 | -$25,446.00 |
| **Statutory Change In Net Position** | -$1,385.00 | -$28,836.00 | $9,220.00 | -$25,446.00 |




**Hollow Rock**

Total customers: 380

**Jason E. Mumpower**
*Comptroller*

Entity Referred: **Iron City Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

County: **Lawrence**

**Staff Summary:**

The Iron City Utility District ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress since 2018. The Utility has entered into a contract with Rye Engineering (the "Third-Party Expert") to complete a feasibility study, which will be funded through a Tennessee Infrastructure Planning Grant. In order for an in-depth analysis of the system to be completed, the Third-party Expert has requested that prior due dates be adjusted. Board staff agrees with the requests and believes that future compliance will not be an issue with the updated due dates.

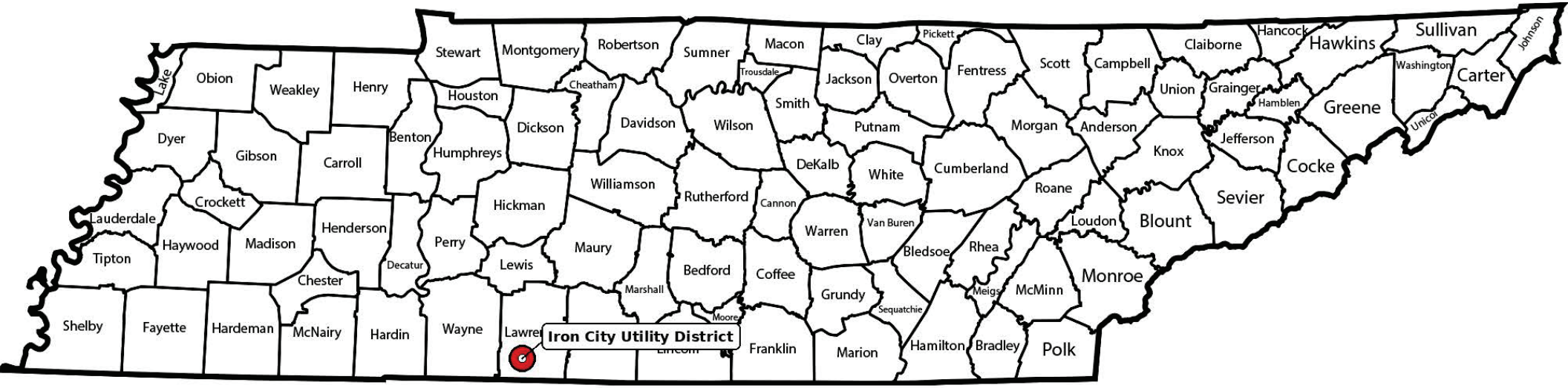
**Staff Recommendation:**

The Board should order the following:

1. By December 31, 2026, the Utility shall provide Board staff with the completed feasibility study.
2. Board staff is given the authority to grant up to two extensions of up to 2 four months of the foregoing deadlines upon a showing of good cause by the Utility.
3. Should the Utility fail to comply with any directive in this order, Board staff and Counsel may issue subpoenas for the Utility's governing body and Manager to appear in person before the Board during its next meeting following non-compliance with this order.

# Iron City Utility District

| | Category: **Water** | | County: **Lawrence** | |
|---|---|---|---|---|
| | **2021** | **2022** | **2023** | **2024** |
| **Net Assets** | $1,061,880.00 | $1,022,980.00 | $954,936.00 | $921,388.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $8,533.00 | $9,746.00 | $9,423.00 | $13,251.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $1,053,347.00 | $1,013,235.00 | $945,513.00 | $908,137.00 |
| **Operating Revenues** | $154,422.00 | $150,520.00 | $148,463.00 | $138,312.00 |
| **Net Sales** | $153,404.00 | $150,220.00 | $146,960.00 | $138,762.00 |
| **Operating Expenses** | $189,024.00 | $190,633.00 | $241,406.00 | $200,466.00 |
| **Depreciation Expenses** | $40,018.00 | $40,018.00 | $40,018.00 | $40,071.00 |
| **Non Operating Revenues** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Capital Contributions** | $0.00 | $0.00 | $25,222.00 | $24,778.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | -$34,602.00 | -$40,113.00 | -$67,721.00 | -$37,376.00 |
| **Statutory Change In Net Position** | -$34,602.00 | -$40,113.00 | -$92,943.00 | -$62,154.00 |




## Iron City Utility District

Total customers: 238

**Jason E. Mumpower**
*Comptroller*

Entity Referred: **City of Moscow**

Referral Reason: **Training**

Utility Type Referred: **Water**

County: **Fayette**

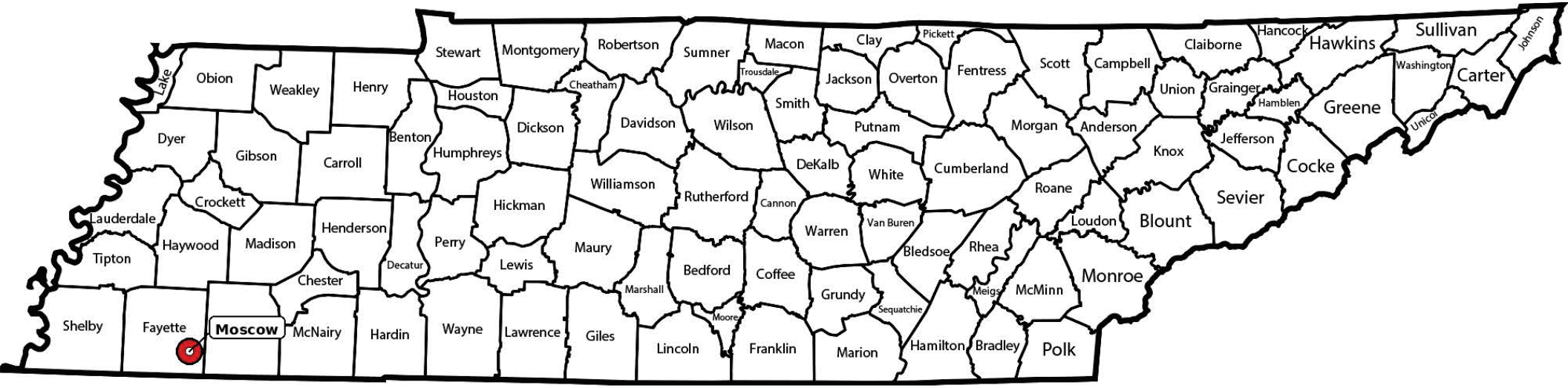
**Staff Summary:**

The City of Moscow (the "Utility") has been referred to the Tennessee Board of Utility Regulation (the "Board") since fiscal year 2025, for training non-compliance. At the March 12, 2026, meeting, the Board issued an order requiring the Utility to provide proof of compliance to staff by April 30, 2026. The Utility has provided training verification for all but one board member, Mr. Richard Allen. According to the Utility, Mr. Allen is unable to complete the current training requirements due to his age and poor health. Mr. Allen's term expires this year, and he is up for reelection in November, if he chooses to seek another term. While Board staff understands that health issues may complicate the completion of utility training, it is important to note that the training is still a requirement for all individuals who choose to continue serving. Pursuant to Tenn. Code Ann. § 7-34-115(f), the Board has the authority to order reasonable sanctions against the municipality where "any member of a municipal utility board of commissioners fails to meet the training and continuing education requirements . . . before the end of the continuing education or before the end of any extension . . ."

**Staff Recommendation:**

The Board should order the following:

1. The Utility shall not be eligible for state grants nor to receive assistance from the Tennessee local development authority while Mr. Allen is not in compliance with Tennessee's training requirements and is still a member of the Utility's board.




**Moscow**

Total customers: 518

Jason E. Mumpower
*Comptroller*

Entity Referred: **City of Sharon**

Referral Reason: **Late Audits (2 Years)**

Utility Type Referred: **Water And Sewer**

County: **Weakley**

**Staff Summary:**

The City of Sharon (the "Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for financial distress pursuant to Tenn. Code Ann. § 7-82-703. Additionally, the Utility has been referred for two or more years of late audits; currently, the most recent audit is from fiscal year 2022. Board staff is concerned that the utility's continued financial reporting deficiencies, combined with its declining financial position, indicate broader financial and managerial concerns. Board staff recommends that the Board order the utility to complete a feasibility study to determine whether merger, regionalization, or other operational changes are necessary to address the utility's financial and managerial deficiencies.

**Staff Recommendation:**

The Board should order the following:

1. The Utility shall have a qualified expert, as approved by Board staff, perform a study of the feasibility of a merger between the Utility and surrounding utilities that includes the following:

    a. a preliminary review and list of the five closest local government utilities that provide the same service(s), and are within 30 miles of the Utility's main office. If there are fewer than five utilities that meet the requirements, the preliminary review shall include all local government utilities that meet the requirements.

    b. a detailed analysis of at least two of the utility systems identified in paragraph 1(a). If there was only one system identified, the study shall also consider what local improvements may be made to the Utility in order to correct all operational, financial, and managerial deficiencies. The detailed analysis shall include:

    c. a breakdown of what capital improvements must be made in order for the Utility to be hydraulically connected to each system being considered, and the associated cost.

    d. an analysis of whether or not a managerial and financial only consolidation is a viable option, and the associated cost for each system being considered.

    e. a report that includes the current rates of the ailing utility system and the estimated rates for every option presented in the findings required by paragraphs 1(b)(i) and 1(b)(ii)

2. By August 31, 2026, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.

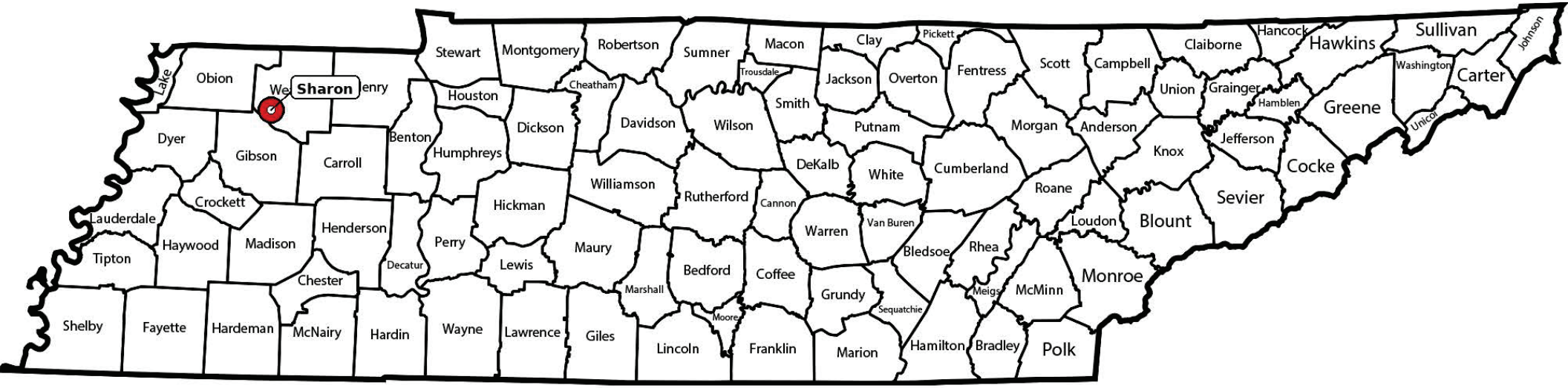
3. By December 31, 2026, the Utility shall provide Board staff with the completed feasibility study.

4. Board staff is given the authority to grant up to two extensions of up to six months of the foregoing deadlines upon a showing of good cause by the Utility.

5. Should the Utility fail to comply with any directive in this order, Board staff and Counsel shall issue subpoenas for the Utility's governing body and/or Manager to appear in-person before the Board during its next meeting following non-compliance of this order.

# Sharon

| | Category: **Water And Sewer** | | County: **Weakley** | |
|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **2022** |
| **Net Assets** | $1,690,280.00 | $1,694,489.00 | $1,756,092.00 | $1,817,771.00 |
| **Deferred Outflow Resources** | $0.00 | $1,152.00 | $1,224.00 | $716.00 |
| **Net Liabilities** | $7,748.00 | $10,460.00 | $54,934.00 | $90,128.00 |
| **Deferred Inflow Resources** | $0.00 | $416.00 | $284.00 | $3,526.00 |
| **Total Net Position** | $1,682,532.00 | $1,684,765.00 | $1,702,098.00 | $1,724,833.00 |
| **Operating Revenues** | $243,360.00 | $256,117.00 | $263,864.00 | $281,462.00 |
| **Net Sales** | $91,041.00 | $93,007.00 | $251,876.00 | $262,407.00 |
| **Operating Expenses** | $216,699.00 | $243,715.00 | $254,518.00 | $278,996.00 |
| **Depreciation Expenses** | $65,723.00 | $66,910.00 | $68,056.00 | $63,720.00 |
| **Non Operating Revenues** | $1,644.00 | $3,016.00 | $866.00 | $157.00 |
| **Capital Contributions** | $0.00 | $0.00 | $20,700.00 | $34,242.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | -$13,567.00 | -$13,185.00 | -$13,579.00 | -$14,130.00 |
| **GAAP Change In Net Position** | $14,738.00 | $2,233.00 | $17,333.00 | $22,735.00 |
| **Statutory Change In Net Position** | $14,738.00 | $2,233.00 | -$3,367.00 | -$11,507.00 |




**Sharon**

Total customers: 1,043

**Jason E. Mumpower**
*Comptroller*

| | |
|---|---|
| Entity Referred: | **City of Tennessee Ridge** |
| Referral Reason: | **Late Audits (2 Years)** |
| Utility Type Referred: | **Water and Sewer** |
| County: | **Houston, Stewart** |

**Staff Summary:**

The City of Tennessee Ridge ("the Utility") has been referred to the Tennessee Board of Utility Regulation ("the Board") for late audits since fiscal year 2025. On March 13, 2025, the Board ordered the Utility to submit all delinquent audits by May 31, 2025. The Utility did not meet this deadline and subsequently requested both 90-day extensions, moving the due date to November 27, 2025. Currently, only the 2023 audit has been submitted; this audit was received on September 23, 2025. On October 17, 2025, the Board allowed for an extension due to the Utility changing audit firms. Since then, the Utility has submitted the 2024 audit and anticipates being able to file both the 2025 and 2026 within the next 9 months.

Due to the ongoing challenges in securing sufficient audit services, Board staff believes that it is prudent to reset the due dates previously ordered.

**Staff Recommendation:**

The Board should order the following:

1. The Utility must submit both the 2025 and 2026 fiscal year audits to the Board and to the Comptroller's Division of Local Government Audit (at LGA.Web@cot.tn.gov) by December 31, 2026.

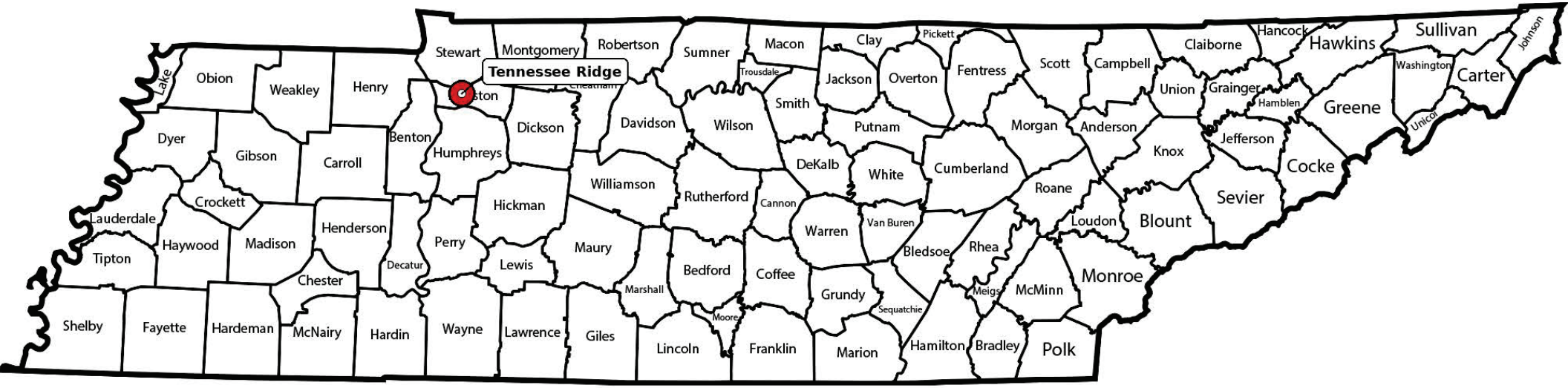
2. The Utility shall not issue any debt or receive any grants without the express consent of Board staff. Board staff must respond to requests within 15 business days of receipt. If Board staff does not respond in a timely manner, the funding request is considered to be approved, pending any other approvals that the Utility would need.

3. Board staff has the authority to issue up to two 45-day extensions for item 1, upon a showing of good cause by the Utility. Board staff has the discretion to determine good cause.

4. Board staff shall have the discretion to release this case once all items have been completed.

# Tennessee Ridge

| | Category: **Water And Sewer** | | County: **Houston; Stewart** | |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| **Net Assets** | $4,094,049.00 | $4,042,597.00 | $4,416,994.00 | $5,093,435.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $589,602.00 | $556,270.00 | $930,571.00 | $2,017,304.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $3,504,447.00 | $3,486,327.00 | $3,486,423.00 | $3,076,131.00 |
| **Operating Revenues** | $608,911.00 | $612,038.00 | $667,758.00 | $694,586.00 |
| **Net Sales** | $608,911.00 | $612,038.00 | $667,758.00 | $612,213.00 |
| **Operating Expenses** | $722,626.00 | $693,721.00 | $684,795.00 | $1,131,549.00 |
| **Depreciation Expenses** | $184,857.00 | $163,577.00 | $155,074.00 | $151,204.00 |
| **Non Operating Revenues** | $15,289.00 | $4,235.00 | $4,133.00 | $12,452.00 |
| **Capital Contributions** | $0.00 | $59,328.00 | $13,000.00 | $14,219.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | -$98,426.00 | -$18,120.00 | $96.00 | -$410,292.00 |
| **Statutory Change In Net Position** | -$98,426.00 | -$77,448.00 | -$12,904.00 | -$424,511.00 |




**Tennessee Ridge**

Total customers: 1,436

**Jason E. Mumpower**
*Comptroller*

Entity Referred: **Town of Troy**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Sewer**

County **Obion**

**Staff Summary:**

The Town of Troy (the "utility") has been referred to the Tennessee Board of Utility Regulation (the "Board") for financial distress pursuant to Tenn. Code Ann. § 7-82-703 due to a decrease in net position in the 2023 and 2024 audits. The Utility has timely filed the financial distress questionnaire, as requested by Board staff. The Utility stated that it has not completed a rate study within the previous five years. Board staff recommends that the Board order the utility to complete a rate study to address the utility's financial condition and determine whether modifications to the utility's rates, policies, fees, or capital planning are necessary.

**Staff Recommendation:**

The Board should order the following:

1. The Utility shall have the Tennessee Association of Utility Districts, or another qualified expert, as approved by Board staff, perform a rate study that includes the following:

   (a) a review of the capitalization policy, including any recommended modifications;
   (b) a review of the debt management policy, including any recommended modifications;
   (c) the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
   (d) a review of relevant utility fees, including but not limited to connection or tap fees, including any recommended modifications;
   (e) verification that all governing body members of the utility are in compliance with all relevant training requirements;
   (f) a review of the leak adjustment policy, including any recommended modifications or adoption of such policy, should one not exist;

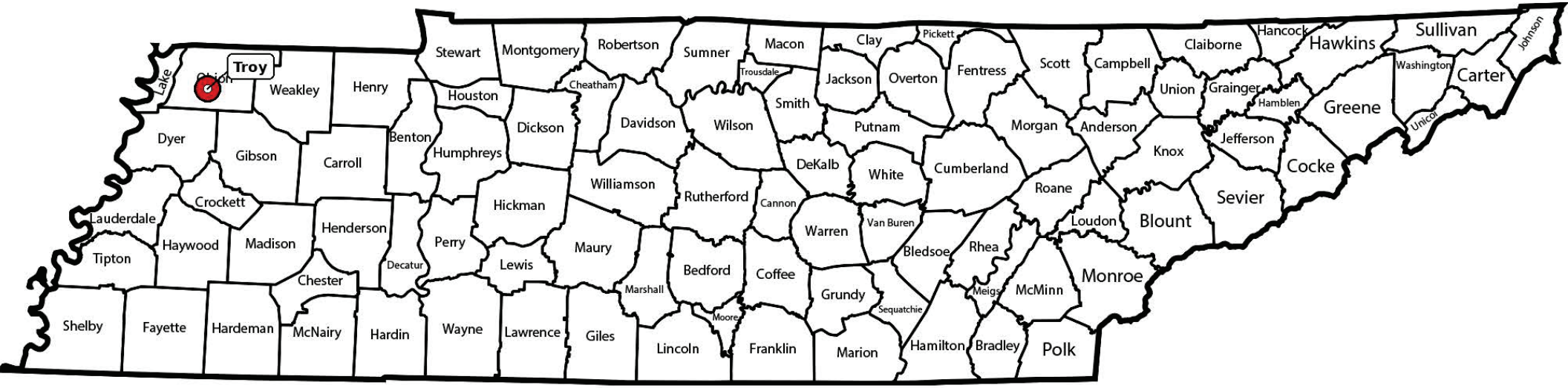
2. By August 31, 2026, the Utility shall send Board staff a copy of the contract between the Utility and the qualified expert who is to perform the tasks in paragraph 1.

3. By December 31, 2026, the Utility shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

4. Board staff is given the authority to grant up to two extensions of up to six months of t
foregoing deadlines upon a showing of good cause by the Utility.

# Troy

| | Category: **Sewer** | | County: **Obion** | |
|---|---|---|---|---|
| | **2021** | **2022** | **2023** | **2024** |
| **Net Assets** | $2,425,322.00 | $2,400,020.00 | $2,360,367.00 | $2,418,863.00 |
| **Deferred Outflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Liabilities** | $450,255.00 | $415,941.00 | $391,195.00 | $456,313.00 |
| **Deferred Inflow Resources** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Total Net Position** | $1,975,067.00 | $1,984,079.00 | $1,969,172.00 | $1,962,550.00 |
| **Operating Revenues** | $281,669.00 | $297,742.00 | $299,600.00 | $317,089.00 |
| **Net Sales** | $275,637.00 | $290,410.00 | $292,893.00 | $308,008.00 |
| **Operating Expenses** | $266,334.00 | $289,757.00 | $318,896.00 | $330,011.00 |
| **Depreciation Expenses** | $75,677.00 | $78,117.00 | $78,355.00 | $81,396.00 |
| **Non Operating Revenues** | $1,370.00 | $1,398.00 | $4,389.00 | $6,300.00 |
| **Capital Contributions** | $20,924.00 | $0.00 | $0.00 | $0.00 |
| **Transfers In** | $0.00 | $0.00 | $0.00 | $0.00 |
| **Transfers Out** | $0.00 | $0.00 | $0.00 | $0.00 |
| **GAAP Change In Net Position** | $37,258.00 | $9,383.00 | -$14,907.00 | -$6,622.00 |
| **Statutory Change In Net Position** | $16,334.00 | $9,383.00 | -$14,907.00 | -$6,622.00 |




**Troy**

Total customers: 1,986

**From:** buddy@ratestudies.com <buddy@ratestudies.com>
**Sent:** Thursday, May 28, 2026 10:30 AM
**To:** Ross Colona <Ross.Colona@cot.tn.gov>
**Cc:** Jack Elston <jmelston@comcast.net>
**Subject:** Justification of rates

Ross

Please find enclosed a request for consideration by the Tennessee Board of Utility Regulation regarding an alternative approach for reviewing outside-city and commercial water rate differentials when a utility has been ordered to complete a rate study.

The purpose of this request is to suggest a practical option for financially distressed utilities that may otherwise be required to incur additional cost to verify certain rate differentials. Specifically, the request proposes that, in lieu of requiring a full cost-of-service verification in every case, a utility could be given the option to either reduce the questioned rate differential to no more than **1.50 times** the comparable base rate or provide the Board with a cost-based justification to maintain the current differential.

This alternative would apply to outside-city residential and commercial rates, and could also apply where commercial rates exceed residential rates and the Board requests justification. The intent is not to eliminate cost-of-service review where it is needed, but to provide a moderate, customer-protective benchmark that may reduce unnecessary study costs for utilities already experiencing financial distress.

As noted in the request, the Tennessee Advisory Commission on Intergovernmental Relations, in its **February 2014 report, *Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities***, found that the average outside-city municipal water bill was approximately **1.84 times** the average inside-city municipal water bill at 5,000 gallons of monthly usage. In that context, a **1.50 multiple** would represent a conservative alternative when compared with statewide municipal water-rate practices.

I respectfully request that this concept be reviewed and considered as a possible option when the Board issues future orders requiring rate studies and review of outside-city rates, commercial rates, or other customer-class rate differentials.

Thank you for your time and consideration.

Sincerely,

**Buddy Petty, P.E.**
RateStudies LLC

Tennessee Board of Utility Regulation
State of Tennessee

Dear Members of the Board:

I respectfully request that the Tennessee Board of Utility Regulation consider providing financially distressed utility systems with an alternative method for addressing certain water rate differentials when the Board issues an order requiring a rate study.

As you know, some utilities ordered to complete a rate study are also required to verify or justify outside-city rates and, in some cases, commercial customer rates. While this is a reasonable regulatory objective, a detailed cost-of-service verification for outside-city or commercial rates can be expensive, time-consuming, and may add additional financial burden to a utility that is already under financial stress.

I would like to suggest that, in lieu of requiring a full verification of these rate differentials in every case, the Board consider allowing the utility the following option:

**The utility may either reduce the questioned rate differential to no more than 1.50 times the comparable base rate, or provide the Board with a cost-based justification to maintain the current rate differential.**

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR), in its **February 2014 report, *Ensuring Fair and Equitable Water and Wastewater Rates for Non-resident Customers of City Utilities***, reviewed municipal water rates for customers located outside city limits. TACIR reported that, at **5,000 gallons** of monthly water usage, the average inside-city municipal water bill was **$18.06**, while the average outside-city municipal water bill was **$33.26**. This represents an implied outside-city rate multiple of approximately **1.84 times** the inside-city rate. The 1.5 multiplier is only a recommendation, but it does fall within the average multiplier of 1.84.

This alternative could apply to both outside-city rates and commercial customer rates. For example, the 1.50 multiple could apply in the following situations:

- outside-city residential rates compared to inside-city residential rates;
- outside-city commercial rates compared to inside-city commercial rates; and
- inside-city commercial rates compared to inside-city residential rates, when commercial rates are higher and the Board requests justification.

Under this approach, if an outside-city rate or commercial customer rate exceeds 1.50 times the comparable rate, the utility could either reduce the rate to the 1.50 multiple or provide the Board with documentation supporting the higher differential.

This approach would still protect customers by limiting unsupported rate differentials, while also giving financially distressed utilities a practical and less costly path to compliance. A 1.50

multiple would represent a moderate rate differential and would generally be more conservative than many rate structures currently used by municipal utilities in Tennessee.

There are practical reasons why outside-city customers may reasonably pay more than inside-city customers. Outside-city service areas often have lower customer density, meaning fewer customers are served per mile of water line. A lower number of customers per mile generally results in more infrastructure cost per customer, including greater investment in water mains, valves, meters, hydrants, easements, maintenance exposure, depreciation, and long-term replacement costs. Outside service may also involve longer travel distances for maintenance and meter service, additional pumping requirements, pressure-zone considerations, storage needs, and higher operating costs associated with serving a more spread-out customer base.

There may also be practical reasons why commercial customers are charged a higher rate than residential customers. Commercial customers may have larger meters, higher peak demands, different usage patterns, greater fire-flow or capacity requirements, or service characteristics that place a greater burden on the system. In some cases, commercial customers may also require larger service lines, higher meter and billing costs, or additional capacity in treatment, storage, or distribution facilities. These factors can support a reasonable commercial rate differential when they are present.

For example, an inside-city area may have a compact distribution system with a relatively high number of customers per mile of water main, while an outside-city area may require longer lines to serve fewer customers. In that situation, the outside customers place a greater infrastructure burden on the system on a per-customer basis. Similarly, a commercial customer class may place greater demand on system capacity than a typical residential customer class. Reasonable rate differentials recognize these differences and help avoid shifting additional costs onto other customers.

At the same time, this approach would preserve the Board's ability to require justification where a utility believes that a higher rate differential is appropriate. If a utility wishes to maintain an outside-city or commercial rate above the 1.50 multiple, it would still be responsible for providing a reasonable cost-of-service explanation based on factors such as customer density, customers per mile of water line, line miles, pumping requirements, storage, meter size, usage patterns, peak demand, fire-flow requirements, maintenance, depreciation, debt service, and other infrastructure-related costs.

This option would create a balanced regulatory approach by:

1. Reducing unnecessary study costs for financially distressed utilities;
2. Providing a clear and reasonable benchmark for questioned rate differentials;
3. Protecting customers from unsupported rate differences;
4. Recognizing that outside-city and commercial service may legitimately cost more to provide;
5. Allowing higher differentials only when supported by cost-of-service factors; and
6. Helping utilities focus limited resources on achieving financial stability.

The intent of this request is not to eliminate cost-of-service review where it is needed, but to provide a practical alternative in cases where the utility is willing to adopt a moderate rate differential. This would allow the Board to maintain appropriate oversight while reducing the cost and complexity placed on utilities that are already financially challenged.

I respectfully ask that the Board consider this option when issuing future orders requiring rate studies and review of outside-city rates, commercial rates, or other customer-class rate differentials.

Thank you for your consideration.

Sincerely,

**Buddy Petty, P.E.**
RateStudies LLC

Jason E. Mumpower
*Comptroller*

# Depreciable Service Life Guidelines for Ductile Iron Water Lines

## Background and Request:

Mallory Valley Utility District ("MVUD") requested that the Tennessee Board of Utility Regulation ("TBOUR" or "Board") consider amending the current depreciable service life guidelines for water lines. The current guideline for "Water Lines and Storage" is 40 to 50 years. MVUD requested that the Board establish a minimum 75-year depreciable service life for ductile iron water lines.

MVUD's request is based on its position that ductile iron pipe often remains in service beyond 50 years and that the current depreciation range may not accurately reflect the expected service life of ductile iron water infrastructure. MVUD also expressed concern that assets may become fully depreciated while still remaining functional and in active service, which could affect rate-setting, financial reporting, and intergenerational equity.

At its prior meeting, the Board considered the request and determined that additional information was needed before taking action. The Board directed staff to consult with the Tennessee Department of Environment and Conservation ("TDEC") and gather additional information regarding the issue.

## Research and Consultation

Staff reviewed the submitted materials, the existing depreciation guidance, relevant technical and accounting considerations, and exhaustive research prepared on this matter. Staff also consulted with TDEC as directed by the Board.

The research indicates that ductile iron pipe may be capable of remaining in service for 75 years or longer under favorable conditions. Industry materials and certain engineering sources support longer potential service lives for ductile iron pipe, particularly where pipe is properly designed, installed, protected from corrosion, and maintained.

However, the research also indicates that ductile iron pipe service life is highly dependent on site-specific conditions. Relevant factors include soil corrosivity, groundwater conditions, water chemistry, corrosion protection, pipe lining, installation quality, pressure conditions, maintenance history, and failure history. TDEC's technical input cautions against treating ductile iron pipe as a uniform asset with a single statewide service life because performance can vary significantly depending on local conditions.

The research further distinguishes between physical service life and depreciable accounting life. A pipe may remain physically intact for a long period of time, but the appropriate depreciable

life for financial reporting purposes may also depend on economic life, service-level needs, planned replacement, auditability, and the ability to support the estimate with adequate documentation.

From an accounting perspective, the research indicates that a longer depreciable life may be allowable if it is supportable and adequately documented. However, adopting a longer statewide life could raise concerns regarding consistency, prudence, auditability, and the potential understatement of depreciation expense if the useful life assumption exceeds the actual economic life of the assets.

**Policy Options:**

Staff identified three primary options for the Board's consideration.

## Option 1: Make No Change to the Current Useful Life Guideline

Under this option, the Board would retain the current 40-to-50-year useful life range for water lines and storage.

***Pros:***

This option maintains the existing conservative approach to depreciation. It promotes consistency across governmental water systems and is administratively straightforward for utilities, auditors, and staff. It also avoids the risk of adopting a longer statewide useful life that may not be appropriate for all ductile iron pipe installations, particularly where pipe is located in corrosive soils or where installation, lining, protection, or maintenance conditions are unknown.

Retaining the current guideline also supports conservative financial reporting and continued recognition of depreciation expense over a shorter period. This may help ensure that utilities continue to recover capital costs and plan for future infrastructure replacement needs.

***Cons:***

The current 40-to-50-year range may not reflect the actual service life of ductile iron water lines in all circumstances. Some utilities may have ductile iron pipe that remains functional for substantially longer than 50 years. For those utilities, the current guideline may result in assets becoming fully depreciated while still in active service. This could create a mismatch between depreciation expense and actual asset use and may place more cost recovery burden on current ratepayers than would occur under a longer useful life.

## Option 2: Amend the Guideline to Allow a 75-Year Useful Life for Ductile Iron Water Lines

Under this option, the Board would amend the useful life guidance to allow a 75-year useful life for ductile iron water lines.

***Pros:***

This option would more directly address MVUD's request. It would recognize that ductile iron pipe may remain in service beyond 50 years under favorable conditions and would better align depreciation with longer engineering service-life estimates for certain ductile iron assets. It could also reduce annual depreciation expense for utilities with significant ductile iron infrastructure and may better match cost recovery with the period over which the assets provide service.

***Cons:***

A statewide 75-year useful life for ductile iron pipe may not be appropriate in all circumstances. The research and TDEC's input indicate that ductile iron pipe performance depends heavily on local conditions, including soil corrosivity, installation practices, corrosion protection, and maintenance history. A uniform 75-year life could understate depreciation expense for systems where ductile iron pipe is likely to fail or require replacement earlier. It could also create financial reporting and audit concerns if utilities apply the longer life without adequate asset records or technical support.

## Option 3: Allow a Longer Useful Life on a Case-by-Case Basis When Supported by Documentation

Under this option, the Board would retain the current 40-to-50-year range as the default guideline but allow utilities to use a longer depreciable life for ductile iron water lines if the utility can provide adequate documentation supporting the estimate.

***Pros***

This option would recognize that some ductile iron water lines may reasonably support a useful life longer than 50 years while avoiding a broad statewide assumption that all ductile iron pipe should be depreciated over 75 years. It would better account for site-specific conditions and would be more consistent with the research indicating that pipe life depends on installation, environment, maintenance, and operating history.

This approach could also encourage utilities to maintain better asset records, including installation dates, material type, pipe lining, corrosion protection, soil conditions, break history, maintenance history, and replacement planning.

***Cons:***

This option would be more complex to administer. Utilities would need to maintain adequate records to support longer useful lives, and auditors would need to evaluate whether the support is sufficient. Smaller utilities may lack the records, staff, or resources needed to support a longer estimate, even if some of their assets may remain in service longer than 50 years. This option could also result in inconsistent application among utilities unless clear standards or review procedures are developed.

## Staff Recommendation:

Staff recommends Option 1: make no change to the current useful life guideline at this time.

Staff does not make an independent technical determination regarding the maximum physical life of ductile iron pipe. The research indicates that ductile iron pipe may remain in service for 75 years or longer under favorable conditions. However, the research and TDEC's technical input also indicate that ductile iron pipe service life is highly dependent on site-specific factors, including soil conditions, corrosion protection, installation quality, maintenance history, water chemistry, and failure history.

Because of that variability, staff does not recommend adopting a statewide 75-year depreciable life for ductile iron water lines at this time. Staff also does not recommend creating a case-by-case exception process at this time because doing so would require additional standards for documentation, audit review, and administrative oversight.

Maintaining the current 40-to-50-year range preserves a conservative and consistent statewide approach to depreciation. It also avoids adopting a longer useful life standard that may not be appropriate for all systems or all ductile iron water line assets.

Accordingly, staff recommends that the Board take no action to amend the current depreciation guideline at this time. The Board may, however, continue to monitor the issue and may revisit the matter in the future if additional technical, accounting, or statewide asset condition data becomes available.




**Jason E. Mumpower**
*Comptroller*

**Staff Recommendation:**

The Board Should enter into executive session to receive legal advice on anticipated litigation..